

## State of the Sector Survey Manufacturer Feedback: April 2023

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### Introduction

This is the second quarterly EDA State of the Sector Surveys for 2023 and the findings represent the feedback from EDA manufacturer affiliates. There is a separate survey for EDA wholesalers.

This survey attracted 52 responses, a 51% response rate. As at 25 April 2023, the EDA has 101 manufacturer affiliates.

A summary of wholesaler and manufacturer feedback was shared at our Talking Shop Zoom Dialogue on Tuesday 25 April 2023.

### Highlights

In this second survey of 2023 we asked EDA manufacturers our standard questions [on turnover](#), [top 3 operational](#) and [strategic challenges](#), the impact of cost increases etc. We also introduced new questions on a range of topics including: [investment plans](#); [staff retention rates and benefits](#); the [Code for Construction Product Information](#); [online selling](#), enhanced [product recycling opportunities](#) and how they are measuring [carbon emissions](#).

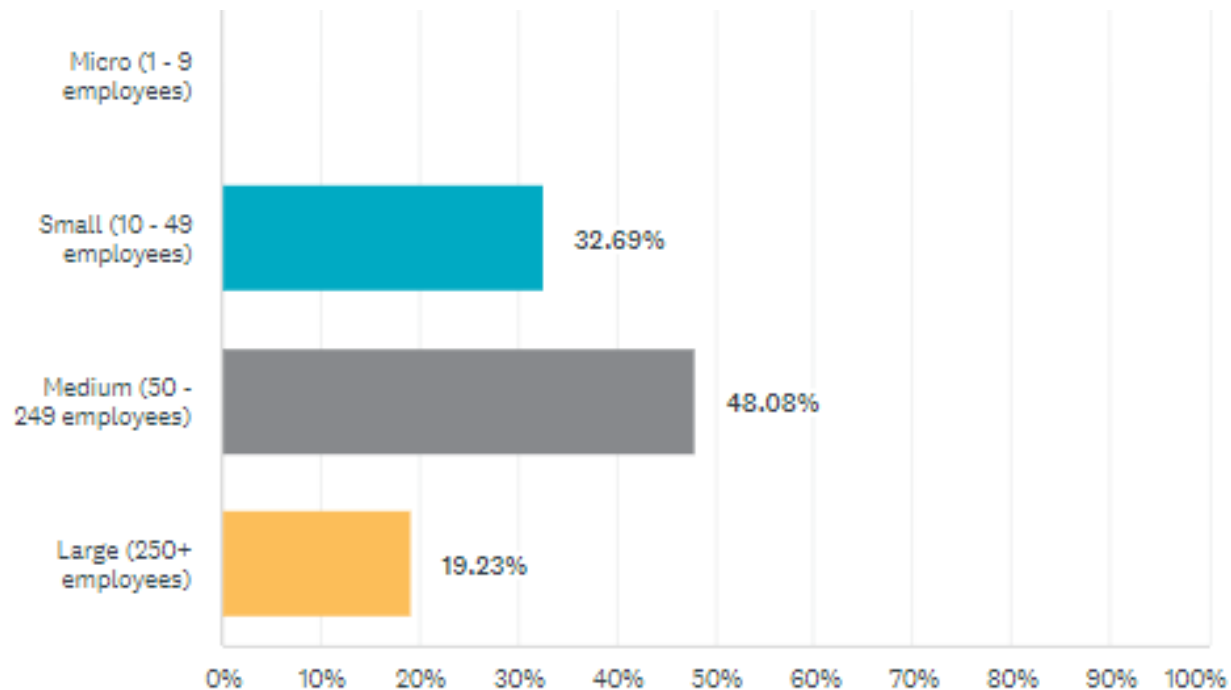
[Manufacturers' operational challenges](#) have changed little since our last survey in January 2023: by April, 'Attracting and retaining staff' is the no.1 headache, with 'Devaluation of sterling against foreign currencies' in second place (down from 1<sup>st</sup> position in January), and 'Raw material price inflation' in 3<sup>rd</sup> place.

Manufacturers were also asked to identify their most [pressing strategic challenges](#).

Closing the survey, manufacturers shared their predictions for the rest of 2023 – [will they sell more products than 2022, the same or fewer?](#)

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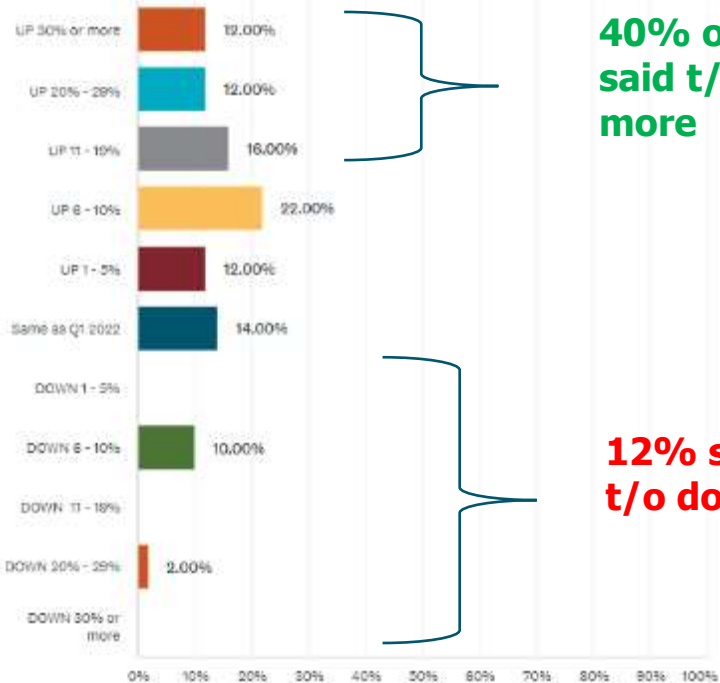
## Q1: Please tell us the size of your business



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## Q2: Please tell us how your turnover in Q1 2023 compares with turnover in Q1 2022.



“Same money less stuff”

“We are up as a business but it’s our projects side holding us up, the day to day business has been slower in Q1 this year compared to last.”

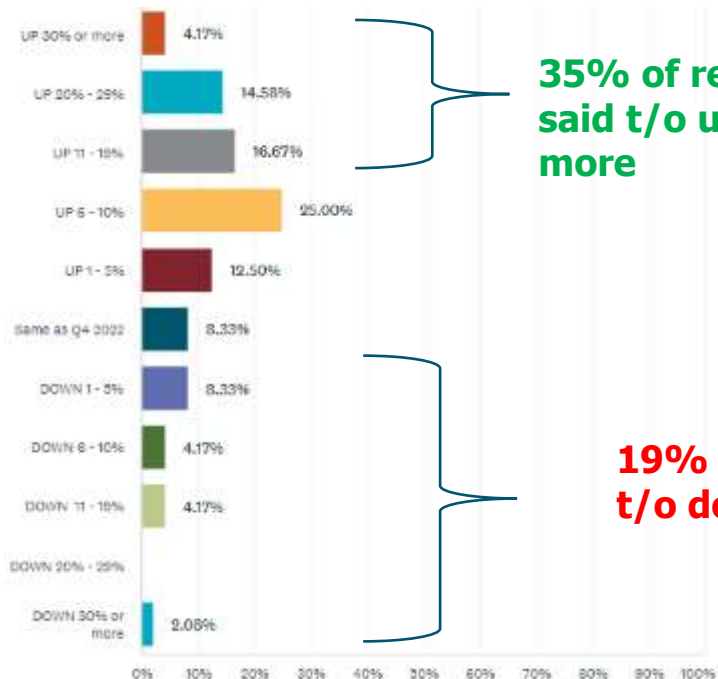
“Volume is steady, maybe slightly up”

“We have seen many electrical wholesalers dropping the levels of stocks that they hold over the last 12 months, and larger projects are experiencing many delays.”

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### Q3: Please tell us how your turnover in Q1 2023 compares with turnover in Q4 2022.



“Seasonality plays a part – Q4 is traditionally the biggest quarter.”

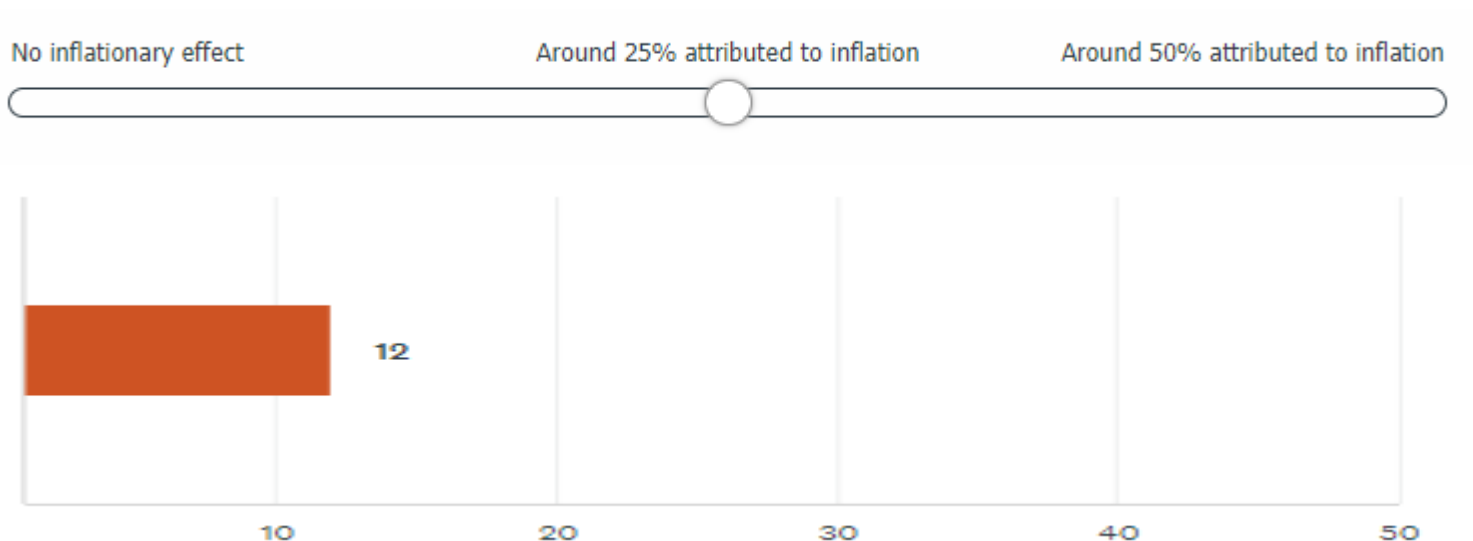
“Not a good comparison due to the YE push by wholesalers.”

“Mostly price increase – about 90% of the growth we have had is due to increased prices not volume – your sliding scale is inadequate”



## Q4: If you have experienced growth in turnover, how much is inflation related?

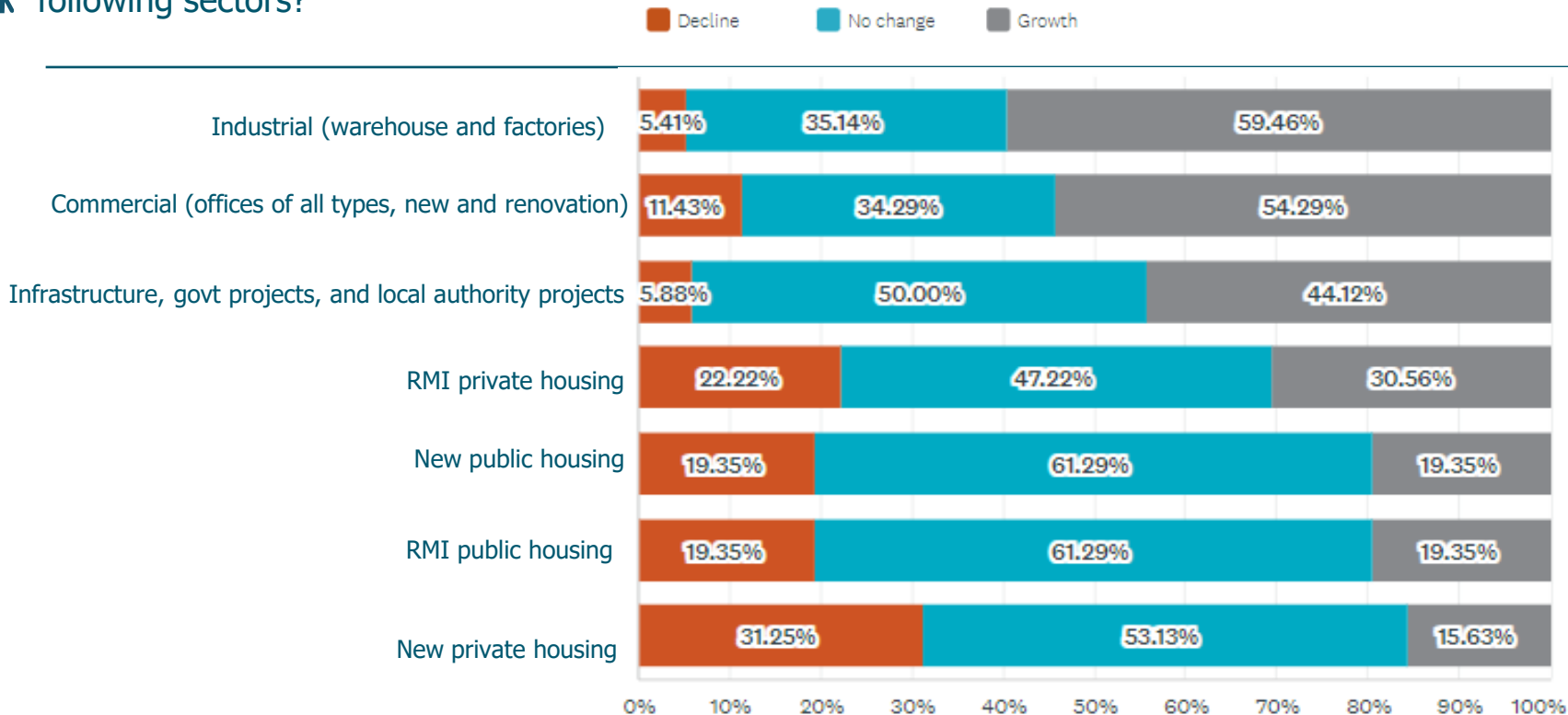
We asked Manufacturers to use the following slider to indicate percentage:



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## Q5: Have you experienced a change in turnover in Q1 2023 compared to Q4 2022 for the following sectors?



## Q6: Your Operational Challenges: from a prompted list please tell us which 3 operational challenges are your most pressing at this time?

(Manufacturers were offered a list of challenges from which to select – these are shown on the next page. They were also asked to identify any challenges not included in the list.)



	November 2021	January 2022	April 2022	July 2022	October 2022	January 2023	April 2023
1	Increased cost of raw materials	How to manage increasing costs across all areas of the business	Raw material price increases	Raw material price increases	Devaluation of sterling against foreign currencies	Devaluation of sterling against foreign currencies	Attracting and retaining staff
2	Increased cost of shipping	Forecasting manufacturing output, stock levels and managing allocation	Attracting and retaining staff	Raw material or component availability	Raw material prices increases	Attracting and retaining staff	Devaluation of sterling against foreign currencies
3	How to manage increasing costs across all areas of the business	Attracting and retaining staff	Increased running costs + Raw material or component availability	Attracting and retaining staff	Attracting and retaining staff	Raw material price increases	Raw material price inflation





## Q6: Prompt list of operational challenges from which Manufacturers chose their top 3.

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Attracting and retaining staff

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Raw material price inflation

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Raw material price deflation

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Raw material or component availability

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Customers paying more slowly

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Cash flow challenges

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Devaluation of sterling against foreign currencies

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Trade credit insurance terms

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Strikes - transport and postal service

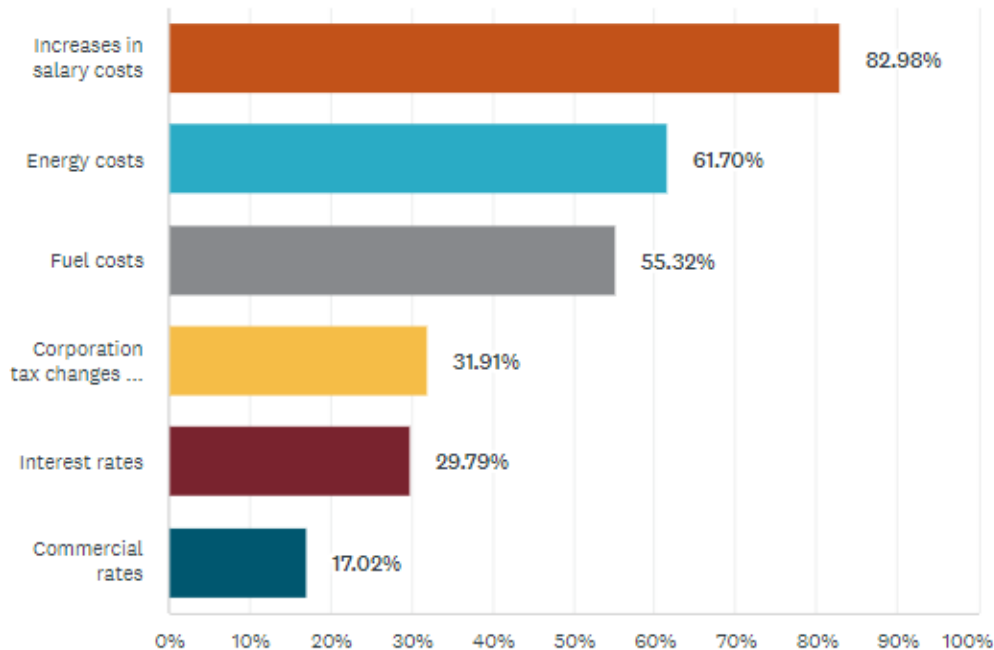
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Shortage of warehouse capacity in the UK

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**Q7:** Of the following cost increases please tell us which 3 have the biggest negative impact on your business?



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**Q8: Manufacturers:** please tell us your most pressing **strategic** challenges. (Manufacturers were offered a list of challenges from which to chose – these are shown on the next page. They were also asked to identify any challenges not included in the list.)

	April 2022	July 2022	October 2022	January 2023	April 2023
1	Improving my business systems and processes	Improving my business systems and processes	Adapting my business for a green future	<b>Moving away from an over-reliance on China for our manufacturing</b>	Adapting my business for a more digitalised world + Improving my business systems and processes
2	Identifying growth areas for my business	Identifying growth areas for my business	Slowdown in infrastructure investment	Improving my business systems and processes	Adapting my business for a green future
3	Adapting my business for a green future	Adapting my business for a green future	Moving away from an over-reliance on China for our manufacturing	Identifying growth areas for my business	Identifying growth areas for my business

**Q9:** Are there other challenges that your business is facing which we have not mentioned?

“Increased cost pressure - growth is challenging, so to protect the bottom line - cost actions are needed.”

“Disintermediation - more competitors and manufacturers considering and selling direct to end users.”



## Q8: Prompt list of strategic challenges from which Manufacturers chose their top 3.

Divergence of regulations between the UK and Europe

Large retail platforms approaching to purchase brands direct, disrupting traditional wholesale route to market

Adapting my business in the light of the new Building Safety Regulations

Moving away from an over-reliance on China for our manufacturing

Investor confidence

Attracting a more diverse workforce

Planning and implementing a programme of staff development and training

Adapting my business for a more digitalised world

Developing new digital skills in my workforce

Improving my business systems and processes

Identifying growth areas for my business

Adapting my business for a green future

Introducing electric vehicles for both deliveries and representatives

**Q9:** Are there other challenges that your business is facing which we have not mentioned?

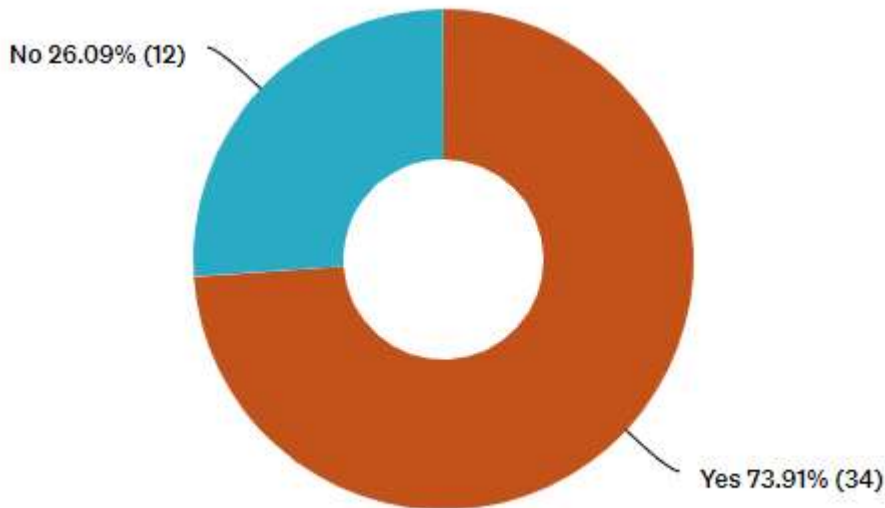
“Increased cost pressure - growth is challenging, so to protect the bottom line - cost actions are needed.”

“Disintermediation - more competitors and manufacturers considering and selling direct to end users.”

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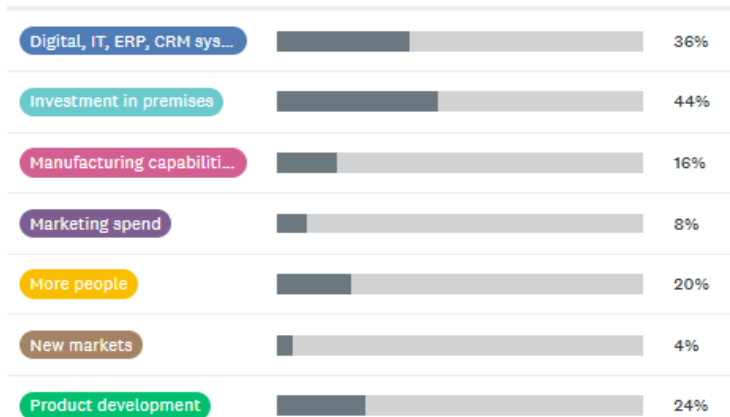


## Q10 Do you have any significant investment plans in the pipeline?



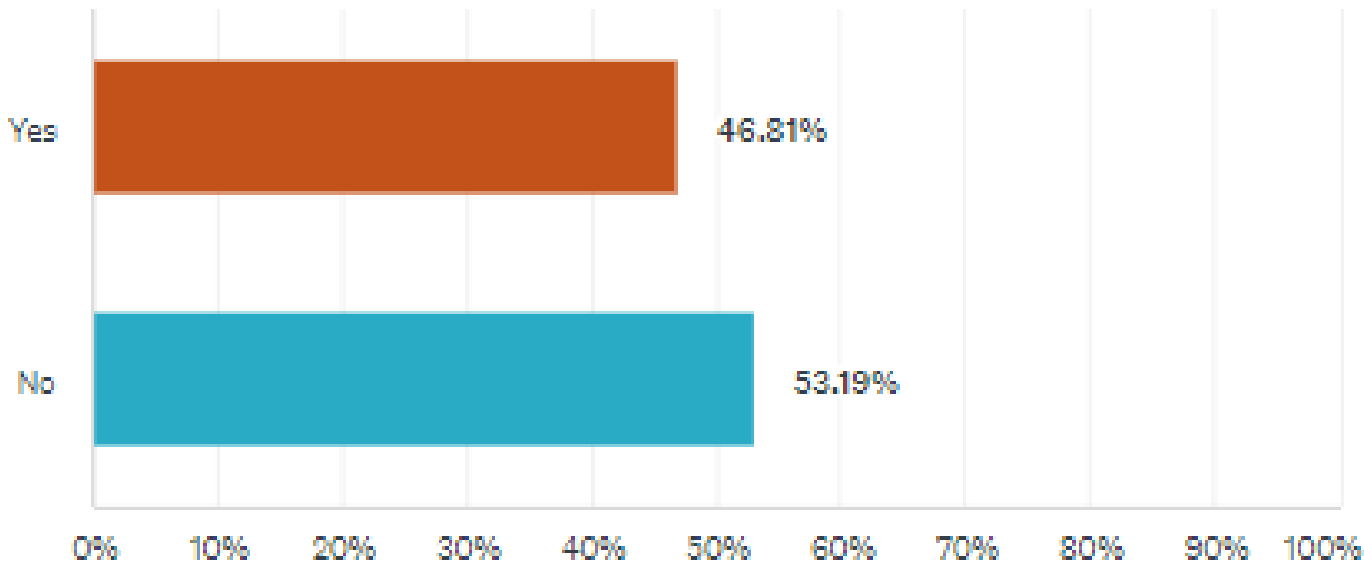
Those who said Yes were asked a follow up question...

**Q11:** Please tell us more about those investment plans. (This was a free text field and the responses are summarised below.)



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## Q12: Have you been approached recently by any leading online platform offering to deal with you direct?





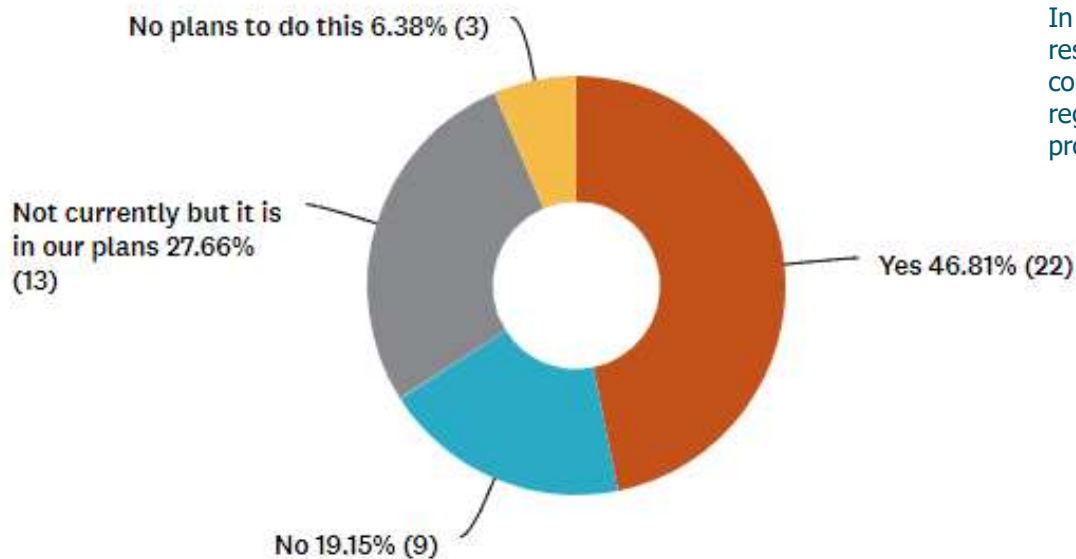
### Q13: What is your reaction to this approach? Below is a cross-section of responses:

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Comments to this question are not currently available and may be shared at a later date.



## Q14: Are you actively collaborating with wholesalers regarding enhanced recycling opportunities for your products or product parts?

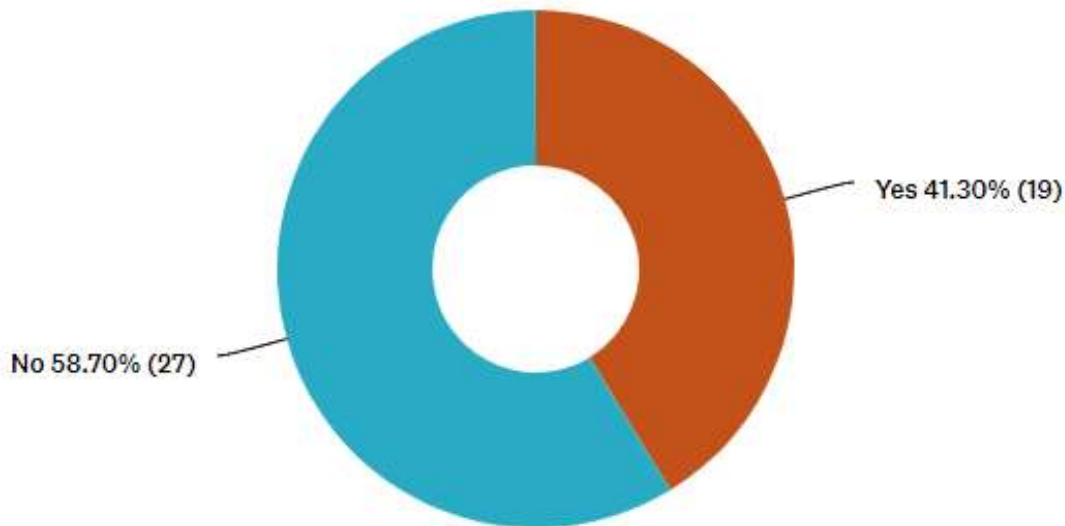


In our April 2023 Survey to wholesalers, 81% of respondents said that they would welcome collaboration opportunities with manufacturers regarding enhanced recycling opportunities for products/product parts.



## Q15: Do you currently measure your scope 3 carbon emissions?

What are Scope 3 emissions?



Scope 1	Scope 2	Scope 3
Fuel combustion Company vehicles Fugitive emissions	Purchased electricity, heat and steam	Purchased goods and services Business travel Employee commuting Waste disposal Use of sold products Transportation and distribution (up- and downstream) Investments Leased assets and franchises

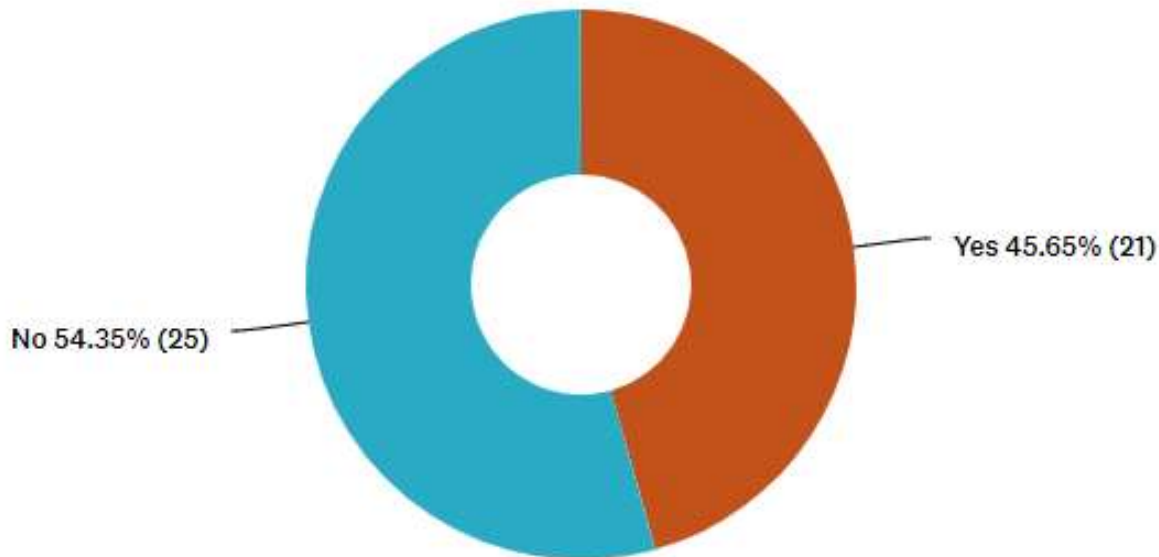
For more information on Scope 3 emissions you can download the Carbon Trust's guide: <https://www.carbontrust.com/our-work-and-impact/guides-reports-and-tools/an-introductory-guide-to-scope-3-emissions>



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## Q16: Do you measure the carbon impact / life cycle assessment of products?



**Q17:** If so, please provide further details of the product(s) and the measurement(s).

“Just starting the process”

“Products are currently being tested to provide the data.”

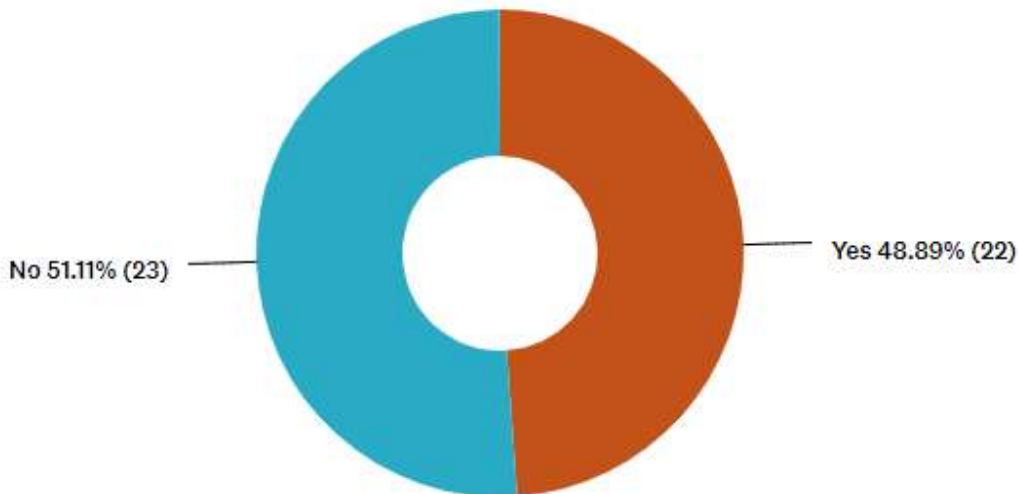
“Not as yet but plan to do this for 2023 in order to drive our Environmental, Social and Governance [policies] and sustainability credentials.”

“Measure circularity and potential to recycle materials.”

“PEP – Product Environmental Profile”

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## Q18: Do you use any third party assessments to evaluate your supply chain impacts?



**Q19.** For those who answered “Yes” we asked which third party assessors they work with:

**Ecovadis: 9 responses**

Sedex: 2 responses

Smart Carbon: 1

OpTIMUS: 1

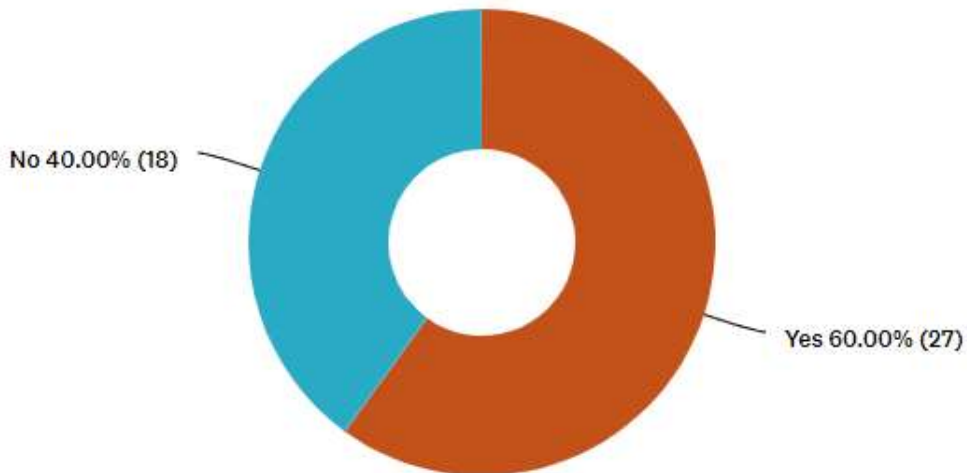
B Corp: 1

Admac: 1

Avetta: 1

BSI Group: 1

## Q20: Are you aware of the Code for Construction Product Information (CCPI)?



<https://www.cpicode.org.uk/>

The Code for Construction Product Information (CCPI) was created to promote an urgent and positive culture and behaviour change in the way the construction product manufacturing industry manages and provides information on their products. The CCPI was initiated by the Construction Product Association (CPA) as a direct response to Dame Judith Hackitt's review of Building Regulations and Fire Safety set up in the wake of the Grenfell Tower tragedy.

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## Q21: Have you signed up to the Code for Construction Product Information (CCPI)?

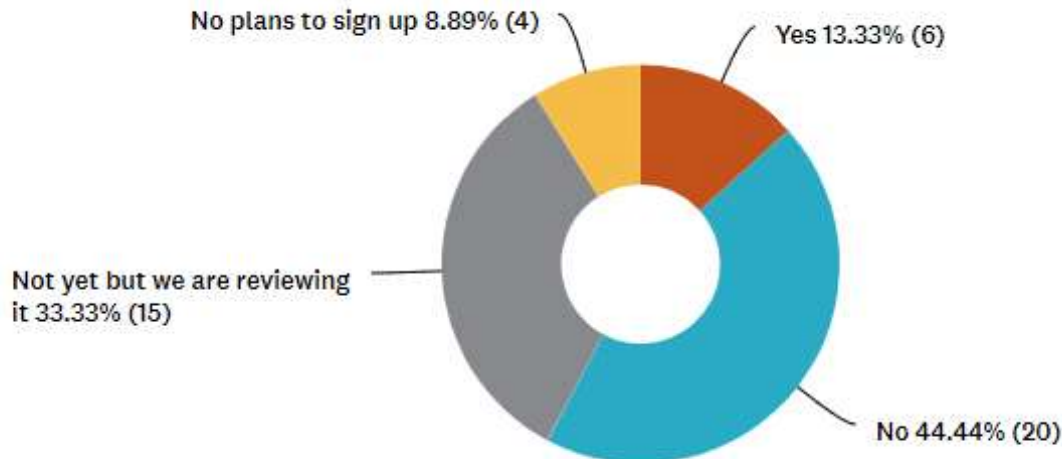
Your comments on CCPI:

"N/A – our products don't go into buildings."

"The CCPI website is vulnerable to attack so before we share information with them they need to take a stronger look at their cyber security."

**Q22:** Would you find it useful for the EDA to arrange a virtual meeting with the CCPI so you can learn more and ask questions?

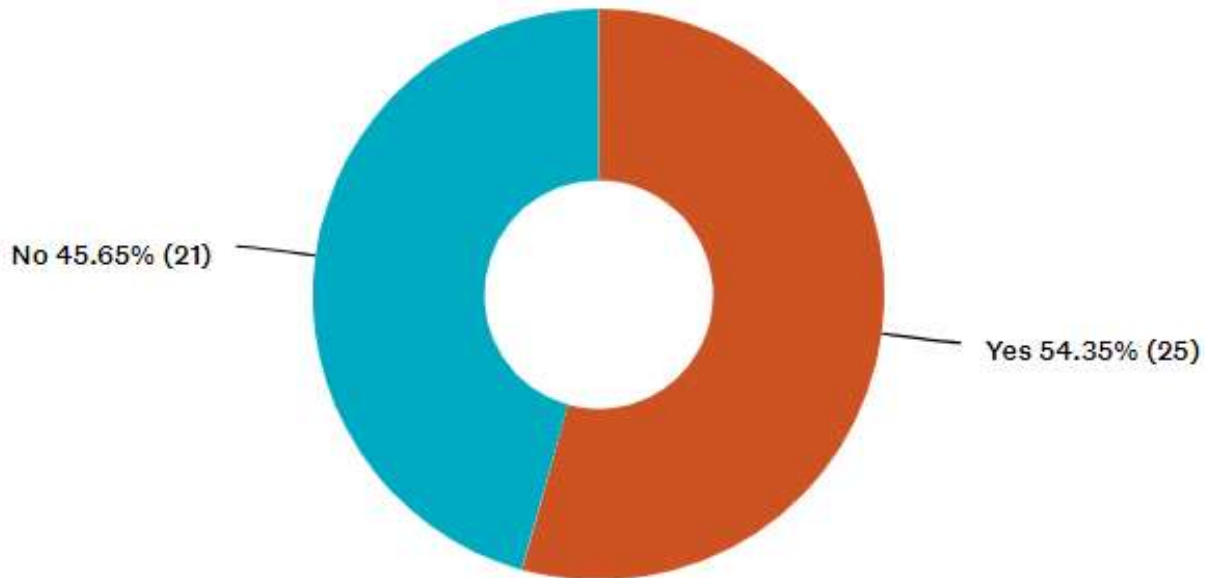
75% of manufacturer respondents asked the EDA to arrange a virtual meeting with CCPI – date to be announced shortly.



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## Q23: Are you experiencing an increase in staff turnover?



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## Q24: Are you considering any of the following staff benefits to improve retention? Tick all that apply



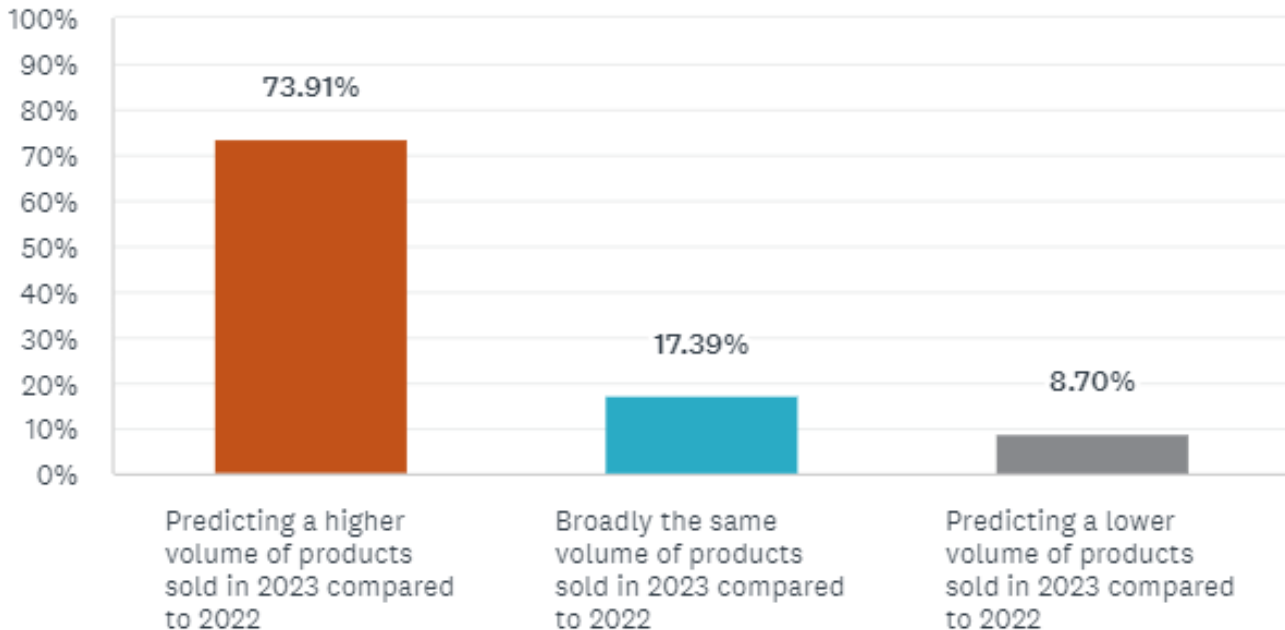
“Helping staff have financial advice to plan for their retirement and life goals.”

“We are currently working with the University of Sussex trialling a 4 day working week. No extra hours, no reduction in pay, and so far the results are very positive indeed for both the business and the employees. We are maintaining our customer service levels 5 days a week and this has solved any issues with staff retention or attracting new recruits.”

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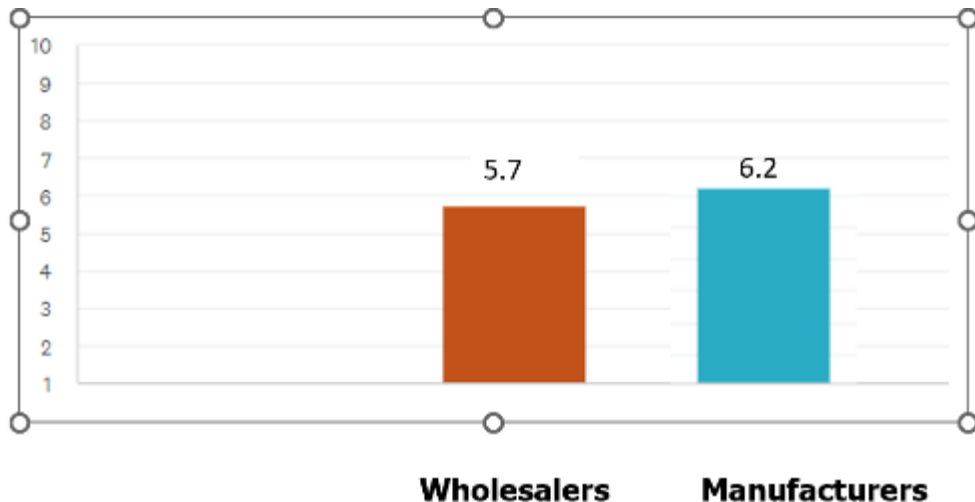


**Q25:** As we are now in Q2, what are your thoughts on business growth and the volume of products sold by your business. How will 'like for like' sales in 2023 compare with 2022?





**Q26:** On a scale of 1 – 10- how optimistic do you feel about the sector’s performance potential for 2023. Where 1 is not at all optimistic and 10 is extremely optimistic.



**Additional comments**

“In pursuit of an efficient industry process to advance the ESG/CSR/ETI agenda how about the EDA membership agree on which assessor company to use? We are currently being asked/required to join a host of different organisations who all ask for money to do the same thing.”

“Due diligence of wholesalers should go over and beyond the price and a simple statement of the manufactures/supplier about compliance to standards. Suppliers/manufacturers should be assessed based on strategy, service, and cost, where: Strategy: is not only product related (are you sure the product you are buying are made in accordance of the standards), but also about fair source of products both from environment and staff point of view. Service: how much you can be integrated both digitally and through a physical connection to the manufacturer (rather via sales rep, office staff, technical back-up etc...). This will include also the stock availability and support both nationally and at the local level. Cost: It is always paramount, but it has to be in the mix with the two above and need to be considered not the only leverage.”