

State of the Sector Survey Wholesaler Feedback: April 2023





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Introduction

The second EDA State of the Sector Survey of 2023, launched on Monday 3 April 2023 and closed on Wednesday 19 April 2023.

This survey represents the feedback of EDA wholesaler businesses (members). There is a separate survey for EDA manufacturers (affiliates).

This survey attracted 82 responses, a 31% response rate. As at 25 April 2023, the EDA has 261 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 Dialogue on Tuesday 25 April 2023.

Highlights

In this second survey of 2023 we asked EDA wholesalers our standard questions on [turnover](#), top 3 operational challenges, and the impact of [cost increases](#), but we introduced new questions on a range of topics: [their business investment plans](#); [staff retention rates](#) and [staff benefits](#); online selling; the [Code for Construction Product Information](#); increases in demand for [Solar PV](#) and [Fire Safety products](#), [product recycling opportunities](#); and whether contractors are asking about [sustainability credentials for products](#).

In April 2023 [wholesalers' top 3 operational challenges](#) had barely shifted since our Q1 Survey in January 2023: the top headache is still '**Product price & availability issues**'; in second place again, '**attracting and retaining staff**'; and a tie for 3rd place between '**customers playing more slowly**' and '**inflation**'. As background, in March 2023 the UK inflation rate (Consumer Price Index) was 10.1%.

Wholesalers identified the [construction sectors that had seen the best growth in turnover recently compared to Q4 2022](#).

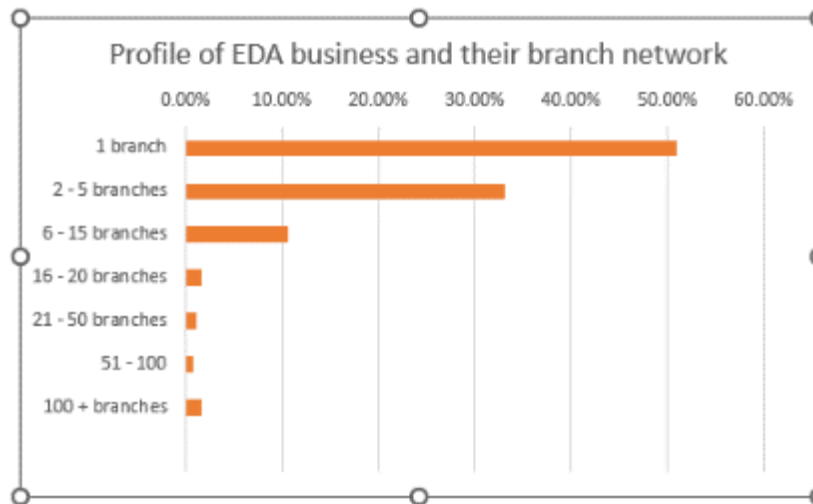
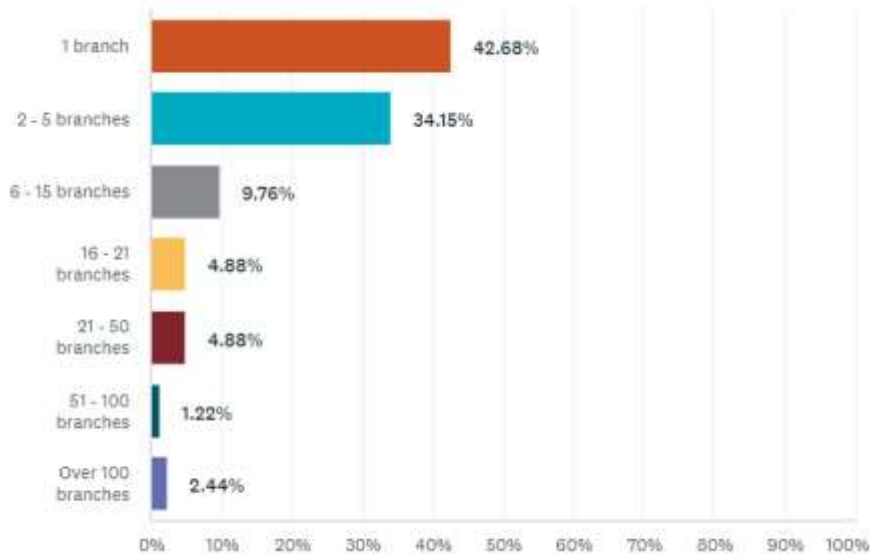
Product availability issues are still with us.

[Closing the survey, wholesalers shared their predictions for the rest of 2023](#) and beyond.

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Q1: How many branches do you have?

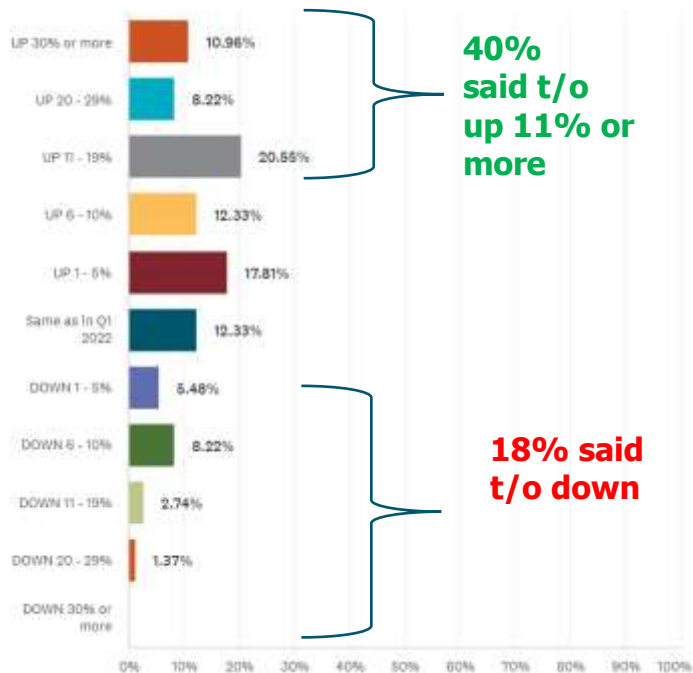


As at Friday 21 April 2023, EDA wholesalers run 1,907 branches

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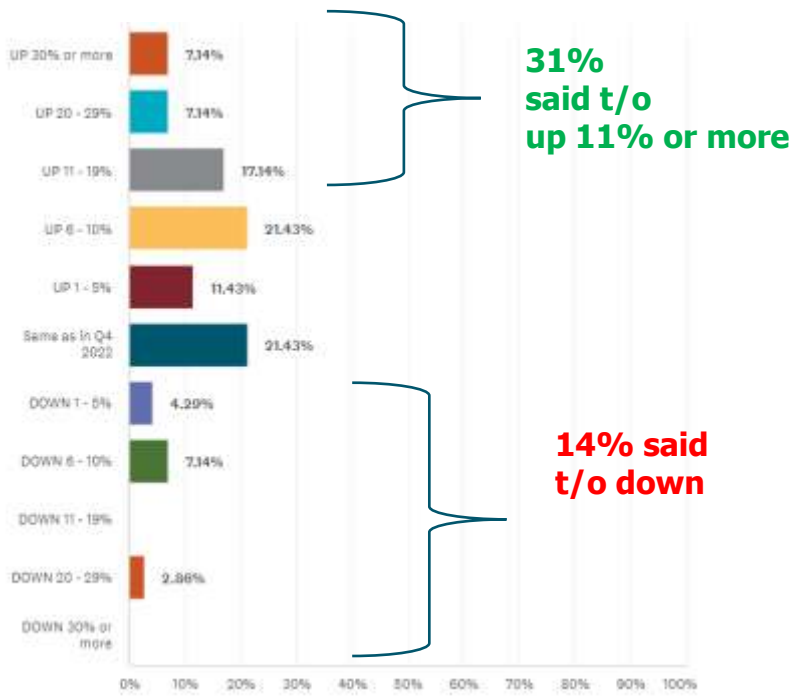
Q2: How does turnover in Q1 2023 compare with Q1 2022?



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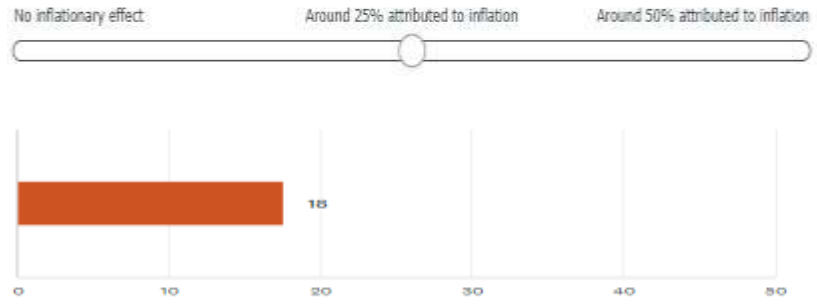
Q3: How does turnover in Q1 2023 compare with Q4 2022?



“You can’t compare the 2 quarters: December is a short month with nobody spending”

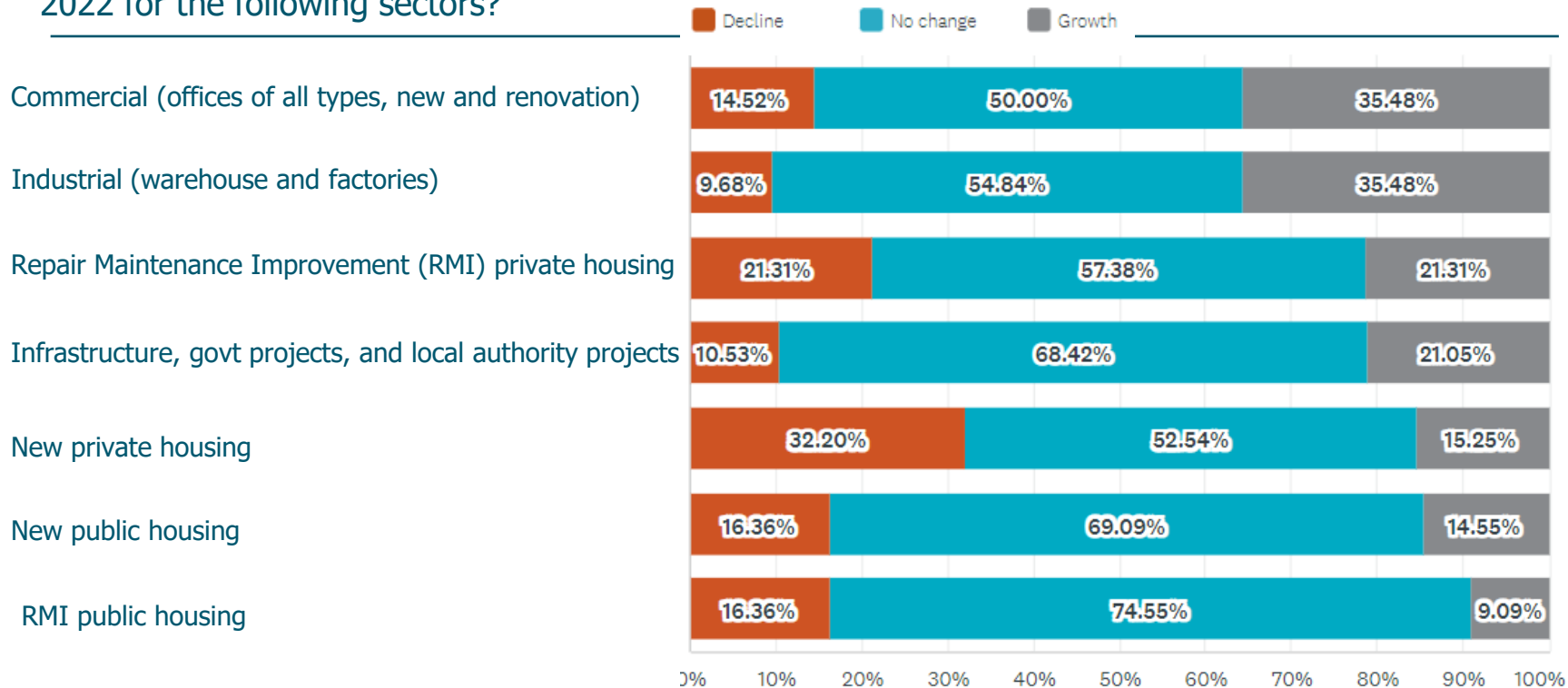
“Sales are declining while overheads are growing”

Q4. If you have experienced growth in turnover, how much is inflation related? Wholesalers were asked to use the following slider to indicate percentage:





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



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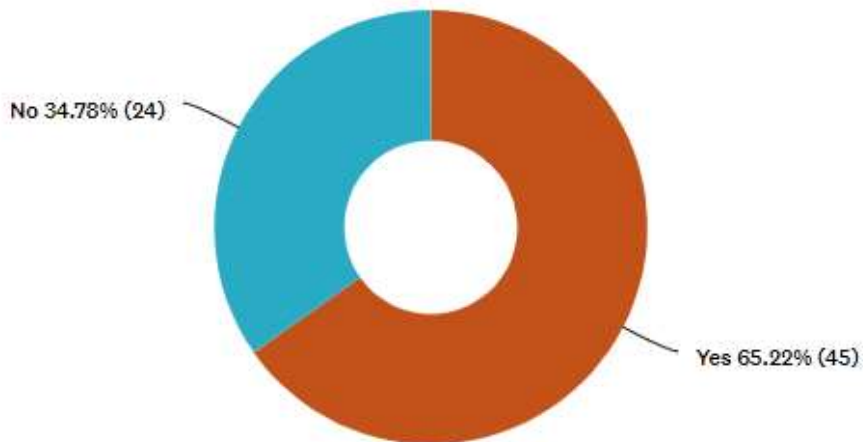
Q6: Wholesalers' current top 3 operational challenges:

	Jan 2022	April 2022	July 2022	October 2022	January 2023	April 2023
1	Product availability	Increased running costs (equal first with) Dealing with the rising cost of products	Product price and availability issues	Attracting and retaining staff	Product price and availability issues	Product price and availability issues
2	Attracting and retaining staff	Attracting and retaining staff	Inflation (equal 2 nd) Attracting and retaining staff	Product price and availability issues	Attracting and retaining staff	Attracting and retaining staff
3	Customers expecting products to be available from stock and at short lead times	Product availability (dropped from its top slot since July 2020)	Downturn in demand due to consumers not spending on domestic maintenance	Downturn in demand due to consumers not spending on domestic maintenance	Inflation	Customers paying more slowly + Inflation

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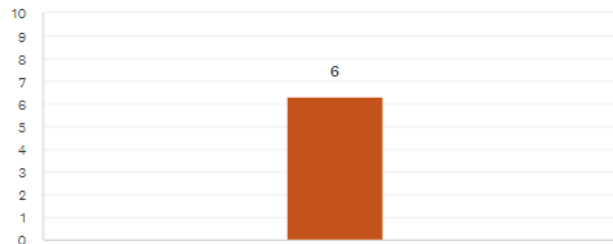
Q7: Are you seeing an increase demand from our contractor customers for Solar PV and related products?



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

Q8: To what extent are you seeing an increase in Solar PV and related products?

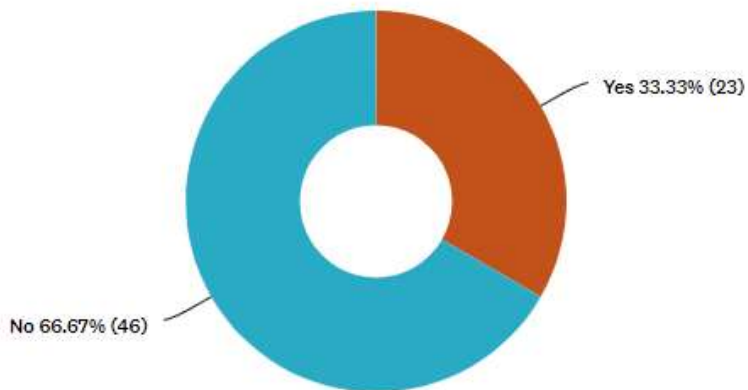
1 = small increase in demand
10 = significant increase in demand



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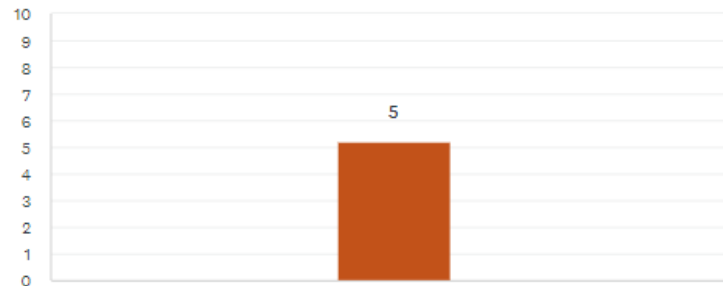
Q9: Are you seeing an increase demand from our contractor customers for Fire Security products?



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

Q10: To what extent are you seeing an increase in Fire Security products?

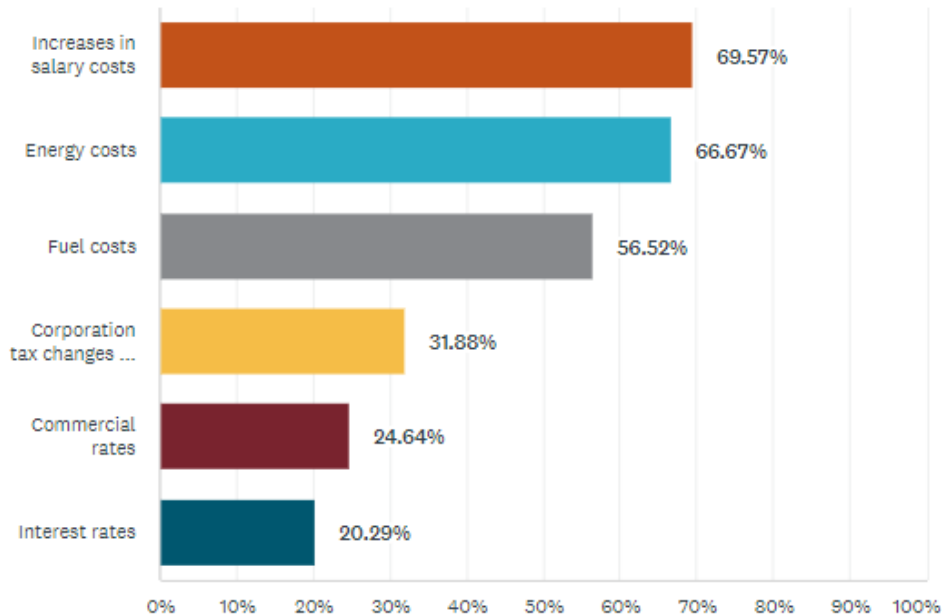
1 = small increase in demand
10 = significant increase in demand



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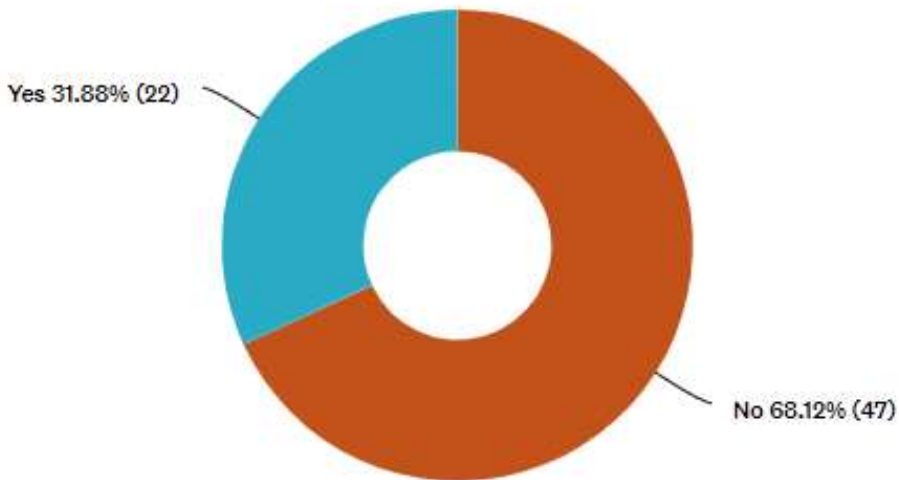


Q11: Which cost increases have the biggest negative impact on your business? Your top three



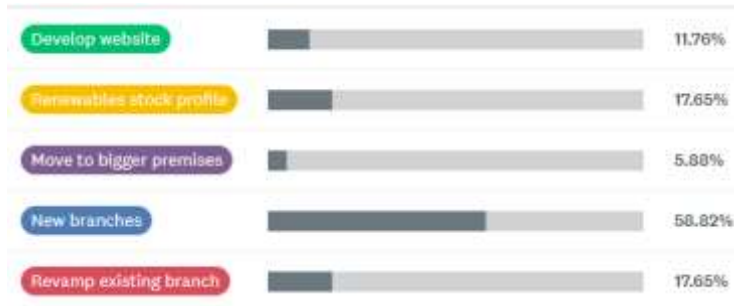
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Q12: Do you have any significant investment plans in the pipeline?



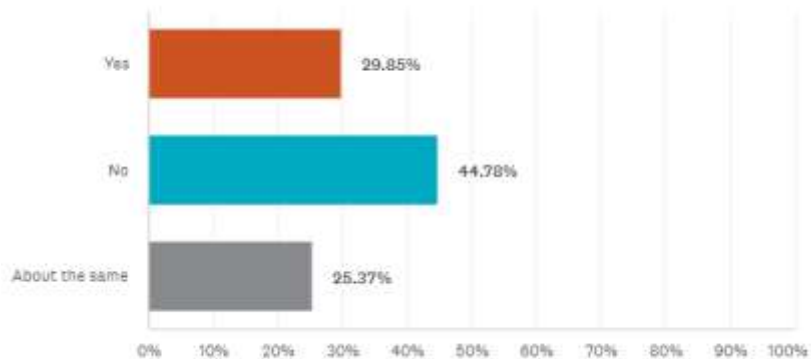
Those who said Yes were asked a follow up question...

Q13: Please tell us more about those investment plans. (This was a free text field and the responses are summarised below.)

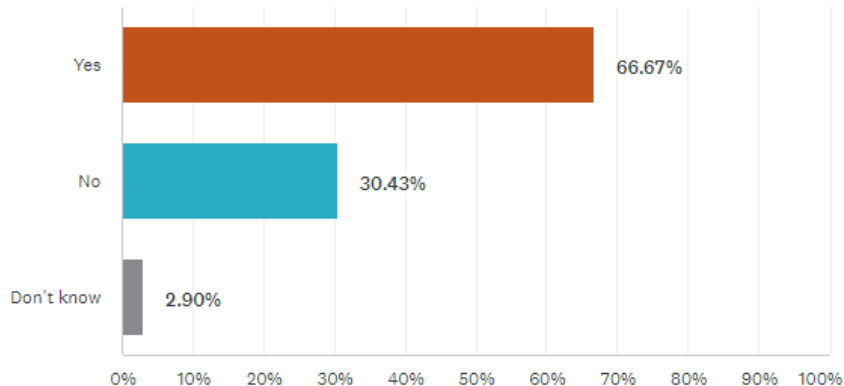




Q14: During Q1 2023 have you experienced a rise in bad debts and contractor customers going into administration when compared to Q4 2022?



Q15: In our last survey (Jan 2023) wholesalers reported customers paying later than expected. Is this continuing in Q1 2023?



“Only marginally”

“Q1 is always a time when customers pay later. Payment of tax gets prioritised.”

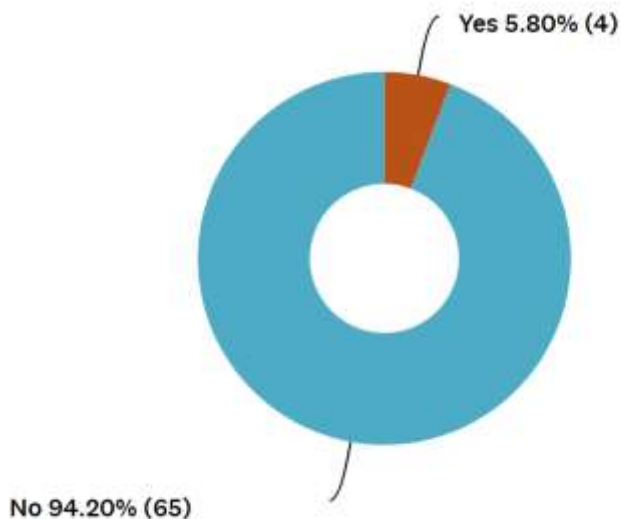
“Just slow. If you put traders on stop they simply go elsewhere.”

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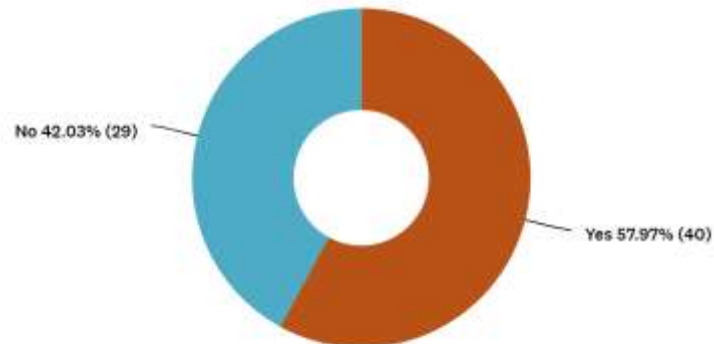


Q16: Does your business sell products on Amazon?

Background to this question: Amazon has its sights firmly set on a variety of sectors, including electrotechnical. They have recently decided to focus on sourcing brands directly from brand owners.



Q17: Are you aware of this change in policy?



We received a great deal of comment on this topic, which we are reviewing and it will be shared at a later date.

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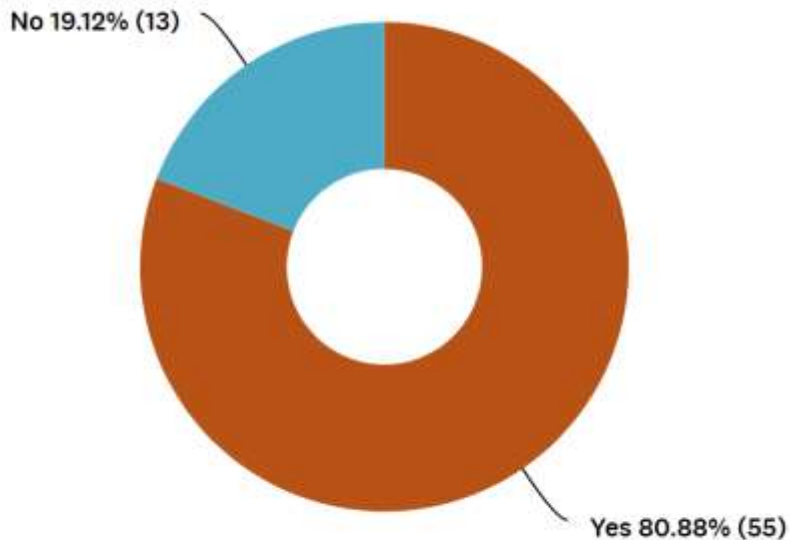
Q18: What is your reaction to this change?

Background to this question: Amazon has its sights firmly set on a variety of sectors, including electrotechnical. They have recently decided to focus on sourcing brands directly from brand owners.

Comments coming later



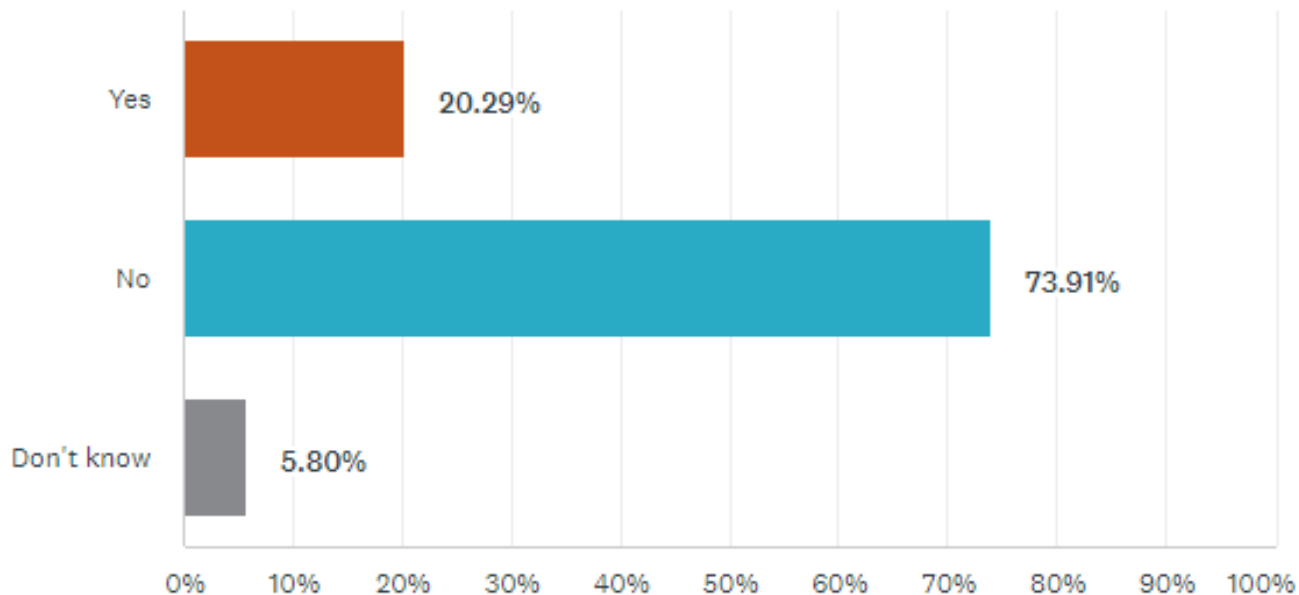
Q19: Would you welcome collaboration opportunities with your manufacturer suppliers regarding enhanced recycling opportunities for their products or product parts?



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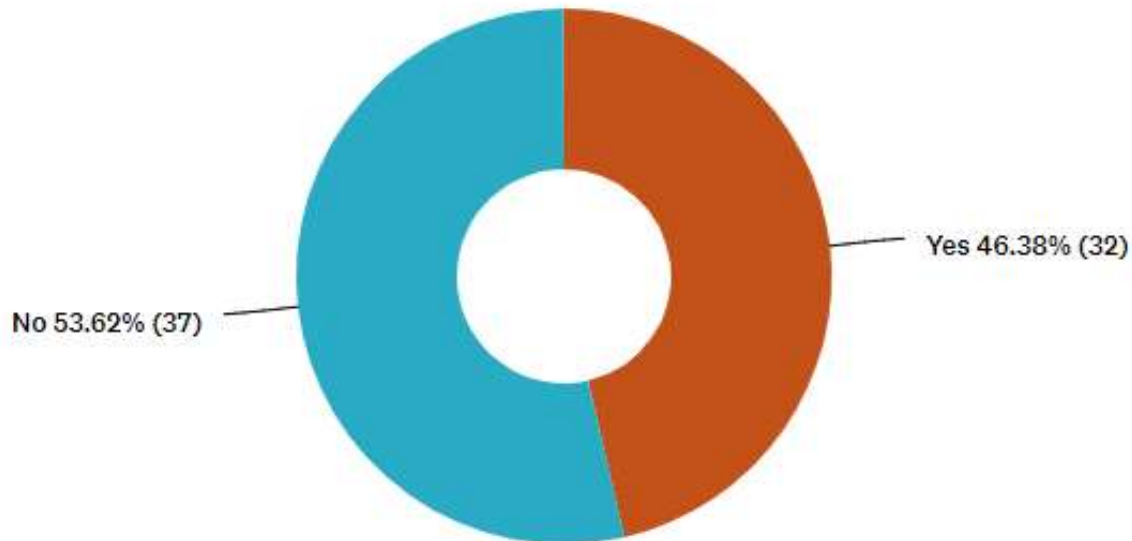


Q20: Are your customers asking you about third party assessments to evaluate the sustainability credentials of the products you sell?



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Q21: Are you aware of the Code for Construction Product Information (CCPE)?

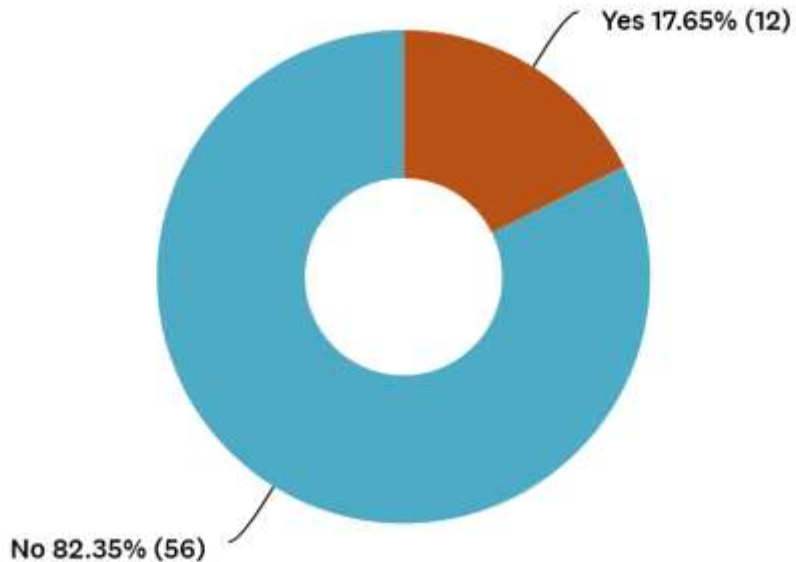


www.ccpicode.org.uk

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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Q22: Are you experiencing an increase in staff turnover?

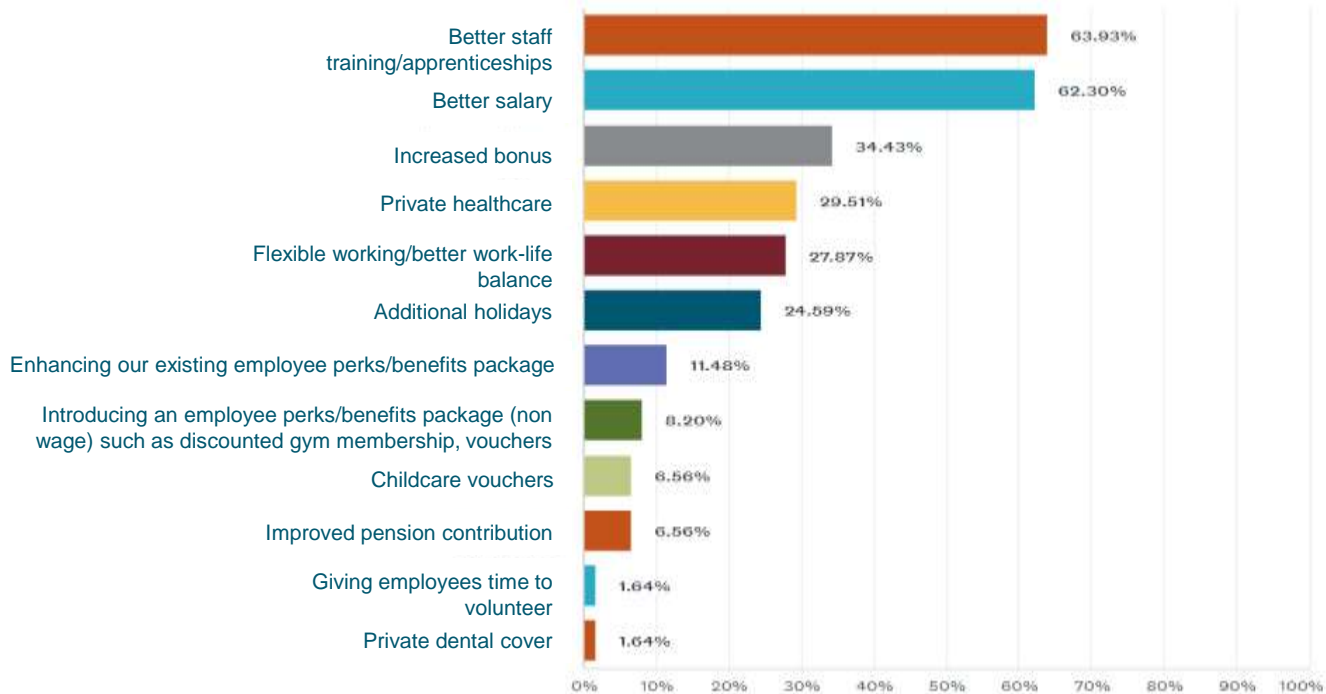


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Q23: Are you considering any of the following staff benefits to improve staff retention? Please tick all that apply.



Comment:

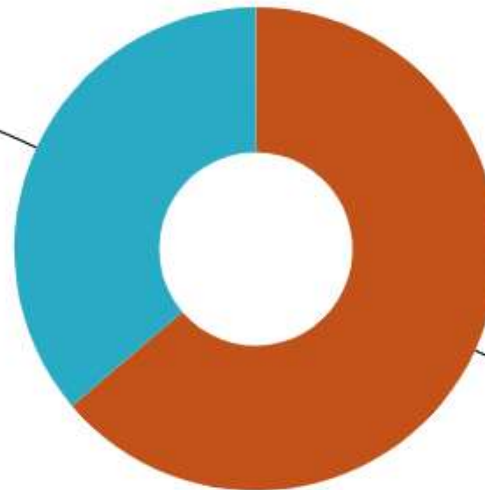
“Helping staff have financial advice to plan for their retirement and life goals.”



Q24: Do you believe that extended product lead times from suppliers is broadly solved?

48% said no in January 2023

No 36.23% (25)



Yes 63.77% (44)

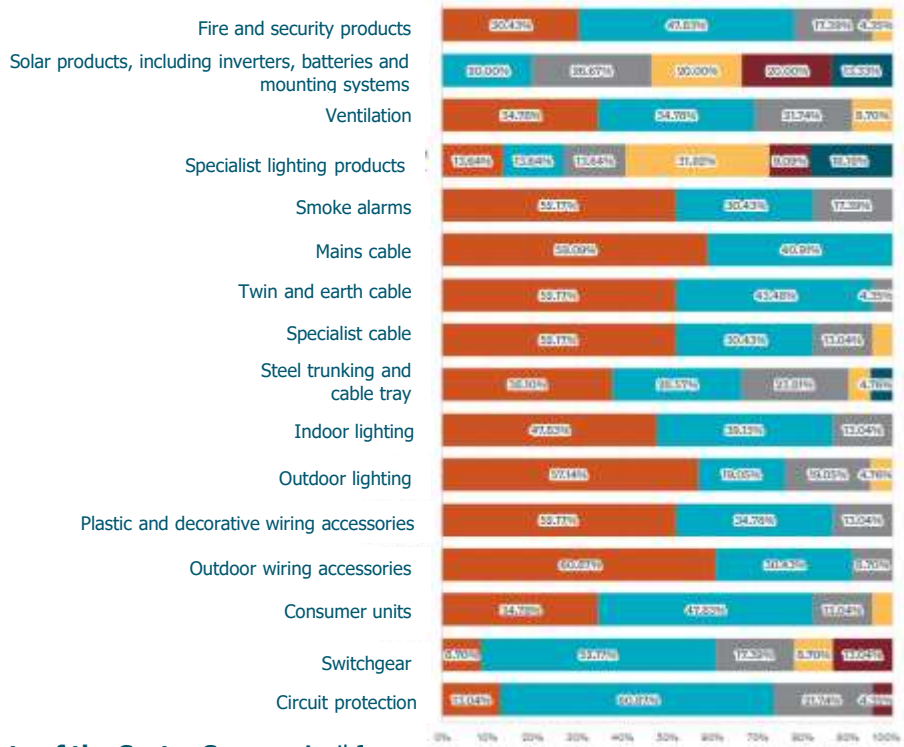
51% said yes in January 2023

For those who replied NO, we asked our regular question about product lead times. The results are on the next page.

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Q25: As you answered 'No' to the previous question about product supply, over the last 8 weeks what has been the lead time from your suppliers, on average, for the following products?



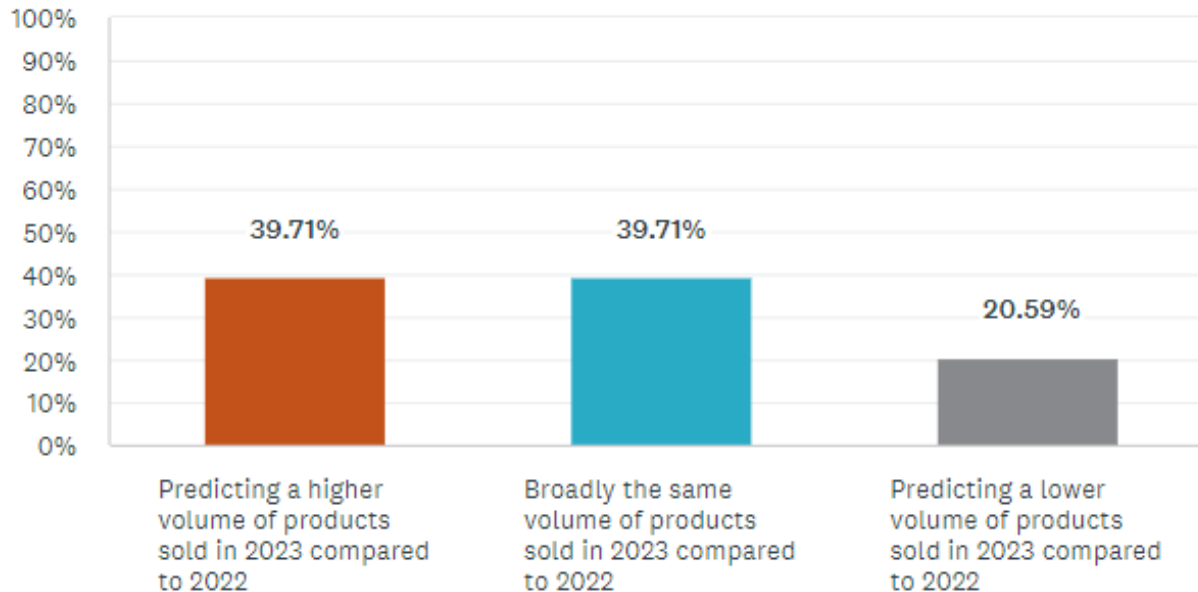
Q26. Please tell us of any product areas not listed here, where you are experiencing delays in supply.

Answers: Control Gear; PVC conduit/trunking; automation products

KEY

- 1 – 3 days (typical lead time)
- 4 – 6 days
- 7 – 13 days
- 14 – 20 days
- 21 - 28 days or more
- 29 days or more

Q27: 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?



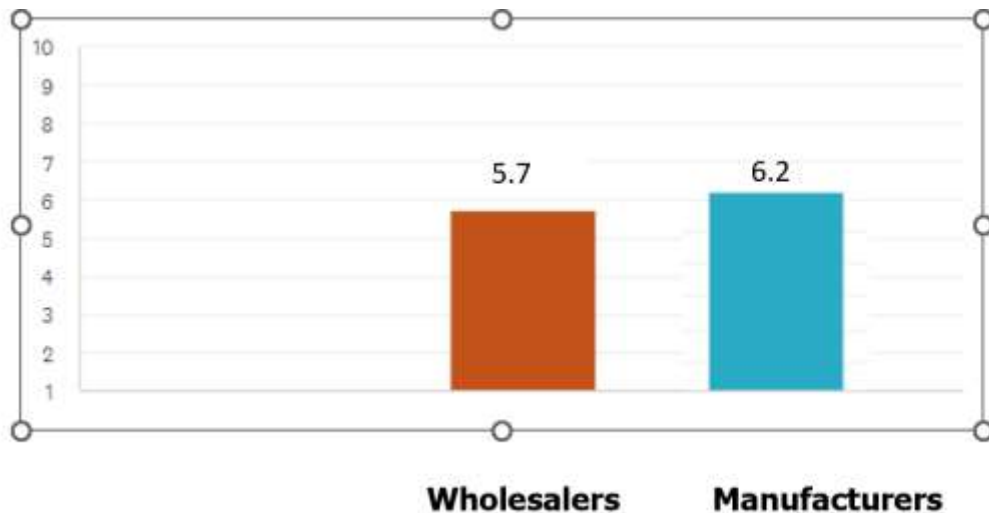
"I feel now that 2020/21 are out of the way, 2022 gave us a good chance to see where true turnover expectations are, and 2023 will grow from there."

"Varies over category. We are purely losing sales to discounters online. Trunking/cables/heavy and bulkyno issues; our service is still required. But if it comes in a small box, we are seeing a great loss of sales, at margins we cannot compete with."

"Inflation and cost of living is having its effect on spend."

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Q28: On a scale of 1 – 10 how optimistic do you feel about this sector’s performance potential for 2023?



Comments:

“Future very uncertain.”

“Until confidence returns to the market inflation and interest rates drop... Our industry will continue to suffer.”

“Many of our customers now shop on line and also spread their purchases with other wholesalers and suppliers.

“Always challenging with margin these days to maintain, pleasure of Google etc, keep borrowing down to a min, ensure you are all over any credit given to customers. There will be more going into administration this year.”

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