

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

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### Introduction

This is the third quarterly EDA State of the Sector Survey for 2023, launched on Wed 5 July 2023 and closed on Thursday 20 July 2023.

The survey represents the feedback from EDA manufacturer affiliates. There is a separate survey for EDA wholesalers.

This survey attracted 45 responses, a 43% response rate. As at 24 July 2024, the EDA has 104 manufacturer affiliates.

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

### Highlights

In this third survey of 2023 we asked EDA manufacturers our standard questions on [turnover comparisons](#), [top 3 operational](#), and [top 3 strategic challenges](#).

Manufacturers were also asked about the [development of the Area Sales Manager role](#) and supplementing them with added value services.

Questions around the usage of [Trade Credit Insurance were included again](#) – you may recall that we asked this several times during the pandemic.

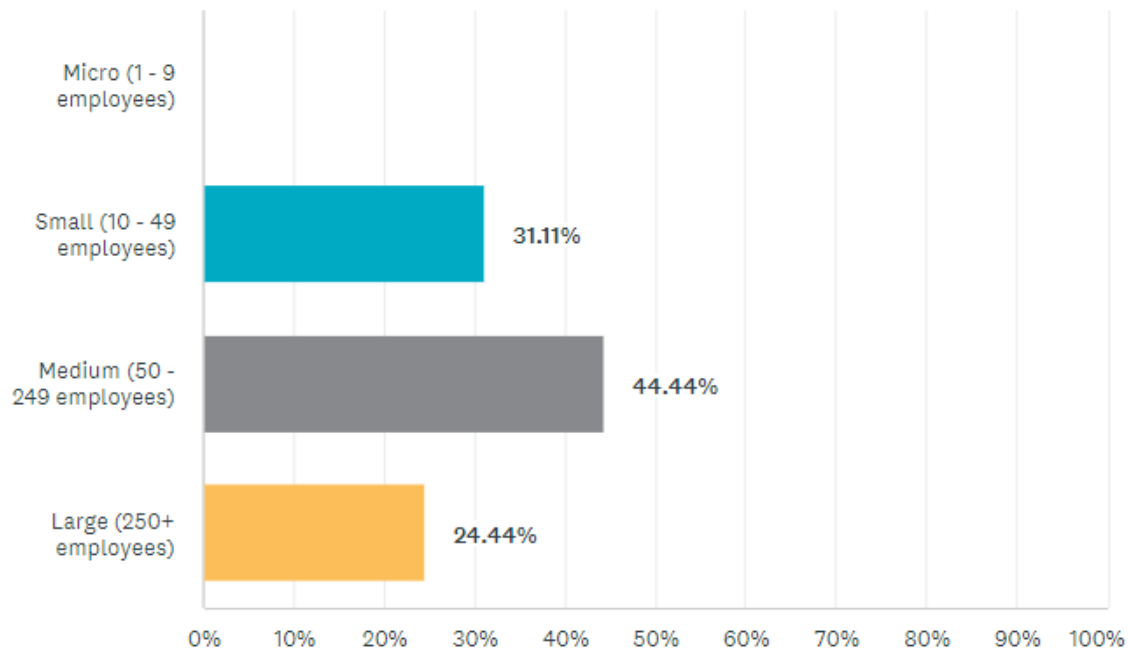
The UK skills shortage was explored, with [manufacturers providing feedback on the job roles they are struggling to fill](#).

New to this survey are questions on the [use of courier services to deliver products](#) to customers.

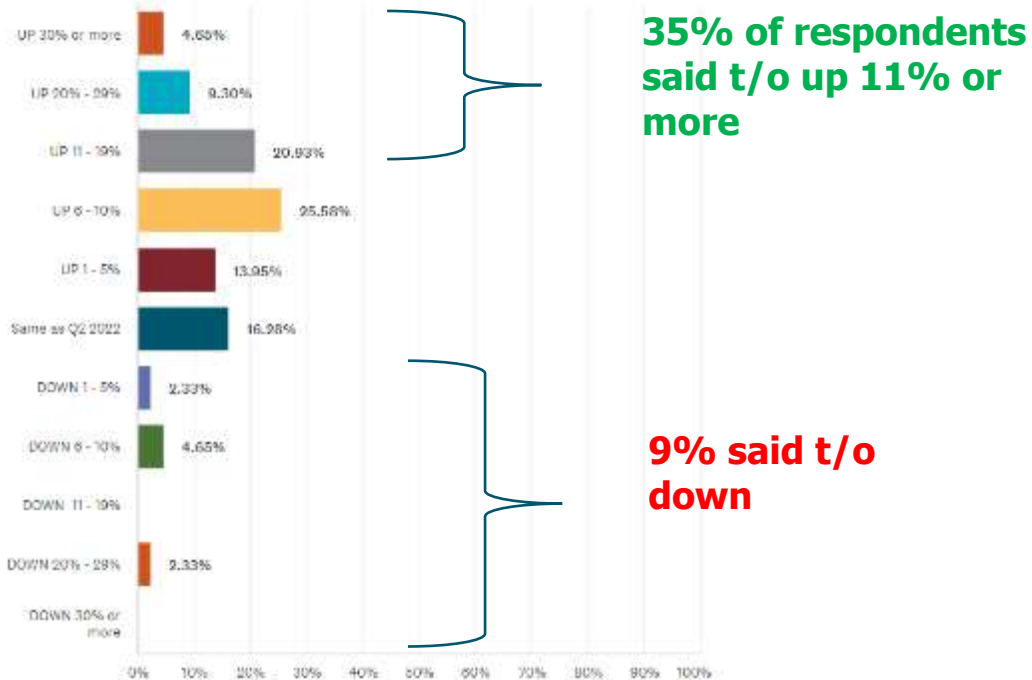
In Q3, manufacturers remain optimistic with 46% of respondents predicting [that they will sell a higher volume of products in 2023 compared to 2022](#). And finally, the [optimism index](#).

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

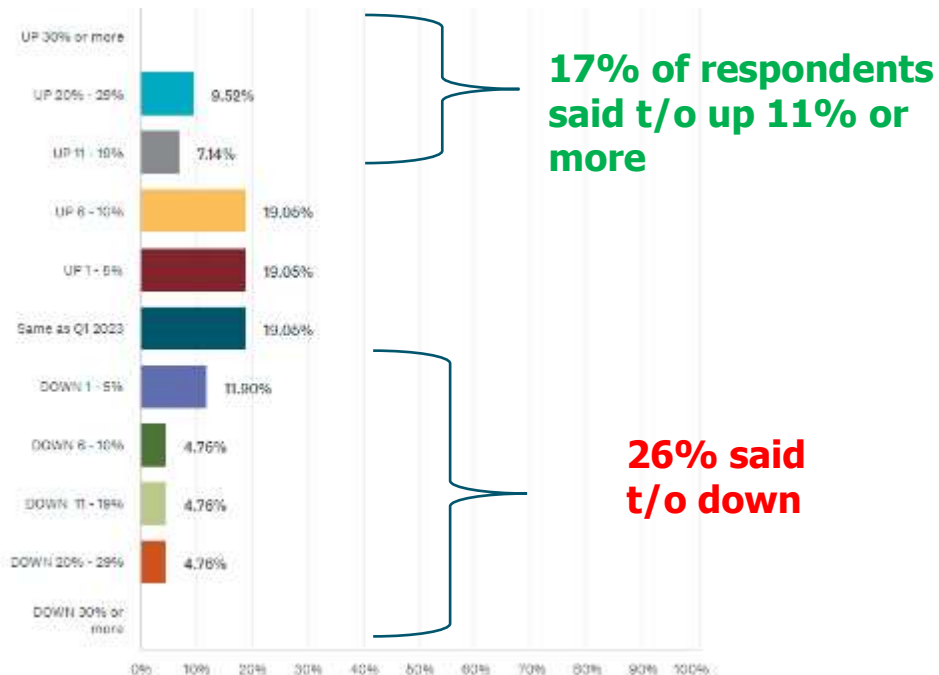


## Q2: Please tell us how your turnover in Q2 2023 compares with turnover in Q2 2022.



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### Q3: Please tell us how your turnover in Q2 2023 compares with turnover in Q1 2023.



Manufacturer comments:

"Increased competition and less shortages due to reduced activity."

"May 2022 included a substantial increase, so many bulk orders were placed in this quarter so comparison is difficult."

"Real tightening of market in May and June: Electrical Wholesalers managing stocks very tightly."

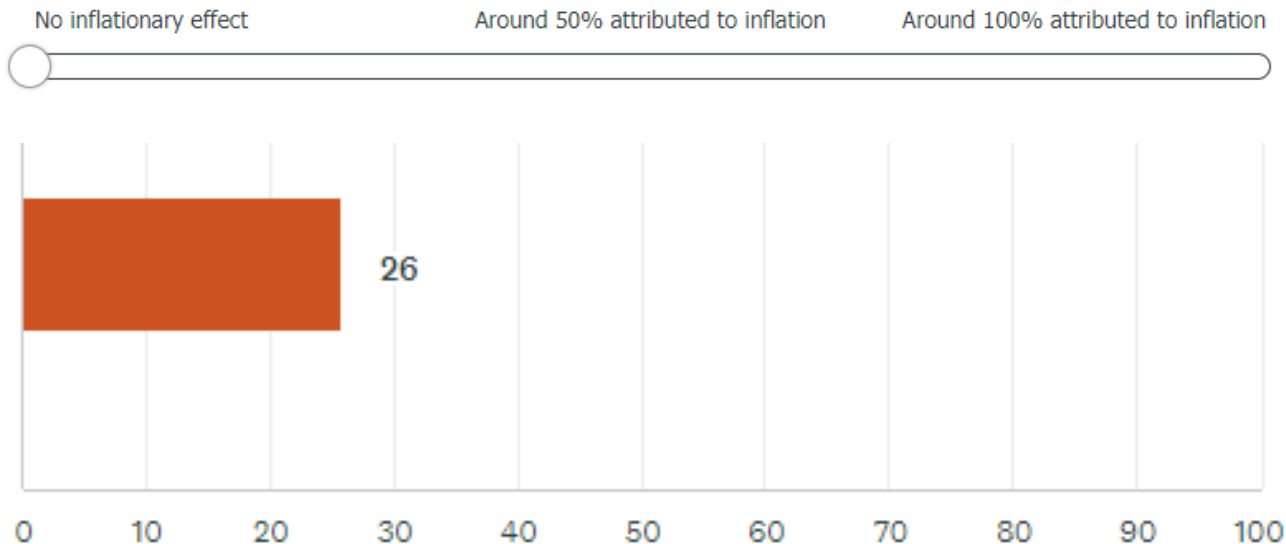
"There is a seasonal element to this drop in turnover quarter on quarter."

"This is unusual for the time of year."



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

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

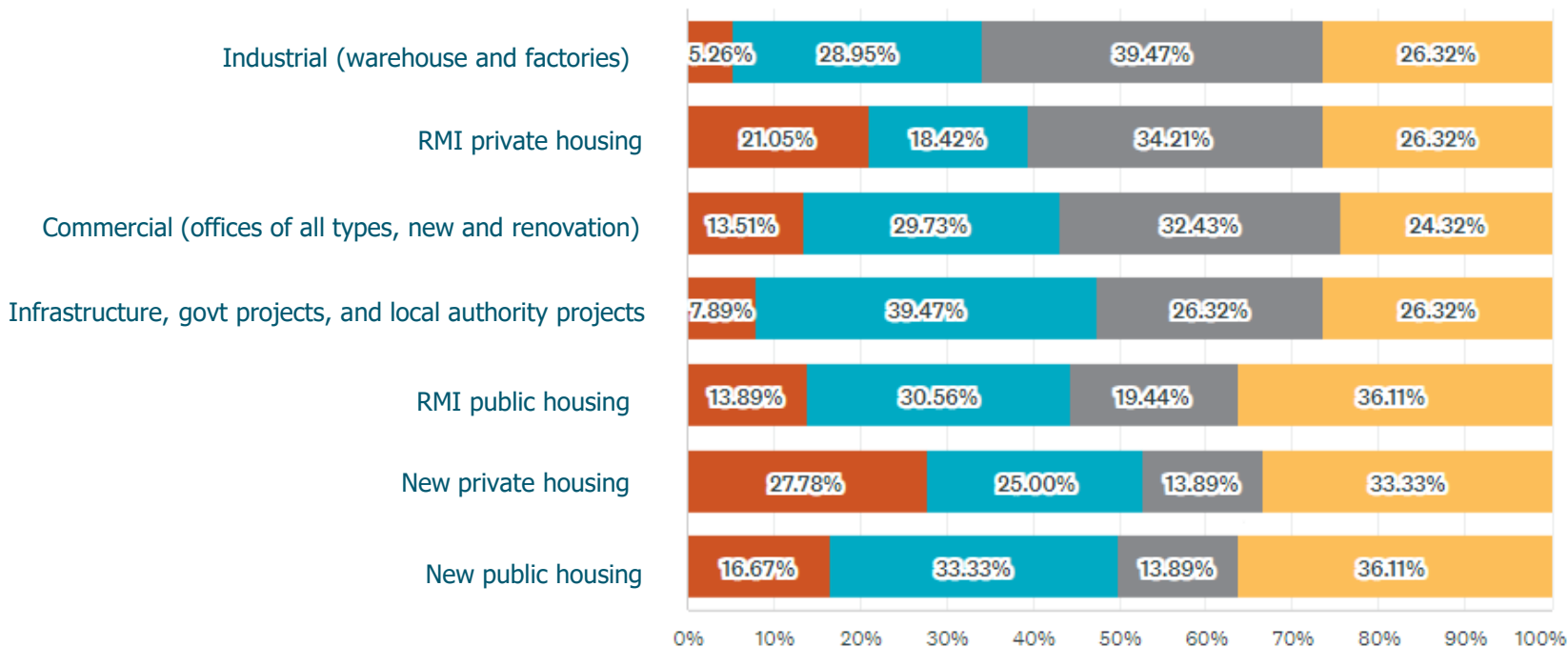


This is an average (mean) response. The scope of the slider was increased in this survey to 100% at the suggestion of respondents.

## Q5: Have you experienced a change in turnover in Q2 2023 compared to Q1 2023 for the following sectors? **Ranked by growth (grey band)**



Decline No change Growth N/A





**Q6:** Please use the space below to add further comments about the performance of these sectors.

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Manufacturer comments on sector performance:

- “Rail seems to be a strong sector along with Power Utilities”
- “We have seen more growth in electrical than other sectors we serve as a manufacturer”
- “Evidence of RMI seizing up with cost of living and mortgage crisis”



## Q7: 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.)

	January 2022	April 2022	July 2022	October 2022	January 2023	April 2023	July 2023
1	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	Attracting and retaining staff
2	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	<b>A downturn in demand</b>
3	Attracting and retaining staff	Increased running costs + Raw material or component availability	Attracting and retaining staff	Attracting and retaining staff	<b>Raw material price increases</b>	<b>Raw material price inflation</b>	<b>Raw material price inflation</b>

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## Q7: Prompt list of operational challenges from which Manufacturers chose their top 3.

- ▼ Attracting and retaining staff
- ▼ A downturn in demand
- ▼ Raw material price inflation
- ▼ Increased exposure to bad debt
- ▼ Raw material or component availability
- ▼ Devaluation of sterling against foreign currencies
- ▼ Customers paying more slowly
- ▼ Shortage of warehouse capacity in the UK
- ▼ Cash flow challenges
- ▼ Raw material price deflation
- ▼ Trade credit insurance terms

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**Q8:** Manufacturers: please tell us your most pressing **strategic** challenges. (Manufacturers were offered a list of challenges and 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	July 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	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	Identifying growth areas for my business
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	Adapting my business for a more digitalised world

**Q0:** Are there other challenges that your business is facing which we have not mentioned?

“Retaining staff becoming more and more difficult”

“Unfair competition from China and Turkey. Fibre optic cables from China and unfair tax breaks in Turkey leading to competition on LV cables.”

“EU logistics difficulties - time taken to get goods across borders/what to do with returns from ROI etc”



## Q9: Prompt list of strategic challenges from which Manufacturers chose their top 3.

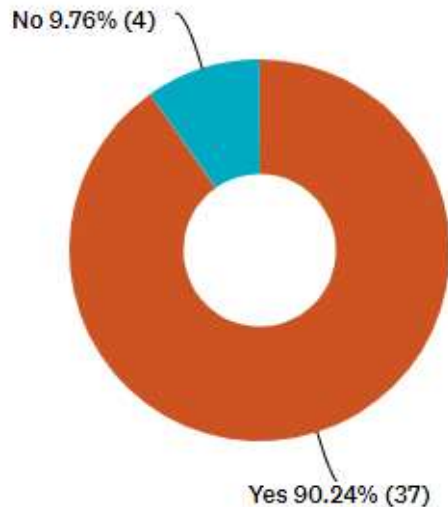
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- ▼ Improving my business systems and processes
- ▼ Identifying growth areas for my business
- ▼ Adapting my business for a more digitalised world
- ▼ Adapting my business for a green future
- ▼ Moving away from an over-reliance on China for our manufacturing
- ▼ Developing new digital skills in my workforce
- ▼ Attracting a more diverse workforce
- ▼ Divergence of regulations between the UK and Europe
- ▼ Large retail platforms approaching to purchase brands direct, disrupting traditional wholesale route to market
- ▼ Planning and implementing a programme of staff development and training
- ▼ Investor confidence
- ▼ Adapting my business in the light of the new Building Safety Regulations
- ▼ Introducing electric vehicles for both deliveries and representatives

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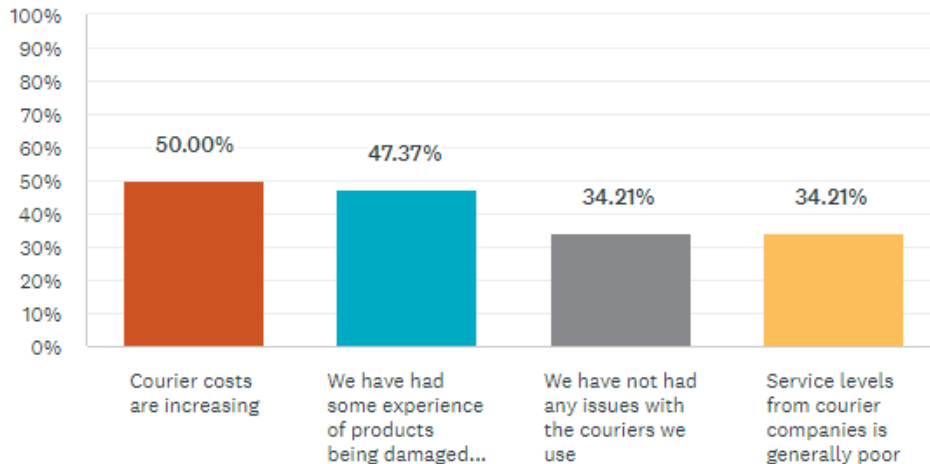


## Q10: Do you use a courier service to deliver products to customers?



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

**Q11:** Please tell us any issues you are experiencing with courier services, ticking all the boxes that apply.





## Q11: Do you use a courier service to deliver products to customers?

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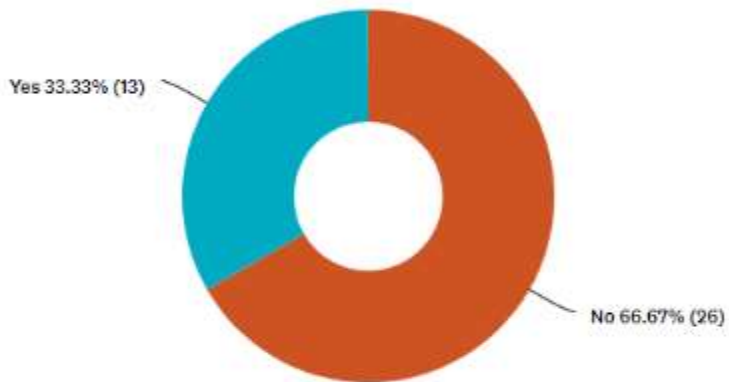
Comments on this question:

“We anticipate issues as Tuffnells went out of business however due to historical exceptionally poor performance we have limited the amount of deliveries we sent on overnight couriers”

“Generally speaking the courier companies that we use do a good job, but there will always be some problems cropping up, they are not perfect.”

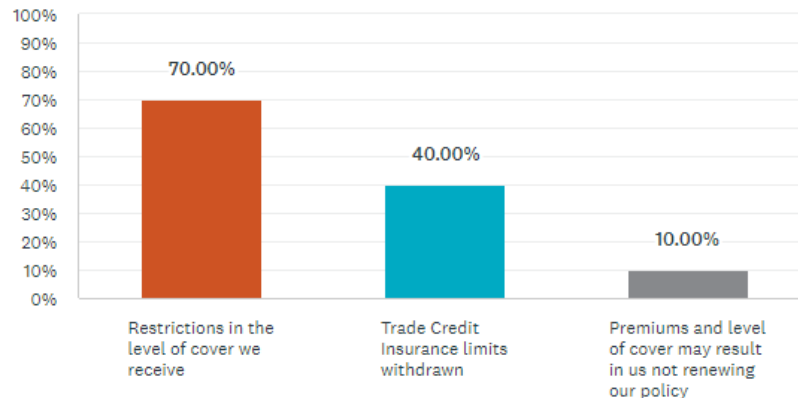


## Q12: Do you use Trade Credit Insurance?



Those who answered yes to this question were asked:

**Q13:** Trade Credit Insurance: are you experiencing any or all of the following:



**Q14:** It is widely recognised that there is a skills shortage in the UK. We are interested to hear if you are trying to bring new skills into your business (eg digital skills) and whether you are experiencing difficulties in attracting those skills.

Manufacturer comments:

“We are suffering from a severe shortage of engineers.”

“Difficulty in hiring marketing people with the right skills: digital is not the area of shortage, rather product management.”

“Attracting staff across all departments is becoming more and more difficult – positions open for 6 months!”

“Requirement to work hybrid from home is just not possible.”

“Issues with getting the right skills for various roles – marketing, engineering, sales. We have waited until the right person but it has taken longer.”

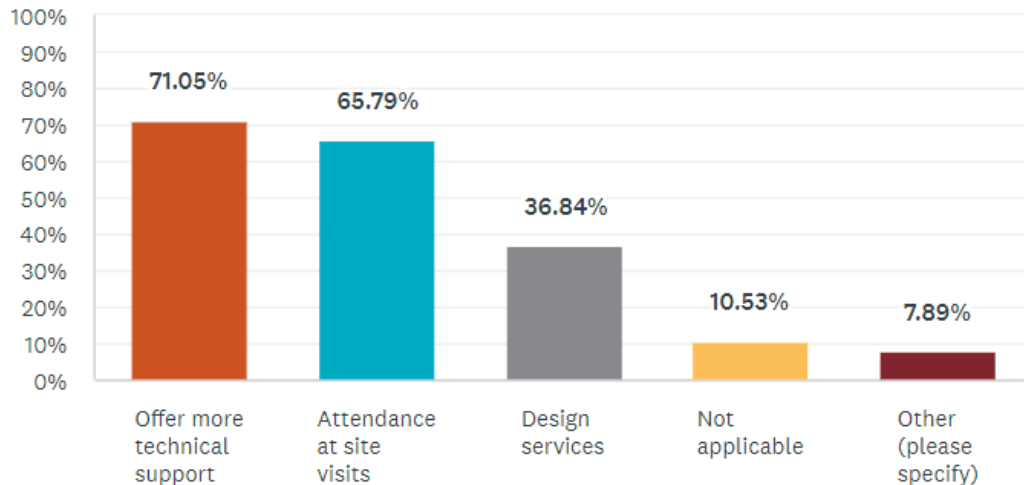
“Rather than bringing in new people with these skillsets our focus is rather on upskilling our current colleagues... drives role enhancement and diversity.”

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## Q15: Thinking about Area Sales Managers and their interaction with wholesaler customers. Have you, or are you thinking about, supplementing these roles with added value services



**Q16:** Please use the space below to add further comments about how you might develop the Area Sales Manager role.

"We already offer all of the above."

"Digital Assets."

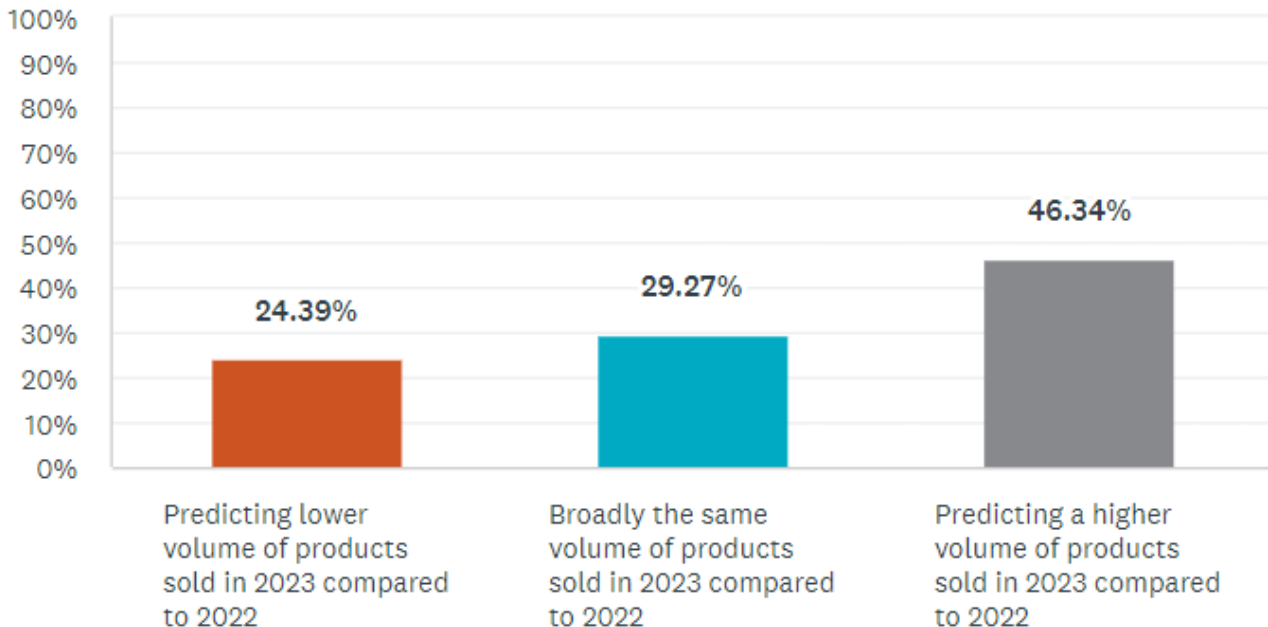
"Rail. Get wholesalers involved in this sector via product training."

"Greater interaction."

"CPD programme of ongoing training."

"We believe the traditional ASM role is a thing of the past and that wholesalers now prefer central account management."

**Q17:** As we are now in Q3, 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?



**Q18:** 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

“Can wholesalers agree on a single set of ESG third party certifiers to reduce the admin and cost for the sector?”

“Why are electrical wholesalers not focussing on the importance like Part F & O\* as much as they are part L. As a ventilation manufacturer this is a perfect opportunity for wholesalers to grow their margins.”

“There is a reluctance for wholesalers to hold stock which causes a reduction in the amount of product available due to limited warehousing at the manufacturer.”

Note:

\*Building Regulations for England 2022  
Approved Documents Part F (Ventilation)  
Approved Documents for Overheating (Part O)  
Part L (Conservation of fuel and power)