

State of the Sector Survey Wholesaler Feedback: July 2023





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Introduction

The third EDA State of the Sector Survey of 2023, launched on Tuesday 4 July 2023 and closed on Thursday 20 July 2023.

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

This survey attracted 79 responses, a 30% response rate. As at 24 July 2023, the EDA has 260 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 July 2023.

Highlights

In this survey we dropped the question about product lead times which had been present in every survey since March 2020. [In its place, wholesalers were asked to report on changes in demand between H1 2023 and H1 2022 across a prompted list of product areas.](#)

Wholesalers were asked to [report on changes in turnover by sector amidst reports of a decline in demand in the RMI Private Housing category.](#)

The standard questions regarding turnover were included and [the results can be found here.](#) Those reporting an increase in turnover were asked to indicate [how much is inflation related.](#) (ONS June 2023: UK inflation is 7.9%.)

The subject of [late payers and bad debts was explored in more detail,](#) and wholesalers **report slow payments and increased exposure to bad debt** as their joint [top operational business challenge.](#)

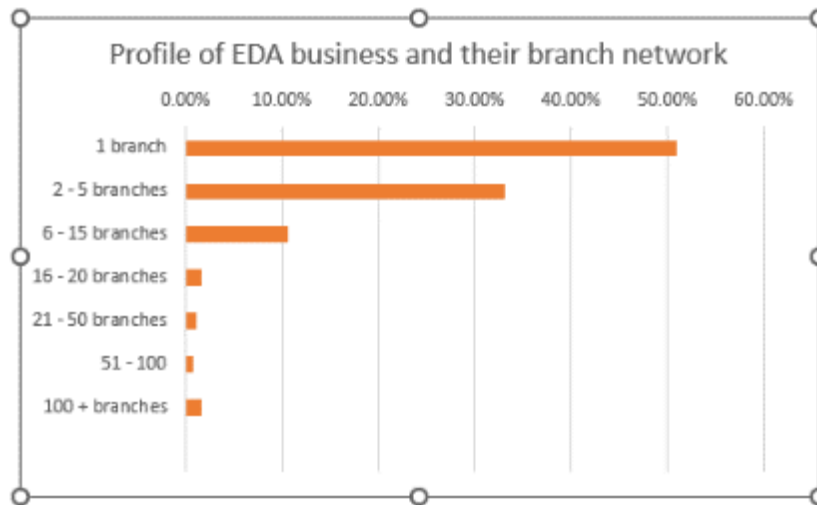
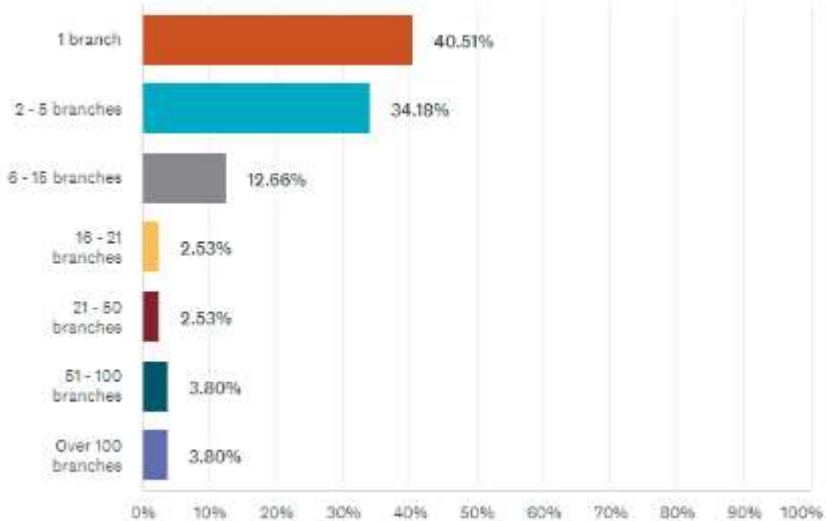
UK's skills shortage was explored, with [wholesalers feeding back on their attempts to attract new types of skill e.g. digital skills, to their businesses.](#)

[Wholesalers also shared their thoughts on the role of the Area Sales Manager from their manufacturer suppliers, their needs, and how this role could be developed.](#)

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Q1: How many branches do you have?

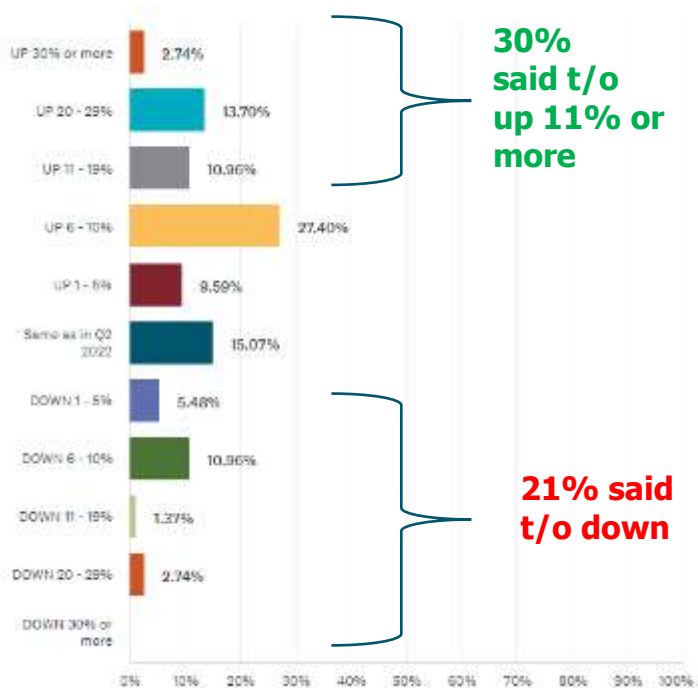


As at Monday 24 July 2023, EDA wholesalers run 1,914 branches

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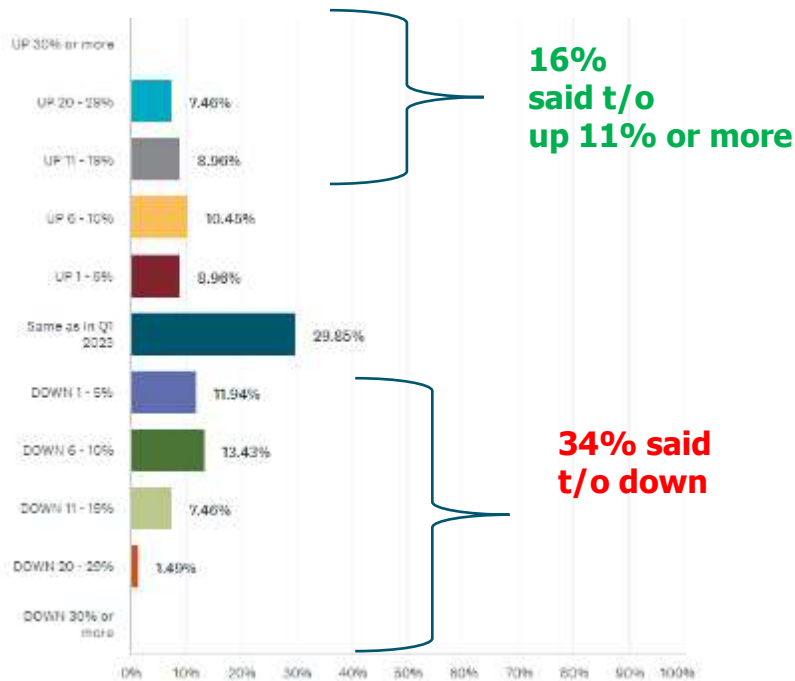
Q2: How does turnover in Q2 2023 compare with Q2 2022?



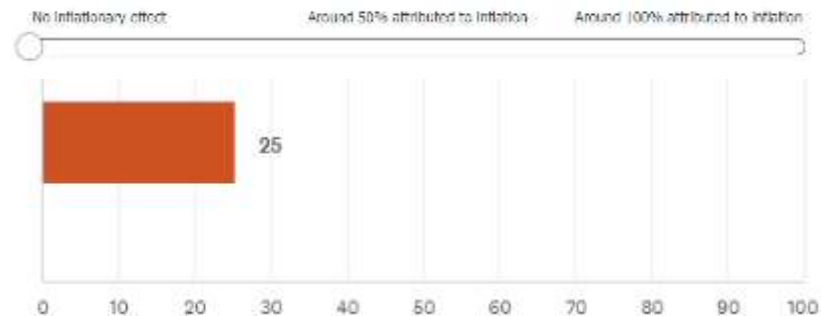
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Q3: How does turnover in Q2 2023 compare with Q1 2023?



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

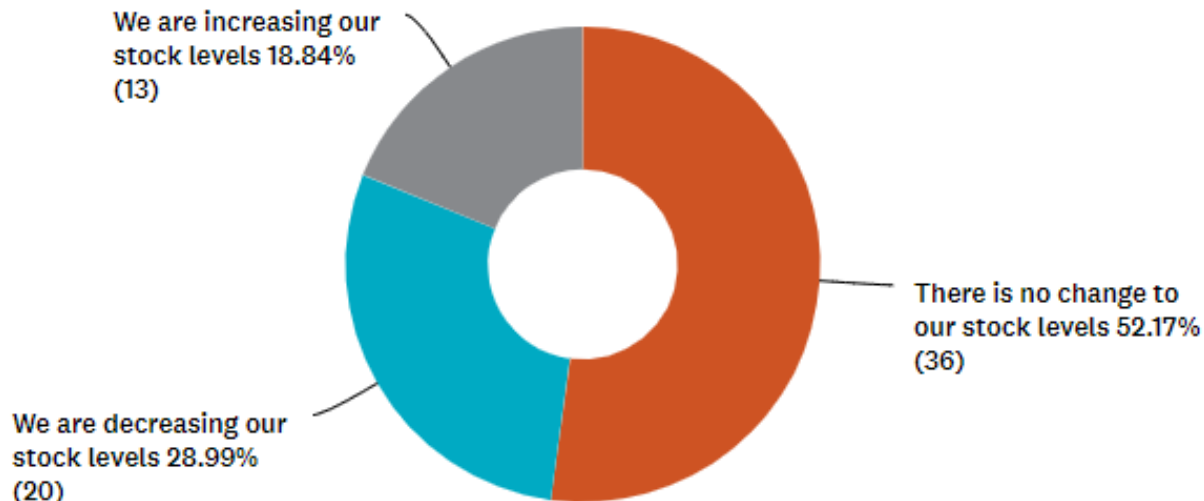


This is an average (mean) response. The scope of the slider was increased in this survey to 100% at the suggestion of respondents.

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Q5: Please tell us if there is any variation in the level of stock you are holding?



Comments:

“We decreased stock levels slightly at the beginning of the year”

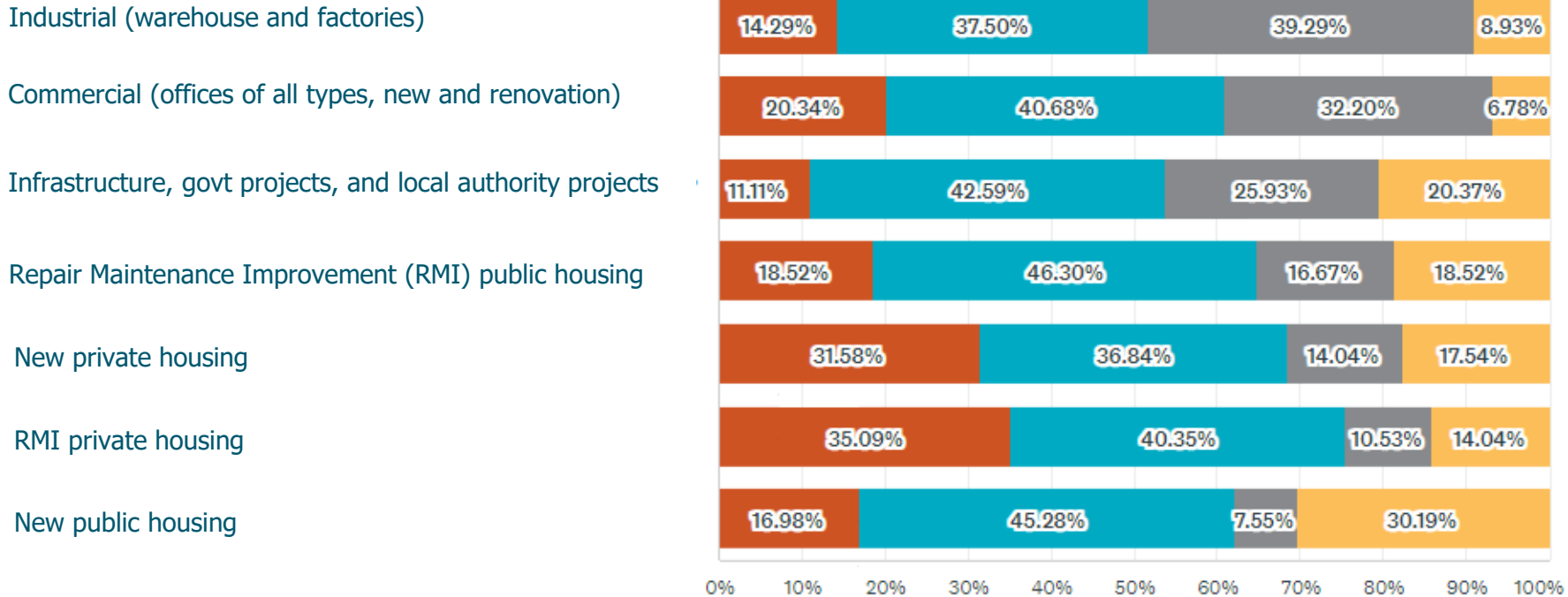
“More value, same level of stock”

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Q6. 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



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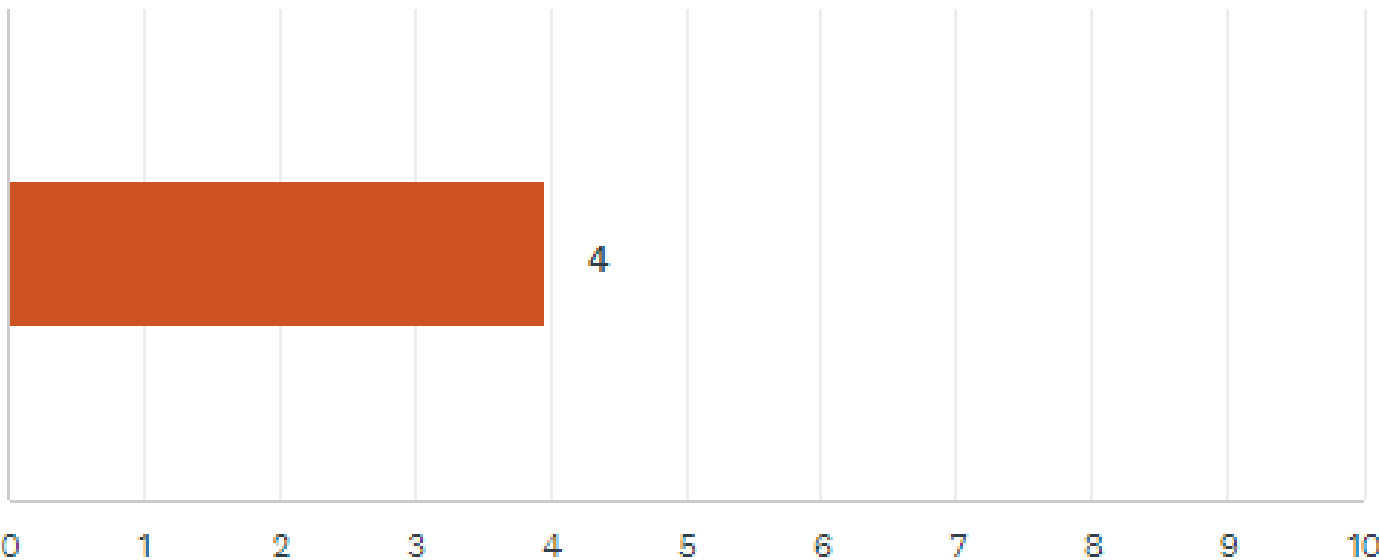


Q7: If you have experienced a downturn in the RMI Private Housing sector, please tell us by how much demand has fallen?

1 - A small decrease in demand

5 - A moderate decrease in demand

10 - A significant decrease in demand



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Q8: Your Operational Challenges: from a prompted list please tell us which 3 operational challenges are your most pressing at this time?
(Wholesalers were offered a list of challenges from which to select – these are shown on the next page.)

	April 2022	July 2022	October 2022	January 2023	April 2023	July 2023
1	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	Customers paying more slowly + Increased exposure to bad debt
2	Attracting and retaining staff	Inflation (equal 2nd) Attracting and retaining staff	Product price and availability issues	Attracting and retaining staff	Attracting and retaining staff	Inflation + Downturn in demand
3	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	Attracting and retaining staff

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Q8: Wholesalers' current top 3 operational challenges: continued

Comments from Wholesalers on other operational challenges not included in the prompted list:

- Increasing operational costs
- Competitive pricing, heavy discounting
- Attracting staff only

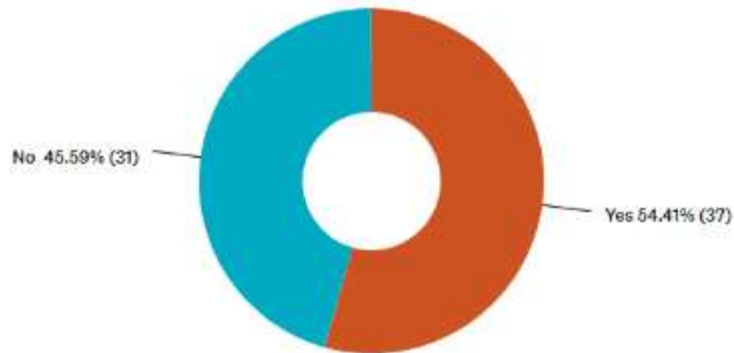
Below is the prompted list from which Wholesalers chose their top 3 most pressing operational challenges:

- ▼ Increased exposure to bad debt
- ▼ Customers paying more slowly
- ▼ A downturn in demand
- ▼ Inflation
- ▼ Attracting and retaining staff
- ▼ Product price and availability issues
- ▼ Cash flow challenges
- ▼ Devaluation of sterling against foreign currencies

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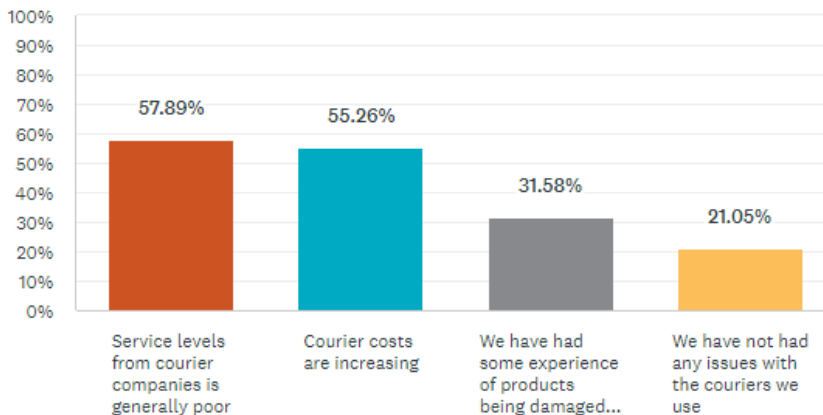


Q9: Do you use a courier service to deliver products to customers?



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

Q10: Please tell us any issues you are experiencing with courier services, ticking all the boxes that apply.



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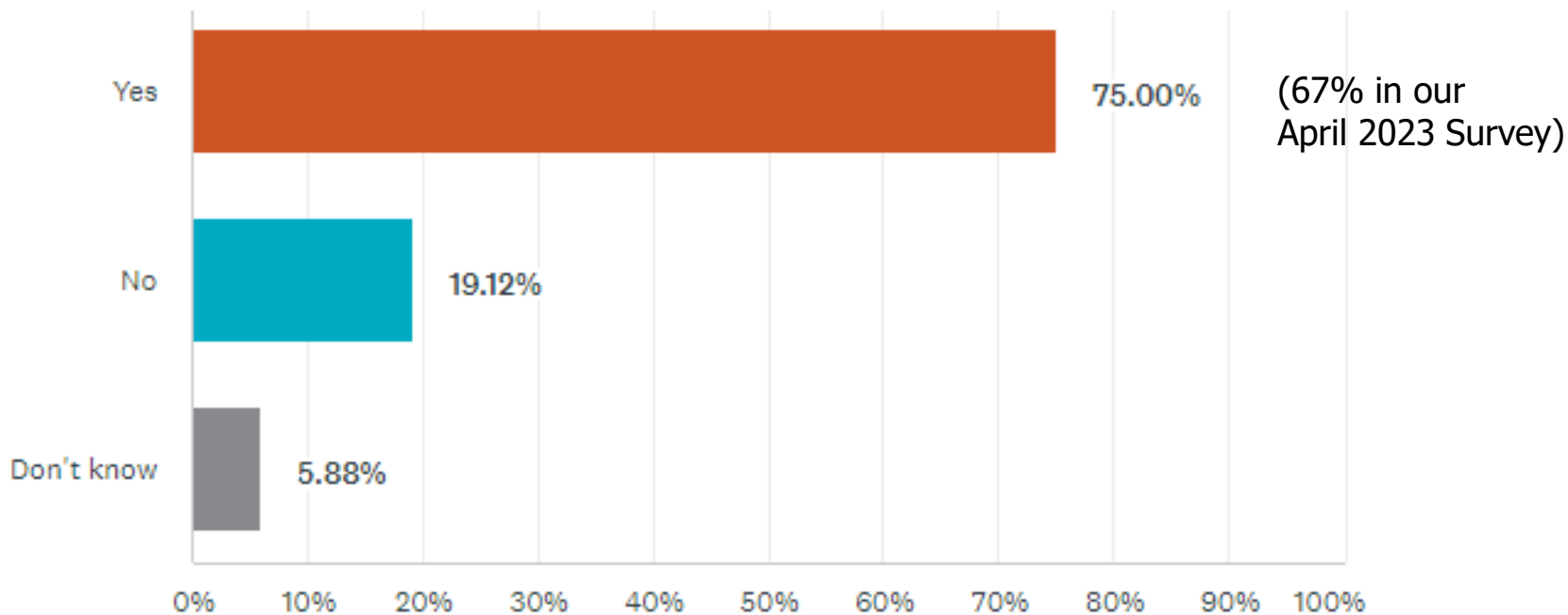
Q9 & Q10: Do you use a courier service to deliver products to customers?

Comments from wholesalers on this question.

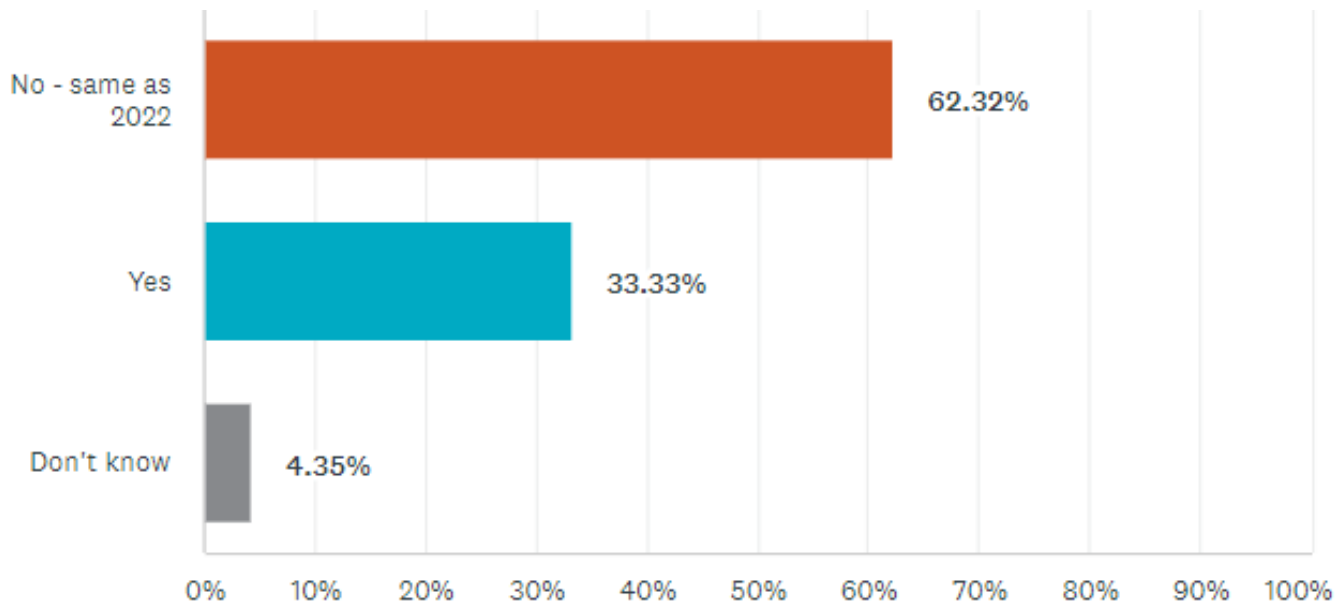
- “Also experienced couriers losing deliveries and over-charges”
- “... prices dramatically jumped.”
- “Tuffnells collapse impacted all couriers with additional work entering distribution network, and 2,500 fewer vehicles.”
- “Delivery of dirty goods via courier more challenging as number of operators providing this service is reducing.”

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Q11: In our last survey wholesalers reported customers paying later than expected. Is this continuing in Q2 2023?



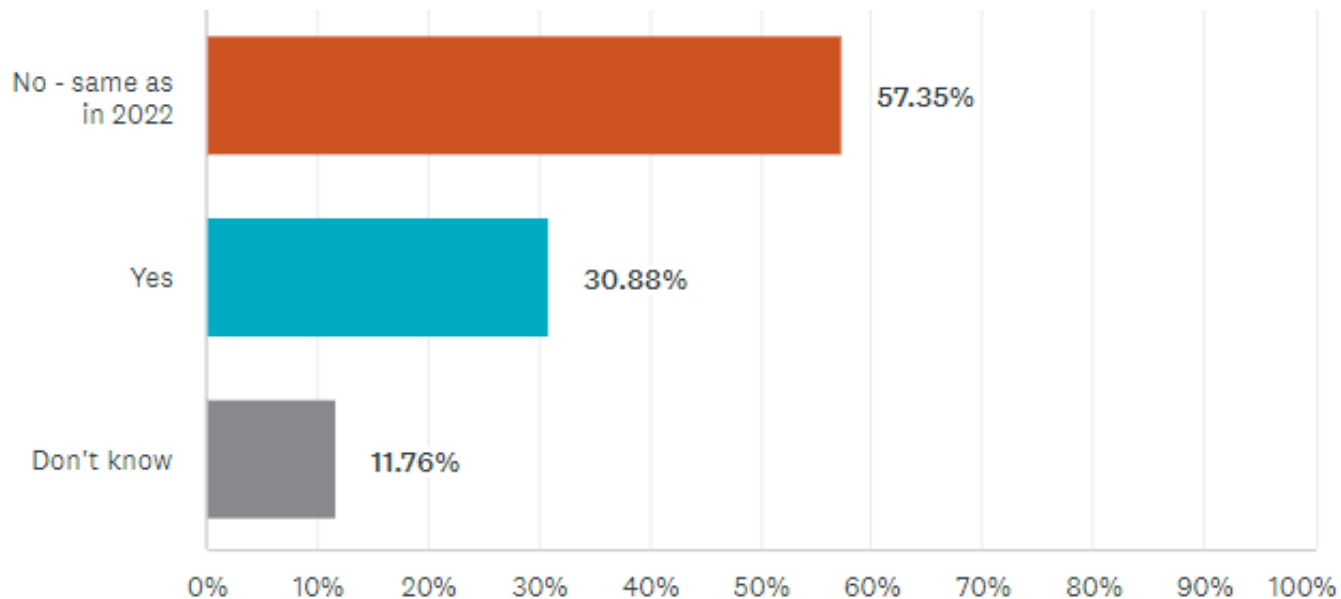
Q12: Compared to 2022 are you experiencing a rise in bad debts?



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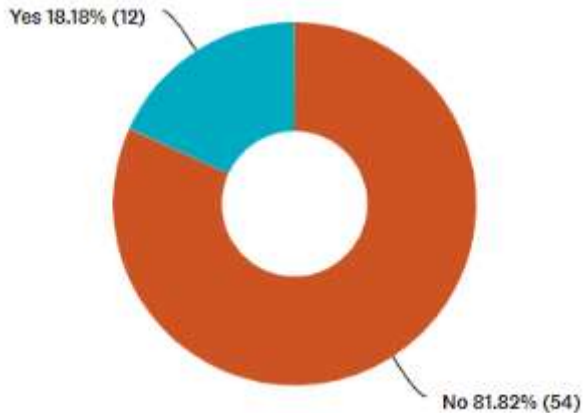


Q13: Compared to 2022 are you experiencing a higher number of contractor businesses falling into administration?



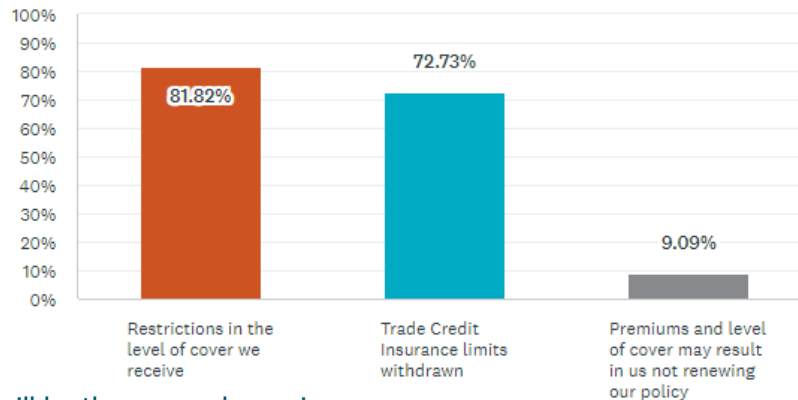
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Q14: Do you use Trade Credit Insurance?



Those who answered yes to this question were asked:

Q15: Trade Credit Insurance: are you experiencing any or all of the following?




Comments on Trade Credit Insurance:

“Not seeing any significant changes currently. The biggest concern will be the renewal premium against a backdrop of increased insolvencies.”

“No more or less than normal. It all depends on the individual or business circumstances.”

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Q16: 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. (Free text field)

“Struggling to attract new staff into the sector as a whole”

“No new skills, replacing retiring staff is our main focus”

“We are training staff, unfortunately they are often poached”

“Working on employer branding and industry appeal”

“We are actively looking to upskill our staff through training courses to adapt to modern day working practices”

“We are training an apprentice digital marketer”

“Whilst we accept that recruitment remains an issue for us, we have invested more in training our own people to fill more of the roles that become available.”

“SEO and general digital analytics”

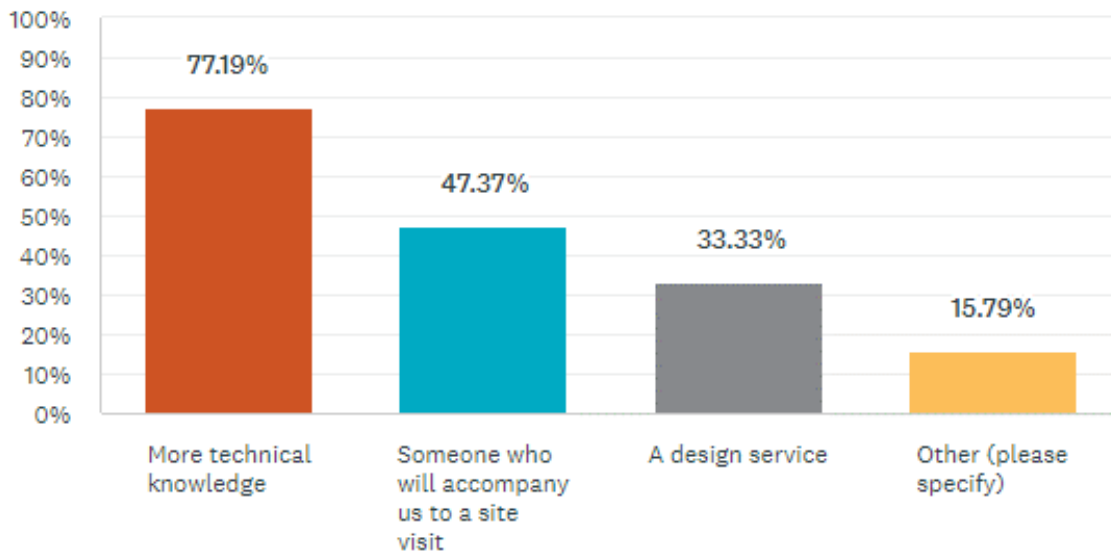
“Recruitment of sales professionals difficult, working from home is high on list of candidate requirements.”

“It remains a challenge to recruit young people willing to commit.”

“Trying to recruit for a digital skills role but the salary is higher than that of an office administrator role which then can create ill feeling when discussed in-house as is the nature in a small business.”

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Q17: Thinking about Area Sales Managers from your manufacturer suppliers. What type of added value are you looking for from those roles?



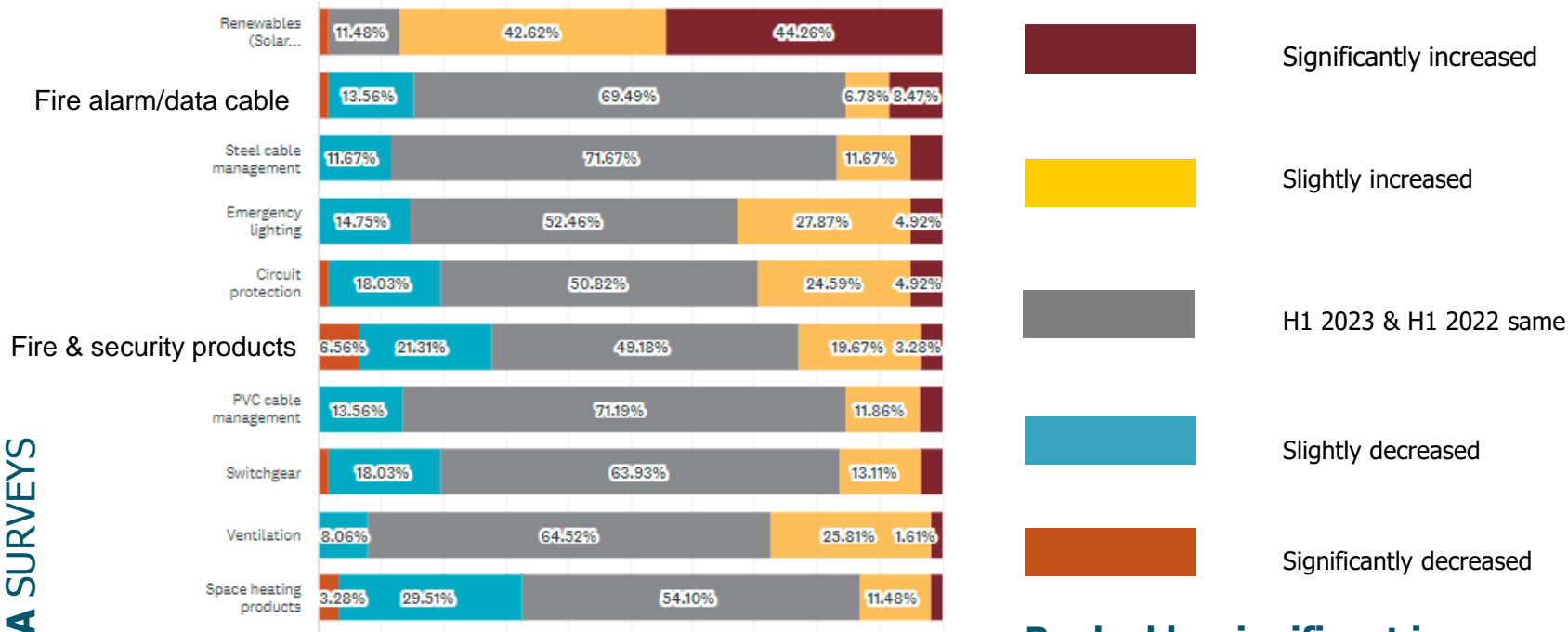
Comments from wholesalers:

- Close working partnership that brings enquiries to us
- Working closer to our branches to develop business
- Much more interaction with our sales staff
- Product knowledge: their own and competitors
- More constructive product based meetings
- More face to face interaction with our sales staff, more information about strengths and weaknesses of their and their competitors' products

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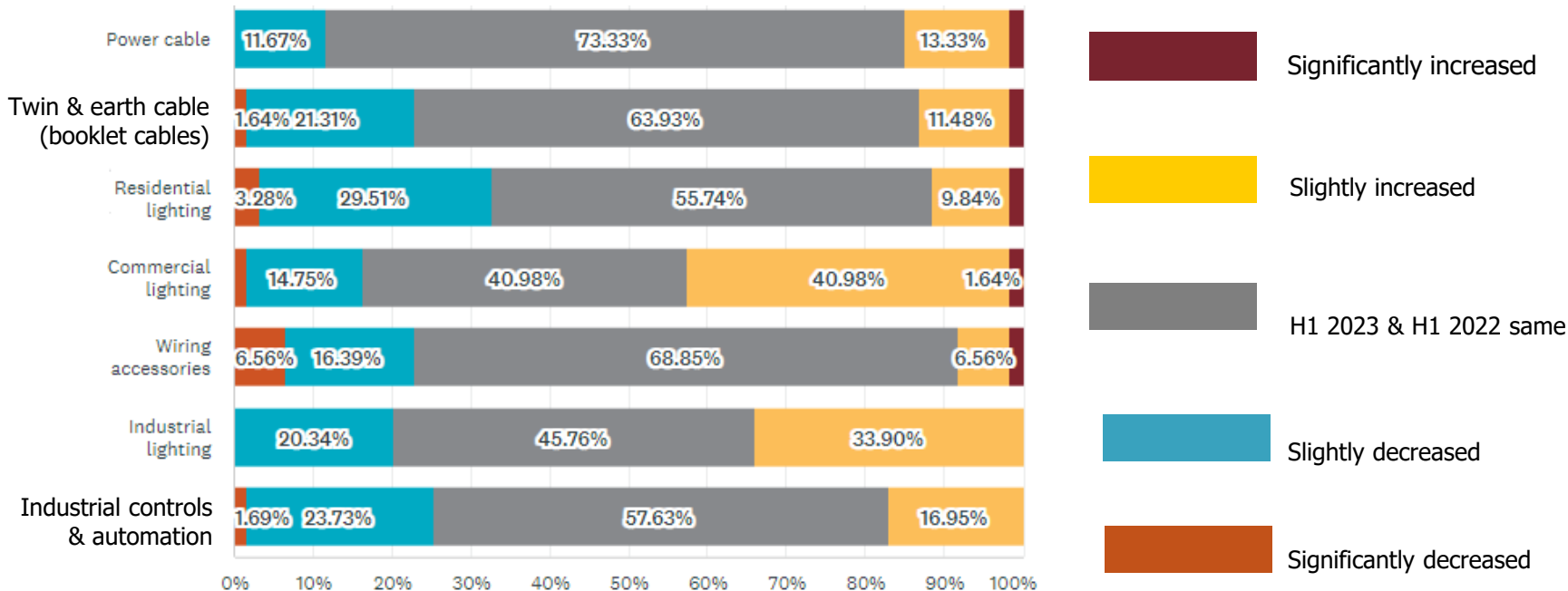
Q18: Has there been any change in demand for the following products in the first half of 2023 (H1 2023) compared with the first half of 2022 (H1 2022) – page 1 of 2



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Ranked by significant increase

Q18: Has there been any change in demand for the following products in the first half of 2023 (H1 2023) compared with the first half of 2022 (H1 2022) – page 2 of 2

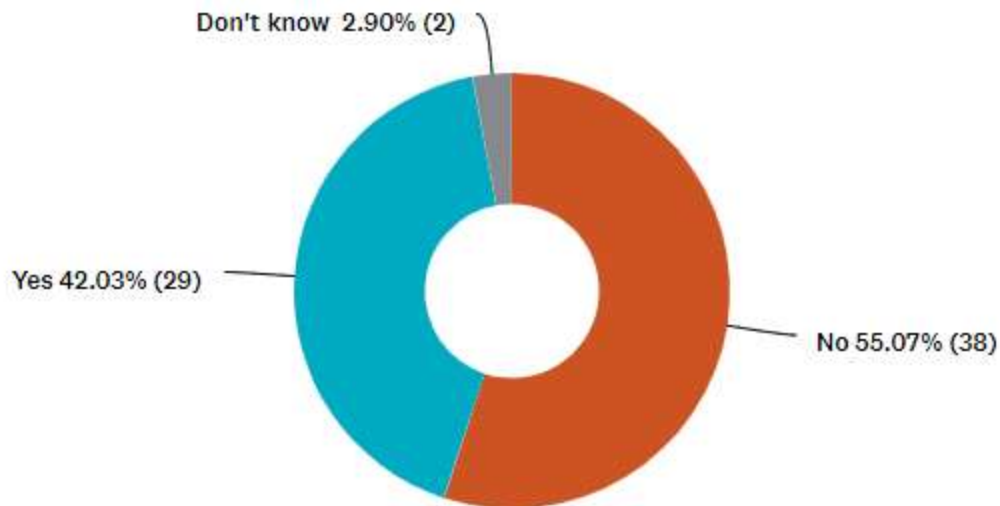


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Ranked by significant increase

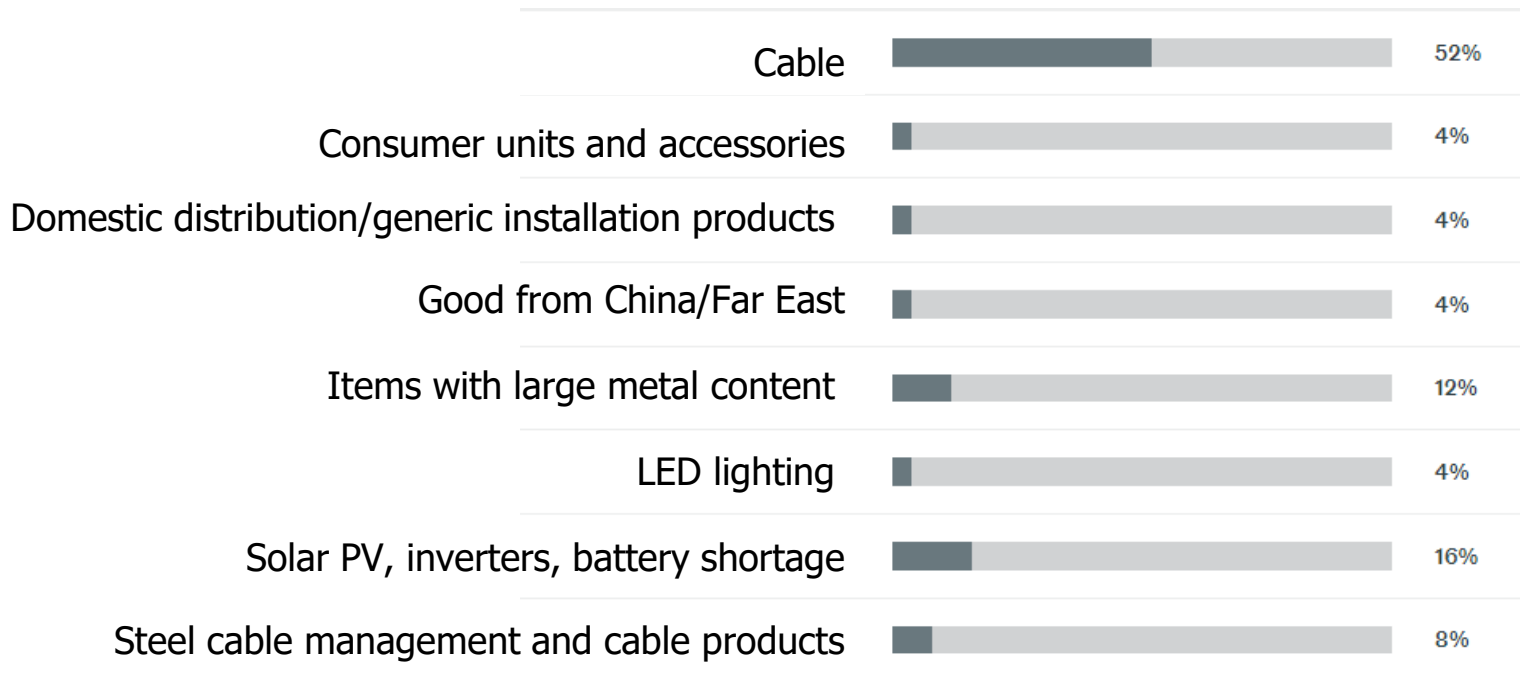


Q19: We are hearing about price deflation in some product areas.
Have you experienced this?



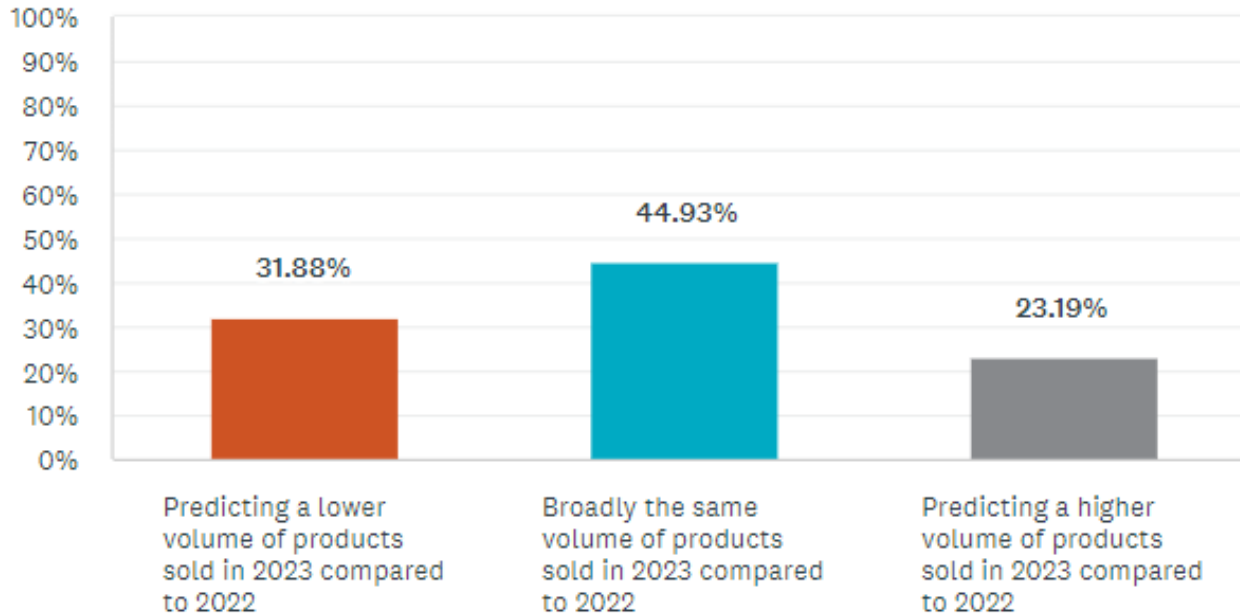
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Q20: Price deflation – please tell us which product areas this applies to.
This was a free text field: answers have been tagged and grouped into product areas.



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Q21: 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?



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Q22: On a scale of 1 – 10 how optimistic do you feel about this sector’s performance potential for 2023?



Comments:

“We are a counter sales business and volumes are dropping.”

“Private housing RMI is significantly down this year. Renewable technologies are providing the growth but overall volumes are down.”

“We must make the best of a difficult year and remain optimistic.”

“Reduced activity, increasing discounting, margin down.”

“Need for diversification into renewables is clear.”

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