

State of the Sector Survey Manufacturer Feedback: January 2024





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Introduction

This is the first quarterly EDA State of the Sector Survey for 2024: the survey launched on Friday 12 January 2024 and closed on Monday 22 January 2024.

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

This survey attracted 56 responses, a 52% response rate. As at 1 January 2024 the EDA had 108 manufacturer affiliates.

A summary of wholesaler and manufacturer feedback was shared at our Talking Shop Dialogue on Wednesday 24 January 2024.

Content:

In this first survey of 2024 we asked EDA manufacturers our standard questions regarding [turnover in Q4 2023](#) compared to the same period in 2022; [turnover in Q4 2023 compared to Q3 2023](#).

Manufacturers were asked to [share turnover levels by sector](#), and to identify their [top 3 operational](#) and [strategic challenges](#).

The survey explored the [impact of recent news on mortgage lenders cutting interest rates and how that might improve Private Housing RMI](#).

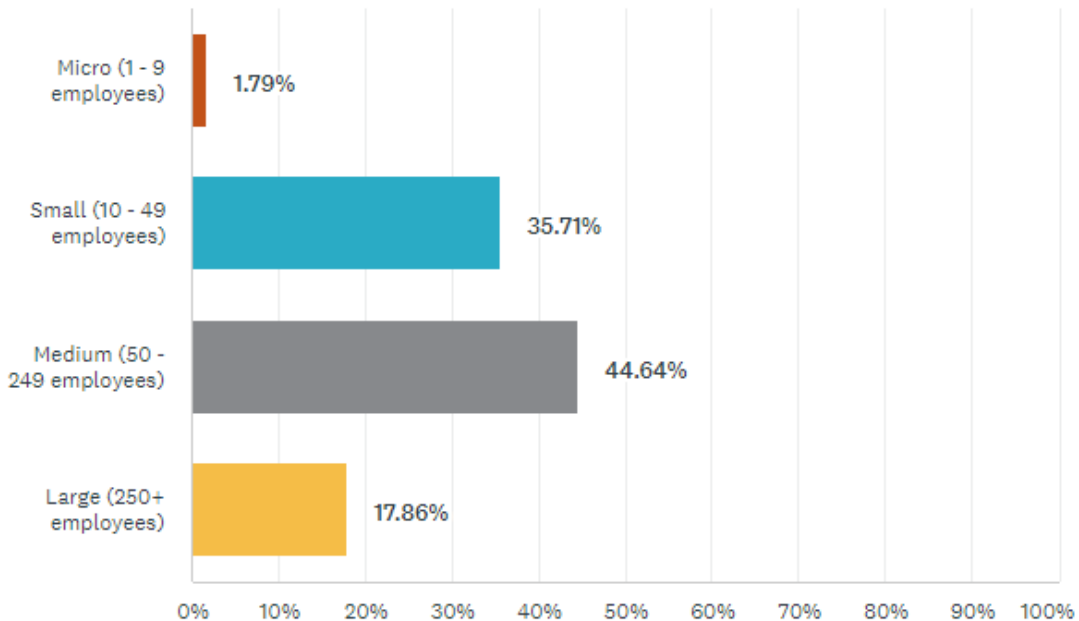
[Workforce planning was explored](#), and we also asked about [single use plastic packaging](#) and whether businesses are still using it.

The survey also covered the [use of WhatsApp in business](#), how [Open Banking might help reduce card fees](#), and the move to [EV vehicles](#).

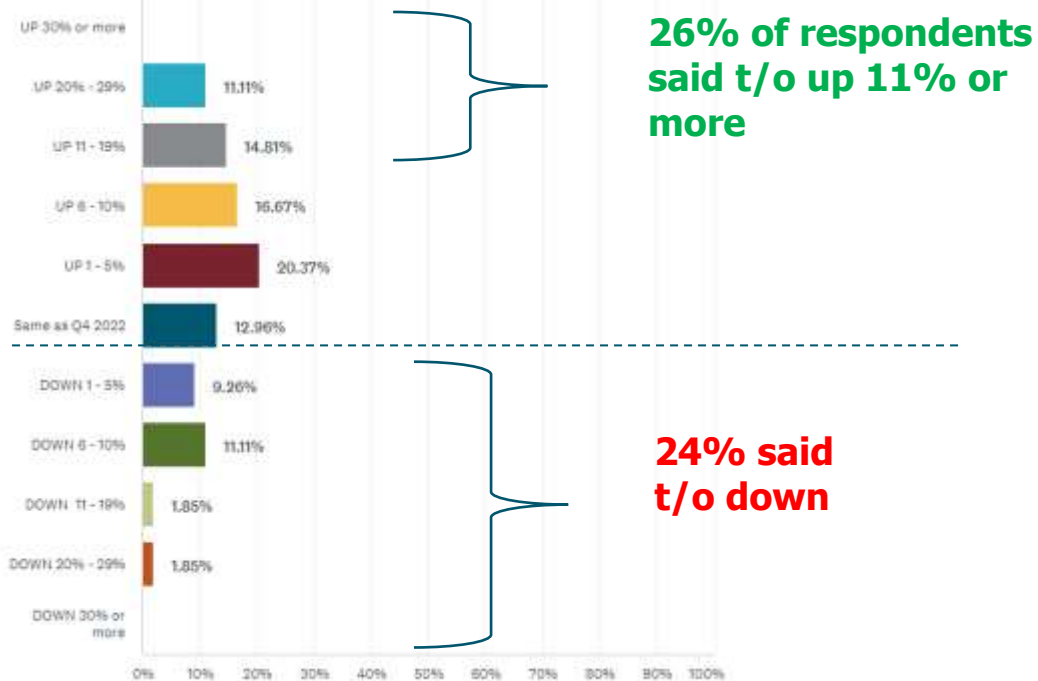
Finally, manufacturers were asked to predict [likely turnover in 2024, how like for like sales in 2024 might compare to 2023](#), and their [optimism index](#) for the year ahead.

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Q1: Please tell us the size of your business

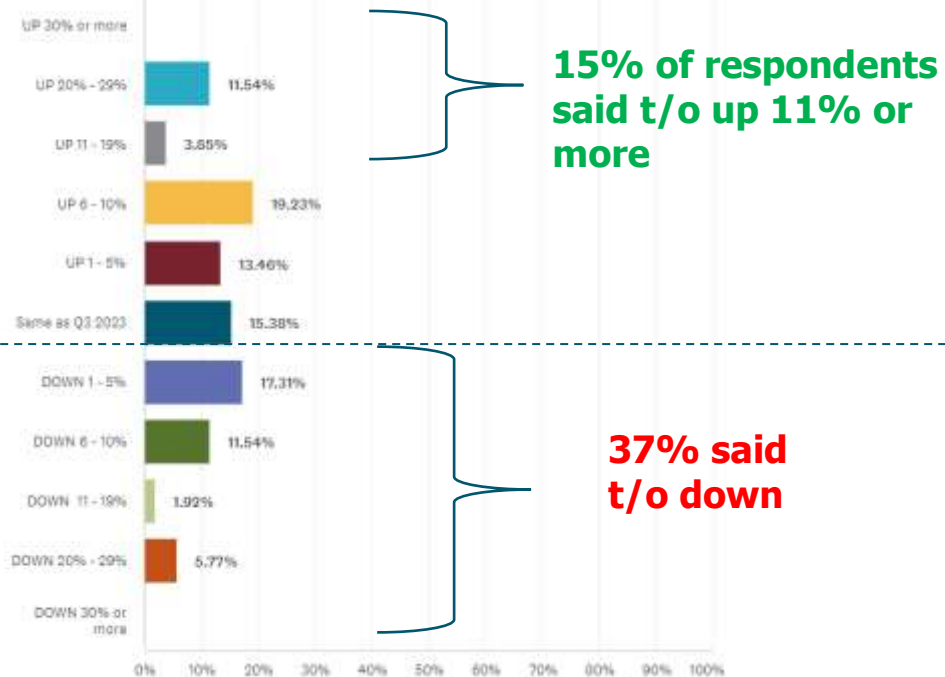


Q2: Please tell us how your turnover in Q4 2023 compares with turnover in Q4 2022.



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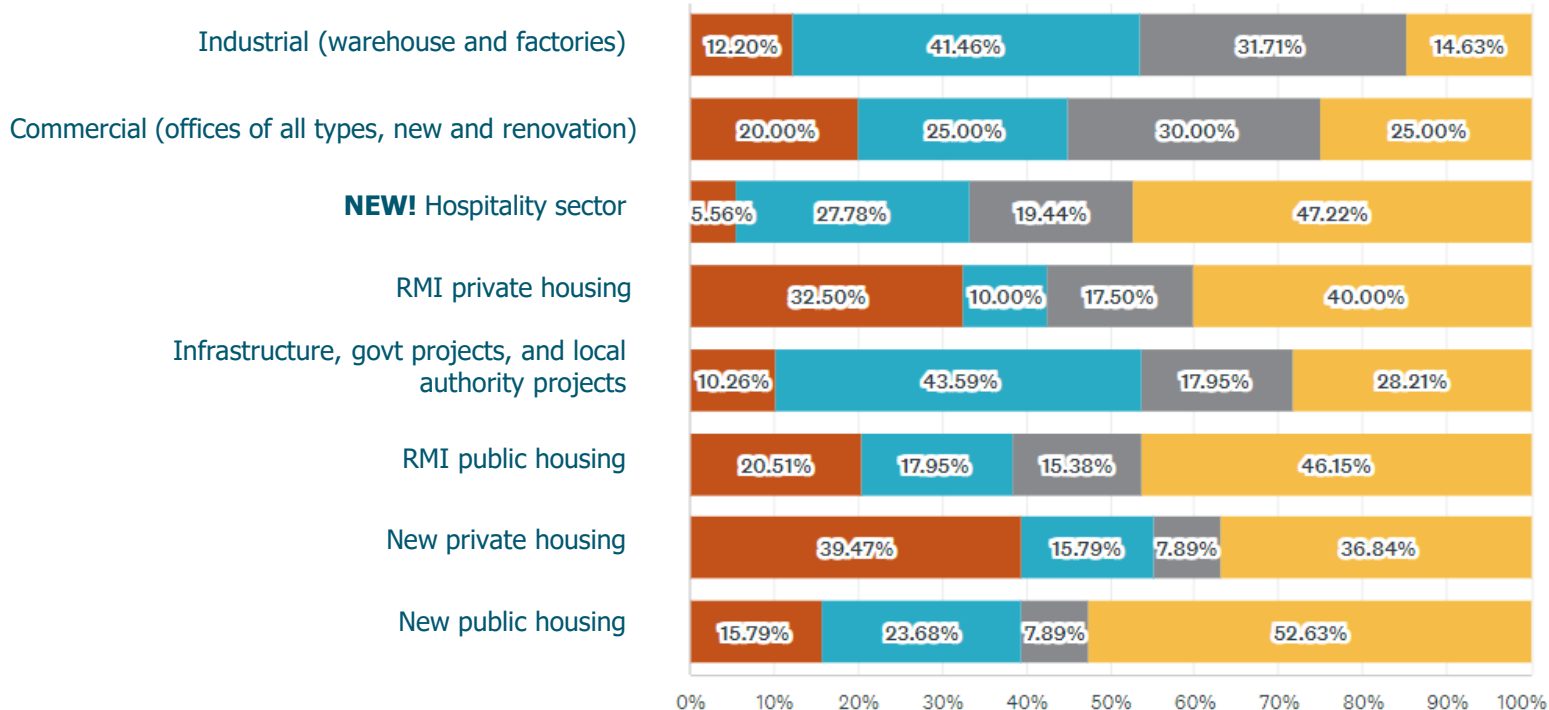
Q3: Please tell us how your turnover in Q4 2023 compares with turnover in Q3 2023.



Q4: Have you experienced a change in turnover in Q4 2023 compared to Q3 2023 for the following sectors? **Ranked by growth (grey band)**



Decline No change Growth N/A



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Q5: With the recent news of mortgage lenders cutting interest rates, how do you see business in the RMI Private Housing sector evolving in 2024? This was an open-ended question and the responses are below.

- Flat
- Hopefully this should get the chain moving again and projects completed.
- Expect to stimulate gentle demand in Q2 onwards
- similar to 2023
- Too early to say
- Increasing slightly
- There is potential for growth in this sector if interest rates are cut but the timing on the cuts will not necessarily impact sales this year as there is usually a lag between interest rate rises and falls and impact on sales
- No growth
- Hope recovers
- Increasing / level. Moving house is key trigger for refurb.
- Still in decline
- Not sure yet, the private housing market also dependent on other factors, cost of living, economic performance, job security, cost of upgrade house to EPC rating etc...
- Recovering as Consumer Confidence bounces back with softer inflation and a stable cost of living.
- limited demand persisting well into 2024
- Should see an increase
- this will hopefully see people spending on improvements whereby people have not wanted to spend
- We believe it will remain very sluggish
- Hopeful to see an increase
- Declining
- Unaffected by this sector

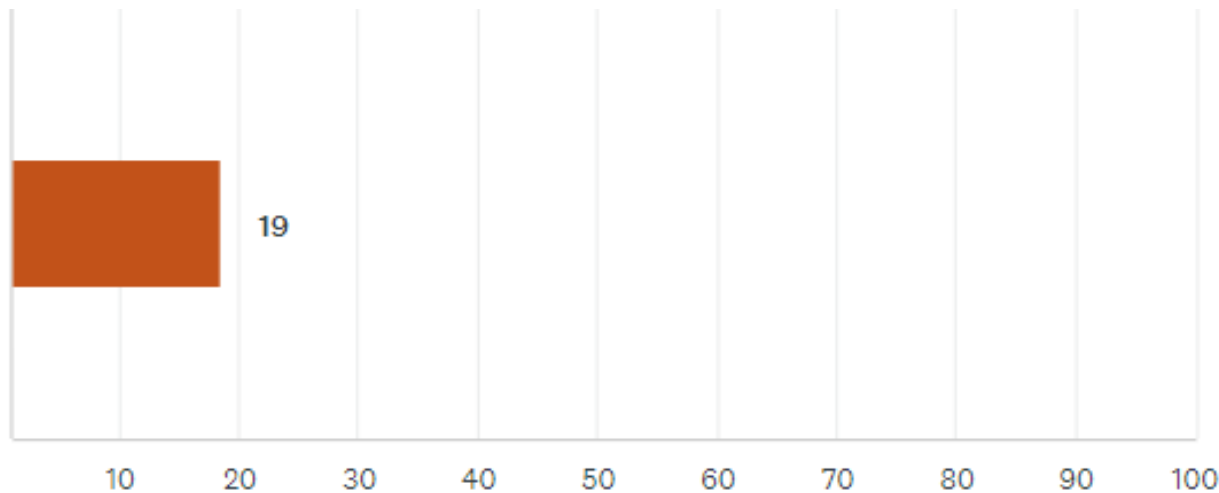
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Q6: Please add any comments about the performance of the RMI Private Housing Sector and its impact on your business.



-
- At best will be between 0 – 5% Growth
 - Significant impact and needs to recover to support the wider market
 - This is a key sector for us and the difficult market conditions have impacted us strongly

Q7: Please estimate the proportion of your 2023 turnover attributed to public sector work incl. govt and local authority projects



Includes: schools, prisons, hospitals, community centres, public housing, libraries, highways/transport

Q8: 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 2023	April 2023	July 2023	October 2023	January 2024
1	Devaluation of sterling against foreign currencies	Attracting and retaining staff	Attracting and retaining staff	Increases in salary bill	Adapting to delays caused by piracy attacks in the Red Sea + Attracting and retaining staff
2	Attracting and retaining staff	Devaluation of sterling against foreign currencies	A downturn in demand	Attracting and retaining staff	A downturn in demand
3	Raw material price increases	Raw material price <u>inflation</u>	Raw material price <u>inflation</u>	A downturn in demand + Increased exposure to bad debt	Complexities around the different sustainability/carbon assessment schemes and information required by customers + Balancing staffing levels alongside rising wage bills

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

- ▼ Adapting to delays caused by piracy attacks in the Red Sea
- ▼ Attracting and retaining staff
- ▼ A downturn in demand
- ▼ Complexities around the different sustainability/carbon assessment schemes and information required by customers
- ▼ Balancing staffing levels alongside rising wage bills
- ▼ Increasing energy bills
- ▼ Raw material or component availability
- ▼ Inflation
- ▼ Devaluation of sterling against foreign currencies
- ▼ Increased exposure to bad debt
- ▼ Resources and time to develop our product data
- ▼ Deflation
- ▼ Cash flow challenges and customers paying more slowly

Challenges mentioned which were not on prompted list:

Price deflation in a rising overhead market

Lack of proactive selling time

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Q9: 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.)

	January 2023	April 2023	July 2023	October 2023	January 2024
1	Moving away from an over-reliance on China for our manufacturing	Adapting my business for a more digitalised world + Improving my business systems and processes	Improving my business systems and processes	Market and economic uncertainty	Market and economic uncertainty
2	Improving my business systems and processes	Adapting my business for a green future	Identifying growth areas for my business	Competition from cheaper imports to the UK	Workforce challenges: including attracting and retaining staff, attracting a diverse team, and developing our programme of staff development and training
3	Identifying growth areas for my business	Identifying growth areas for my business	Adapting my business for a more digitalised world	Workforce challenges: including attracting and retaining staff, attracting a diverse team, and developing our programme of staff development and training	Improving my business systems and processes

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

- ▼ Market and economic uncertainty
- ▼ Workforce challenges: including attracting and retaining staff, attracting a diverse team, and developing our programme of staff development and training
- ▼ Improving my business systems and processes
- ▼ Succession planning and attracting younger team members
- ▼ Adapting my business for a green future
- ▼ Identifying growth areas for my business
- ▼ Adapting my business for a more digitalised world
- ▼ Moving away from an over-reliance on China for our manufacturing
- ▼ Deflation and the impact on our business
- ▼ Identifying the best uses of AI in my business
- ▼ EU logistics difficulties - time taken to get goods across borders and returns from the Republic of Ireland and other EU countries
- ▼ Divergence of regulations between the UK and Europe
- ▼ Large retail platforms approaching to purchase brands direct, disrupting traditional wholesale route to market
- ▼ Developing new digital skills in my workforce
- ▼ Adapting my business in the light of the Building Safety Regulations

Challenges mentioned which were not on prompted list:

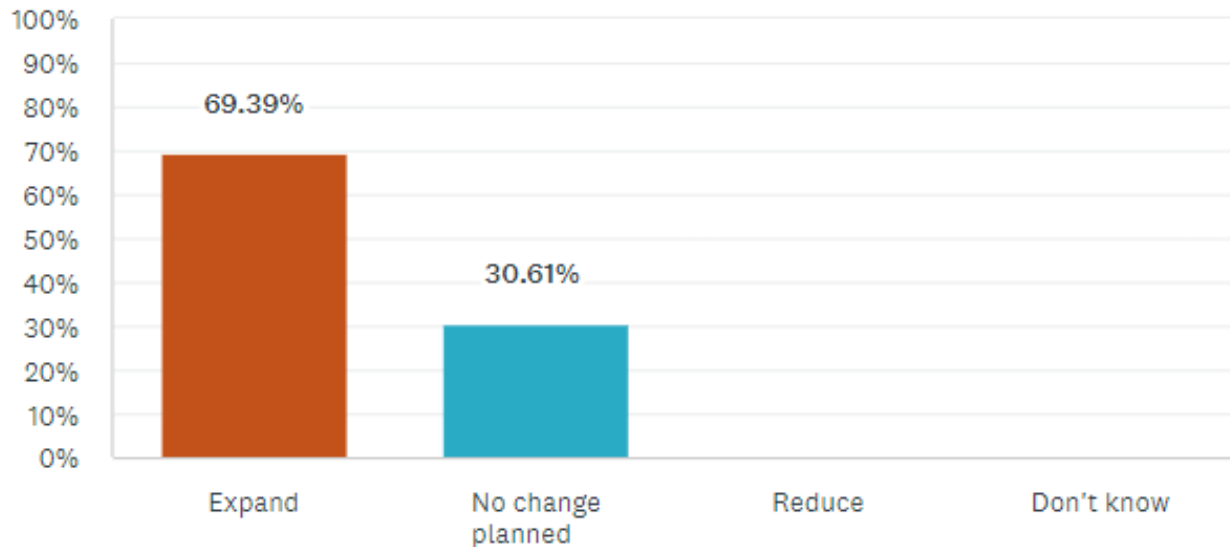
Brand awareness

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Q10: Are you planning to expand or reduce your workforce in 2024?



Comments about staffing levels:

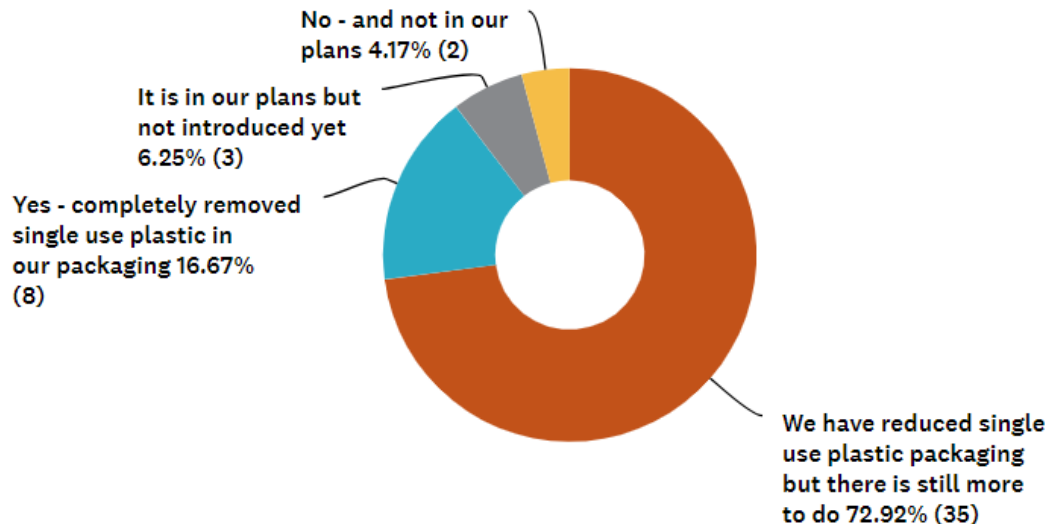
“Would only be one or two members towards Q4.”

“Current HC will remain the same, however reduction in certain areas due to automation in Manufacturing and warehousing that will move the HC to commercial roles.”

“Unlikely to change the overall number of employees however we will likely see an increase in external sales people, with efficiency savings internally.”



Q11: Have you removed or reduced single use plastic packaging in your business?



Comments:

"Moving all in product accessories and protection packaging to non plastic some good still to be transitioned but over 10million bags saved to date."

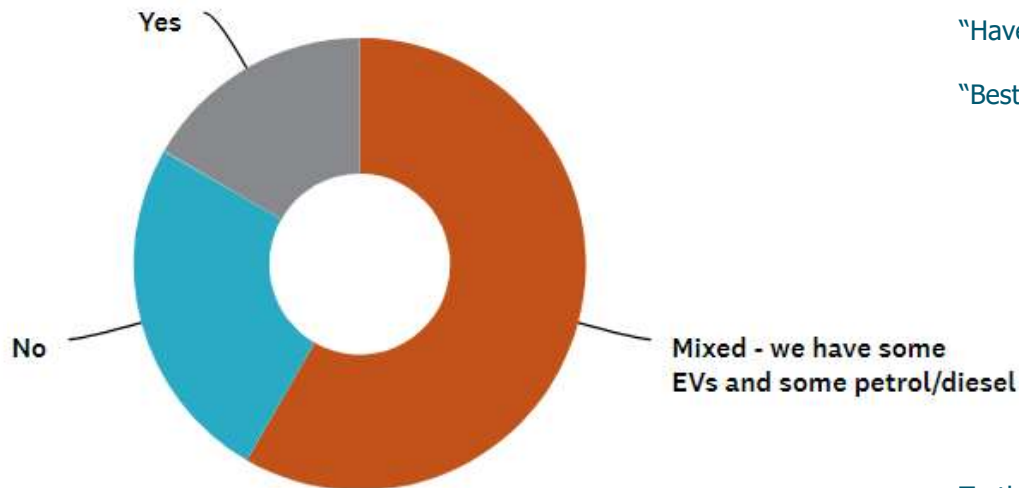
"We are changing packaging to ensure we use recycled cardboard with no internal plastic product wrappings. This is a rolling change over 12 month period."

Q12: For your business vehicles, have you made the transition to EV?

Comments about this question:

"Have installed EV chargers to help with the transition."

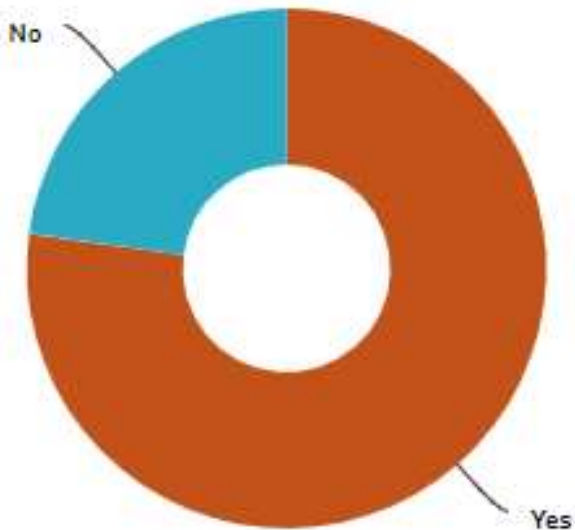
"Best option is offsetting tax with lease for employees."



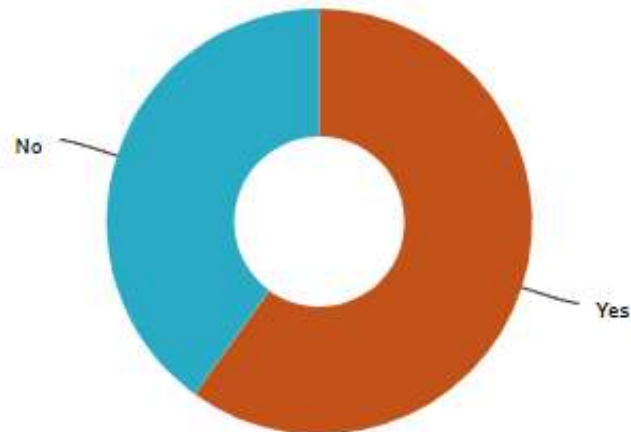
To those who answered Yes or Mixed, we asked subsequent questions, and the results are shown on the next page.



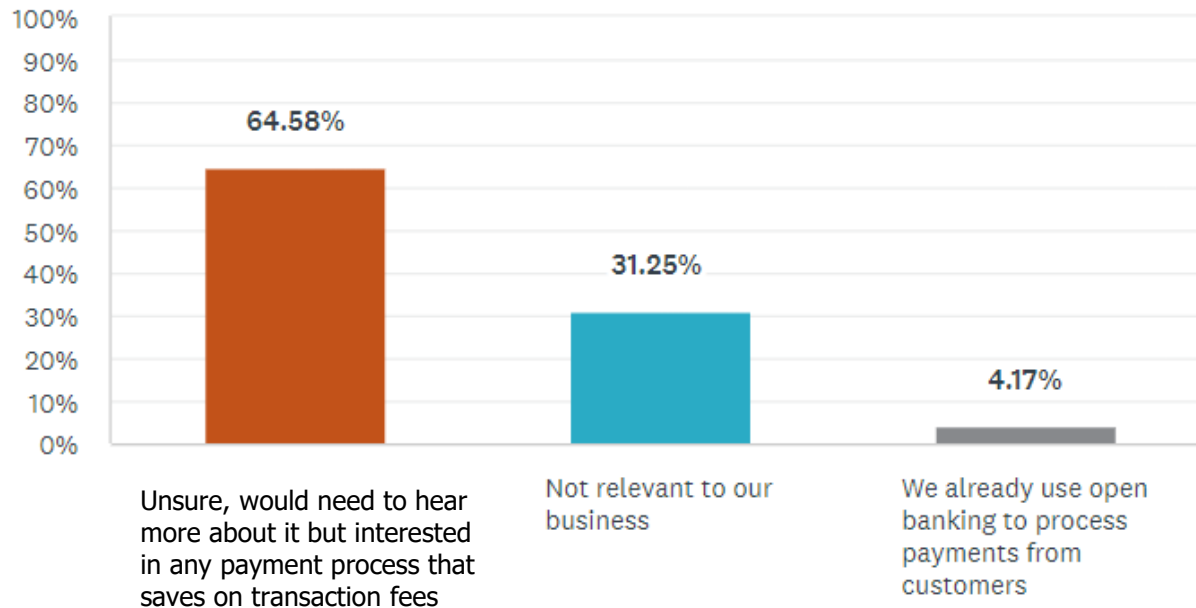
Q13: Did you find the dealership to be well informed about commercial EV options?



Q14: Was the dealership able to help you with information about commercial charging tariffs?



Q15: Do you think open banking might be relevant to your business?



The number of banks and building societies that offer open banking is growing. The UK's nine largest banks and building societies are required to make your data available through open banking. Other smaller banks and building societies can choose to take part in open banking.

For a list of regulated providers of open banking:

<https://www.openbanking.org.uk/regulated-providers/>

Q16: We have heard example of wholesalers using WhatsApp in their businesses for taking orders and marketing communications. Is your business also using WhatsApp and if so how? Please tick all that apply.

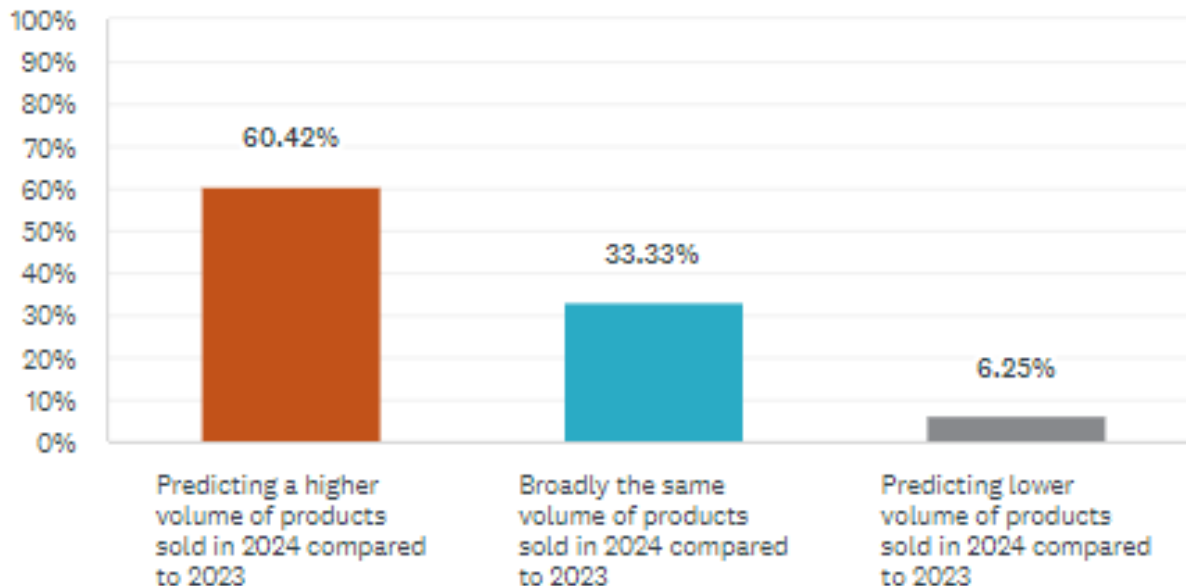
ANSWER CHOICES	RESPONSES
Groups: internal groups & teams	54.17%
Not using WhatsApp	39.58%
Groups: sales reps & customers	22.92%
General marketing comms	16.67%
Sales promotion to customers	4.17%
Other (please specify) Responses	4.17%
Taking orders from customers	2.08%

Other (please specify):

Support Whatsapp for aftersales service

Technical support

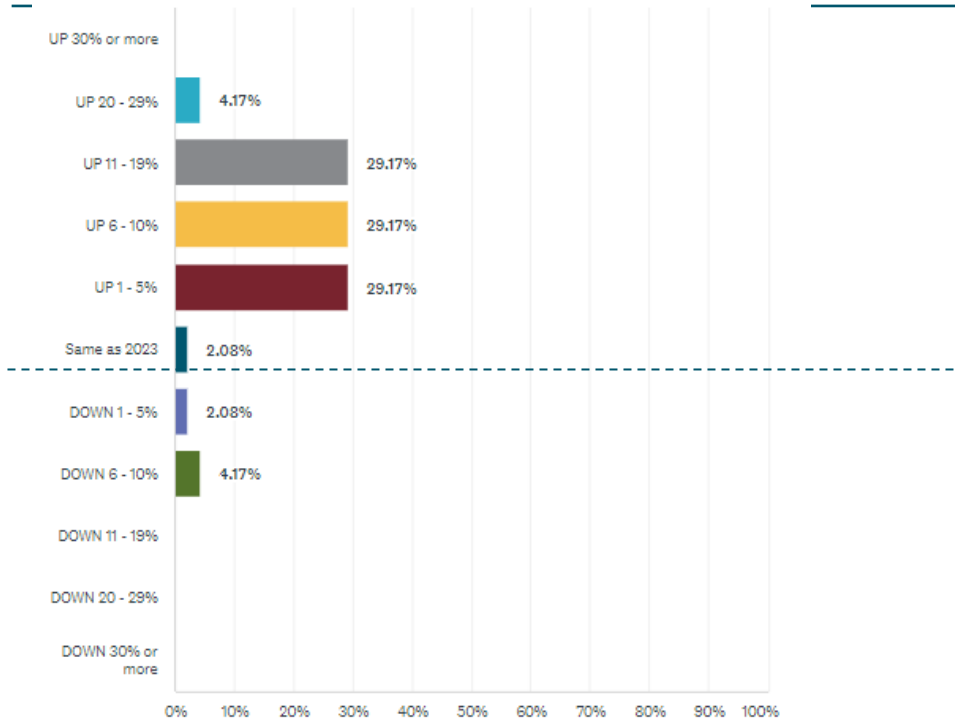
Q17: As we start the new year, what are your thoughts on business growth and the volume of products sold by your business. How will 'like for like' sales in 2024 compare with 2023?



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Q18: What is your view in percentage terms of the likely difference in business performance in 2024 compared to 2023?



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Q19: On a scale of 1 - 10 how optimistic to you feel about the sector's performance potential for 2024? Where 1 is not at all optimistic and 10 is extremely optimistic.

