

## State of the Sector Survey Wholesaler Feedback: January 2024

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# State of the Sector Survey Wholesaler Feedback: January 2024

## Introduction

This is the first quarterly EDA State of the Sector Survey of 2024: the survey launched on Monday 8 January 2024 and closed on Monday 22 January 2024.

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

This survey attracted 102 responses, a 40% response rate. As at 1 January 2024 the EDA has 259 wholesaler members, plus the head offices of the 4 buying groups. A summary of wholesaler and manufacturer feedback was shared at our Talking Shop Dialogue on Wed 24 January 2024.

## Highlights

Wholesalers shared how their turnover [in Q4 2023 compares to Q4 2022](#), and how [Q4 2023 compares to Q3 2023](#).

Wholesalers share their [top 3 operational business challenges](#).

How are the [different sectors in the wider UK construction industry performing for electrotechnical wholesaler businesses?](#)

This survey examines wholesaler businesses move to [EV vehicles](#), the rise in the use of [WhatsApp for trading](#), and [stock levels](#).

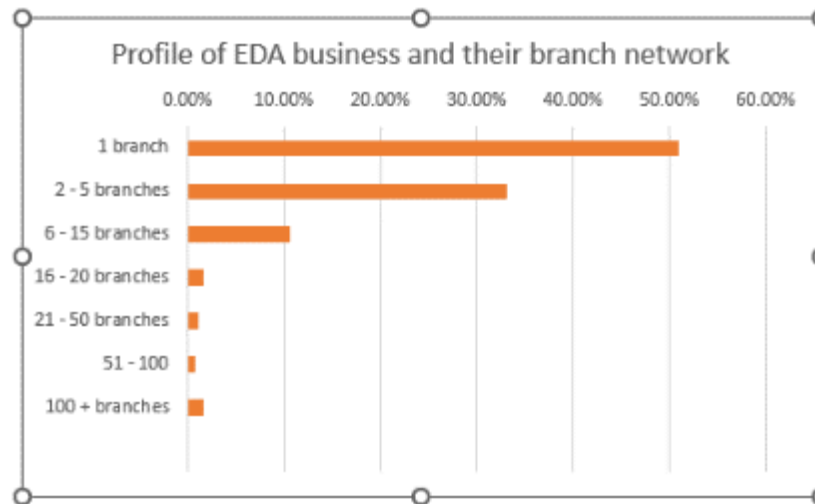
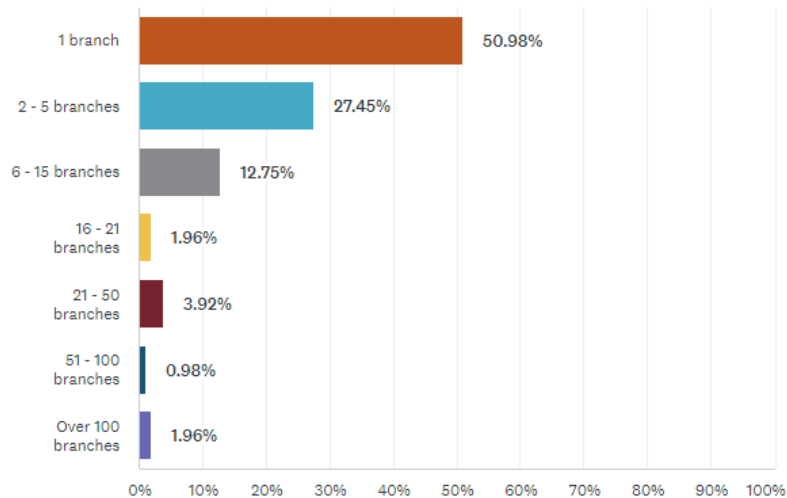
The survey continues to [track the issues surrounding late payments from contractor customers](#). Also, are more [customers paying by credit card](#) and what's the impact on the wholesaler business?

Find out if wholesalers are [predicting higher like-for-like product sales in 2024](#) compared to 2023, and [how optimistic are they about the year ahead?](#)

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## Q1: How many branches do you have?

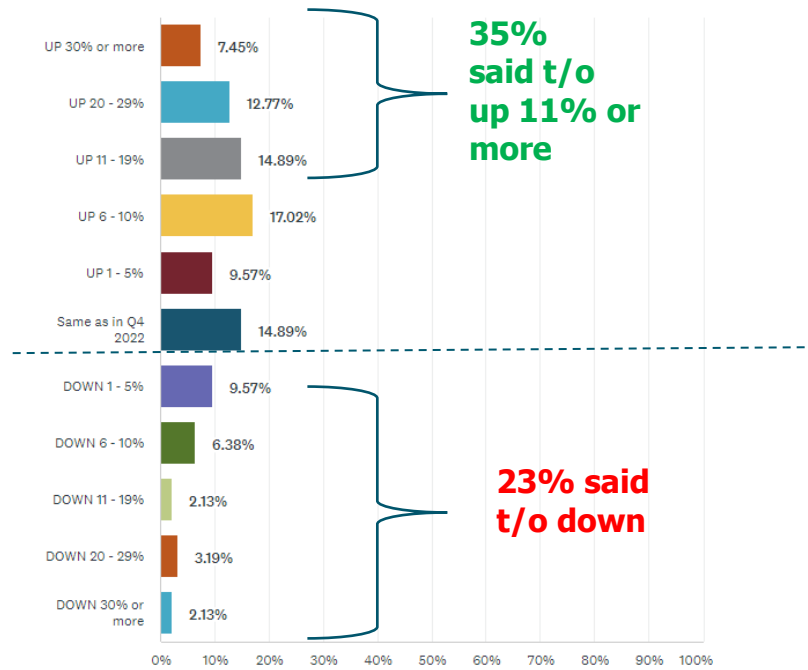


As at 1 January 2024, the EDA had 259 member wholesalers, plus 4 buying group head offices. Collectively, EDA wholesalers run 1,919 branches.

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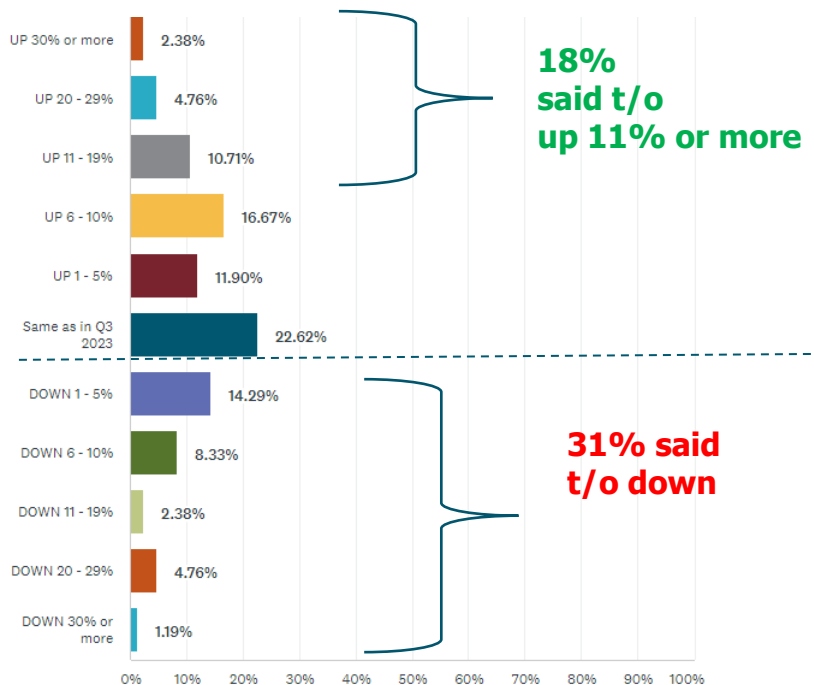


## Q2: How does turnover in Q4 2023 compare with Q4 2022?





### Q3: How does turnover in Q4 2023 compare with Q3 2023?



Comments:

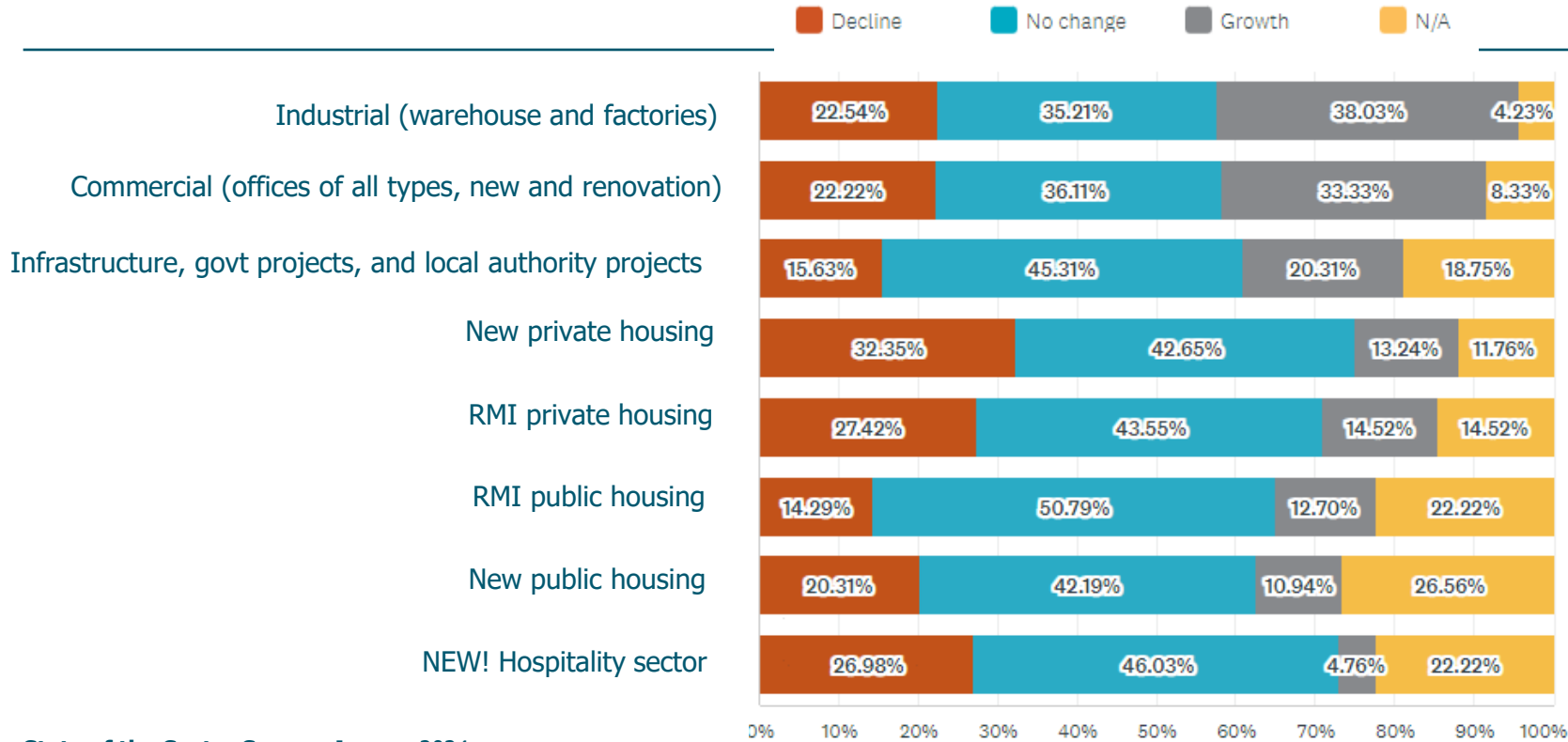
"Increase mainly due to new branches opening rather than year on year comparable growth."

"Turnover only up due to solar."

"Increase was in total but was down to certain branches performing very well. Other branches were flat."

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



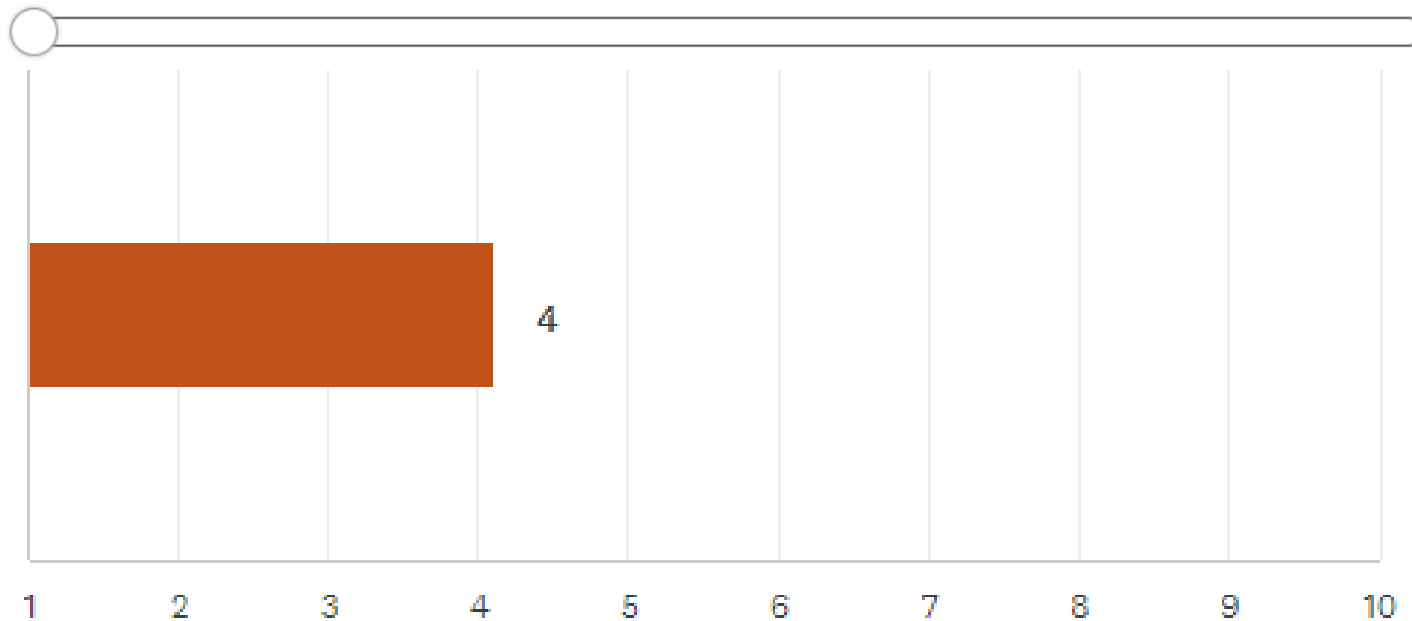


**Q5:** If you have experienced a downturn in the RMI Private Housing sector (excluding renewables such as EV and solar PV), please tell us by how much demand has fallen?

1 - A small decrease in demand

5 - A moderate decrease in demand

10 - A significant decrease in demand



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## Q6: With the recent news of mortgage lenders cutting interest rates, how do you see business in the RMI Private Housing sector evolving in 2024?

- Definite increase
- Improvement
- small decline
- It hopefully will increase the housing sector
- We don't really know but it will be challenging.
- we forecast this sector to grow
- Don't see much change in the next 6 months
- it should help
- Could improve but there are already a large number of people on the hire rates.
- A slow and steady increase but not in the first quarter.
- If the lenders continue to drop their mortgage rates then we expect to see an upturn in this sector towards the middle of the year.
- still very cautious
- Expecting an uptake and increase in RMI spend
- I would hope to see an increase in people spending
- Deal is a vibrant untypical area with demand from out of towners
- We are hoping this will build some confidence but i do believe the markets will wait for further decreases before we seen and increase
- Slight improvement maybe but still cautious
- Hopefully we'll see some growth as long as other costs such as energy stabilises
- Better
- A small decrease
- Slowing growing again
- Hopefully increasing
- Hopefully an upturn!
- I'm hoping the market will improve
- Lots of projects are being put on hold as house sales are slow. I think it will all depend on the bank of England and a reduction in interest rates.
- Growing
- We do not see the market evolving much this year
- Don't see any growth
- I think it will remain at the same level whilst people re-asses their finances
- No immediate change. I think people will only start reinvesting after a general election giving more certainty.
- Much more positive
- Very Cautious
- I think things will level off now that inflation has dropped
- Speculatively it should improve
- Static
- Improving
- Flat to 2023
- Hopefully an increase in demand
- slow increase in month to come
- Expectation for flat demand
- No change
- Flat
- I see it stabilising, still do not forecast big growth

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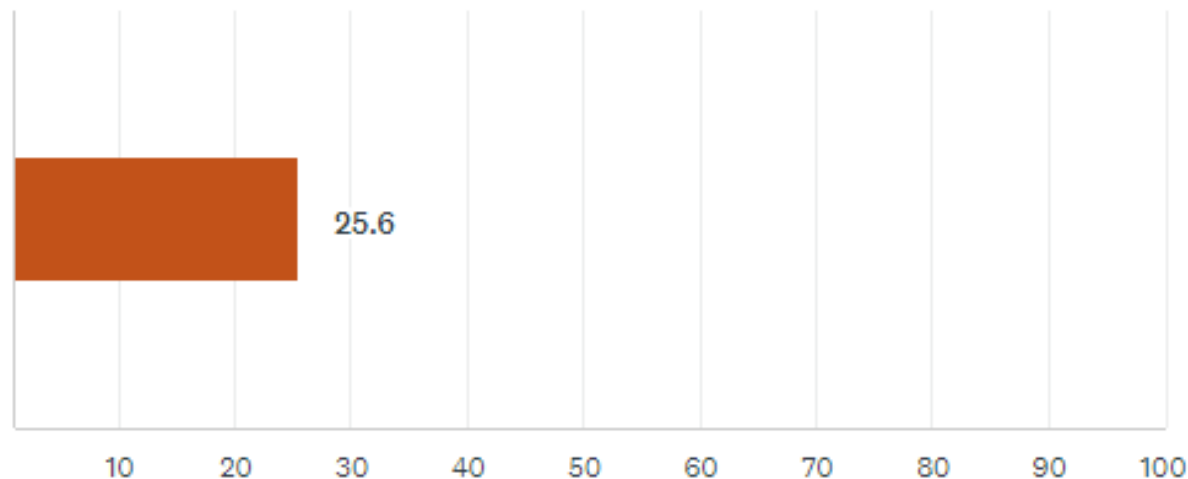
## Q7: Please add any comments about the performance of the RMI Private Housing sector and its impact on your business.

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- It has a good impact on sales
- Energy prices have a greater impact on our business, these are high with no plan to go down. in turn this will increase growth in our sector.
- It has effected branches more that relay on a hirer percentage of domestic work and have had to start to push in areas they are not use to
- It is a large portion of our business
- We have 60% of our business is suppling new build and this has made a massive impact on our turnover
- Cautious
- We've seen a downturn in the purchase of wiring accessories. We believe this is due to the increase sale of these items outside of our channel.
- It is having an negative impact on turnover and increased risk on credit.
- We lean to the more commercial projects so any slow down in the housing sector is felt but not massively
- We can see growth in people turning away from heating their homes with oil and more electric heating.
- Obviously a decline on figures



**Q8:** Please estimate the proportion of your 2023 turnover attributed to public sector work including government and local authority projects such as schools, prisons, hospitals, community centres, public housing, libraries, highways/transport? We appreciate that this is likely to be an approximation only.



**Q9:** 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.)

	January 2023	April 2023	July 2023	October 2023	January 2024
1	Product price and availability issues	Product price and availability issues	Customers paying more slowly + Increased exposure to bad debt	Cash flow challenges including customers paying more slowly, or paying with credit card	A downturn in demand
2	Attracting and retaining staff	Attracting and retaining staff	Inflation + Downturn in demand	Rising wage bills equal 2nd Increased exposure to bad debt	Customers paying more slowly
3	Inflation	Customers paying more slowly  + Inflation	Attracting and retaining staff	A downturn in demand	Increased exposure to bad debt

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## Q9: Prompt list of operational challenges from which Wholesalers chose their top 3.



- ▼ A downturn in demand
- ▼ Customers paying more slowly
- ▼ Increased exposure to bad debt
- ▼ Customers paying with credit card, with transaction fees that erode the wholesaler margin
- ▼ Balancing staffing levels alongside rising wage bills
- ▼ Attracting and retaining staff
- ▼ Inflation
- ▼ Product availability issues
- ▼ Deflation

### Comments:

"Showing a sensible margin on most products."

"Price pressure affecting profit margin."

"More and more of our suppliers who used to sell via wholesalers only now sell through retail, ie. Screwfix, Toolstation, B&Q etc.

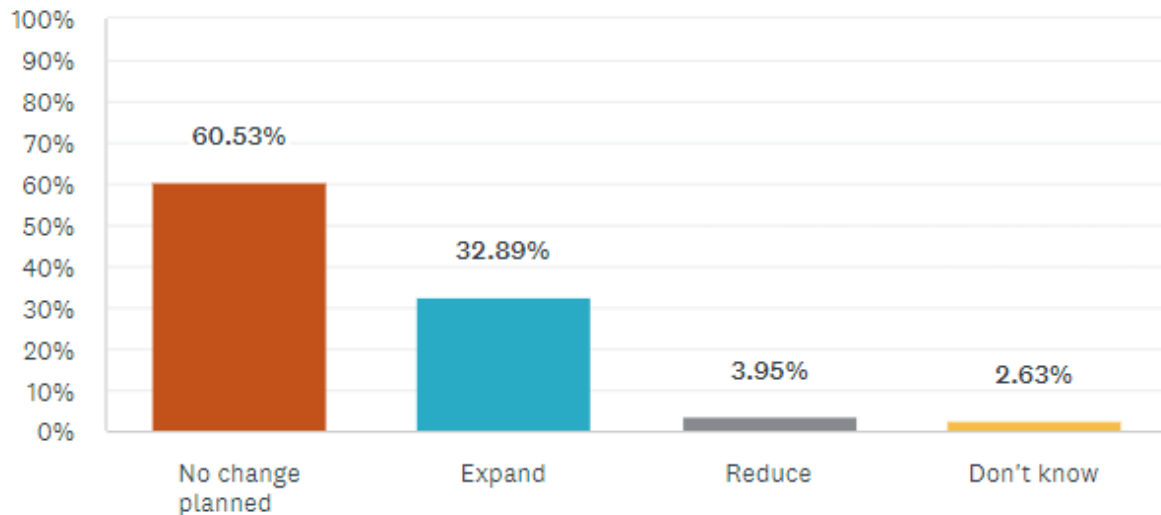
"Along with the massive online presence they have and other wholesalers who sell cheap online, it is very hard to compete and make money."

"Competitors selling at cost price for turnover. Carrying stock and then prices of goods coming down due to slow sales."

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



### Comments:

"Although a downturn we are going on a very ambitious growth plan this year we aim to increase in sales, procurement and warehouse staff."

"Still finding it hard to fill empty slots so would need to see a real down turn before I start reducing heads."

"Looking to open another branch, this will depend on finding correct staff members."

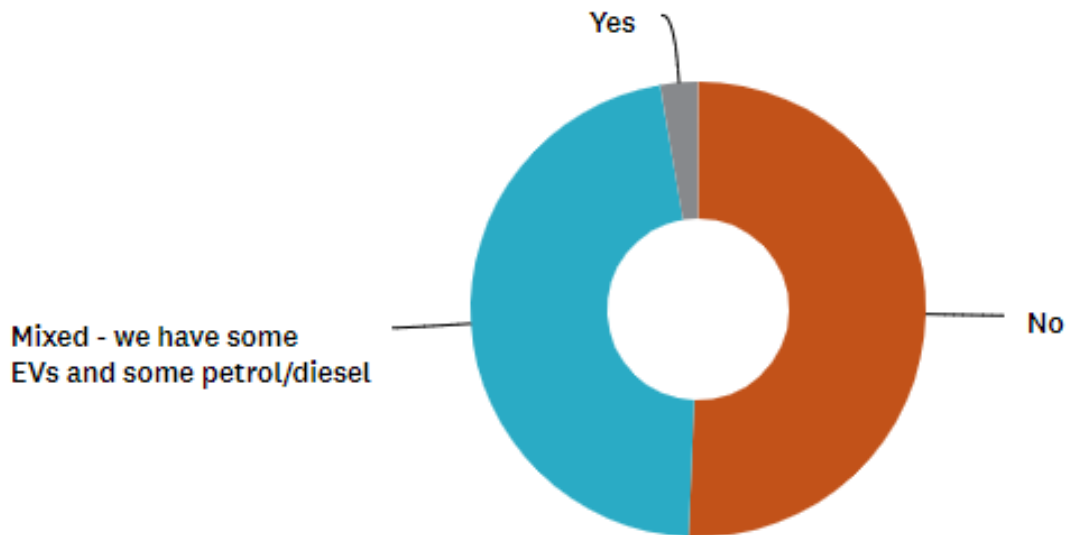
"We don't have enough and there appears to be no chance of getting the right staff. It feels like people don't want to work in this industry anymore, time has moved things on."

"New branch in planning so more staff being taken on."

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## Q11: For your business vehicles, have you made the transition to EV?



### Comments:

"Cost of new EV cars more expensive than diesel/petrol. Range is not far enough. Infrastructure for charging still poor. Only advantage is benefit-in-kind for company car tax."

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

"Lack of education regards client ownership of EVs is alarming. We've received no support on the type of charging, tariffs available to use or the technologies available via the car to the grid such as V2G."

"Currently we only have 1no. EV company car we will be exploring EV Vans in due course."

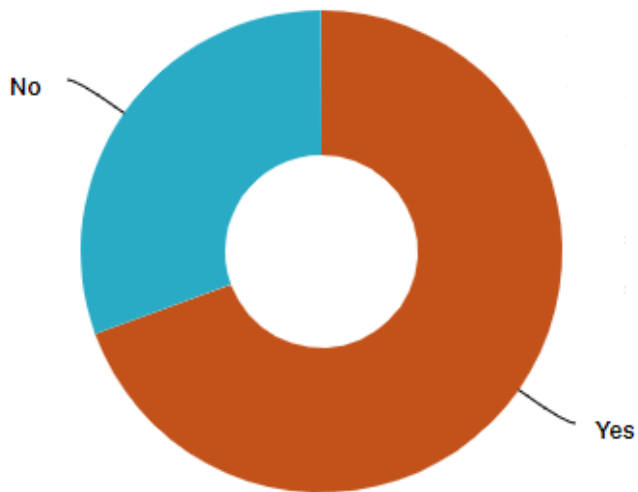
"Best option is offsetting tax with lease for employees."

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

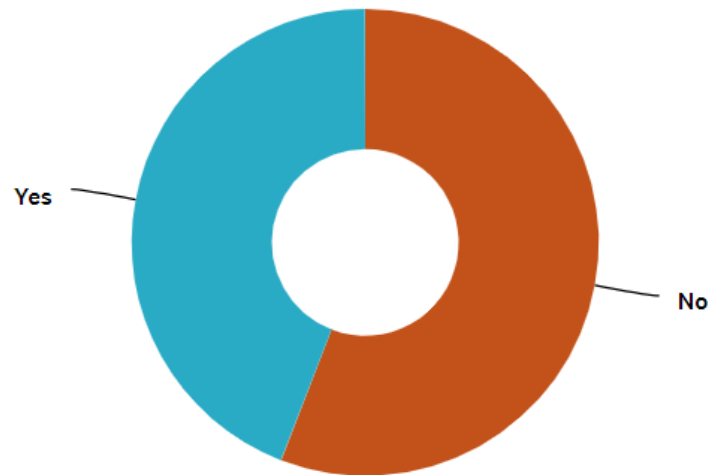
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**Q12:** Did you find the dealership to be well informed about commercial EV options?

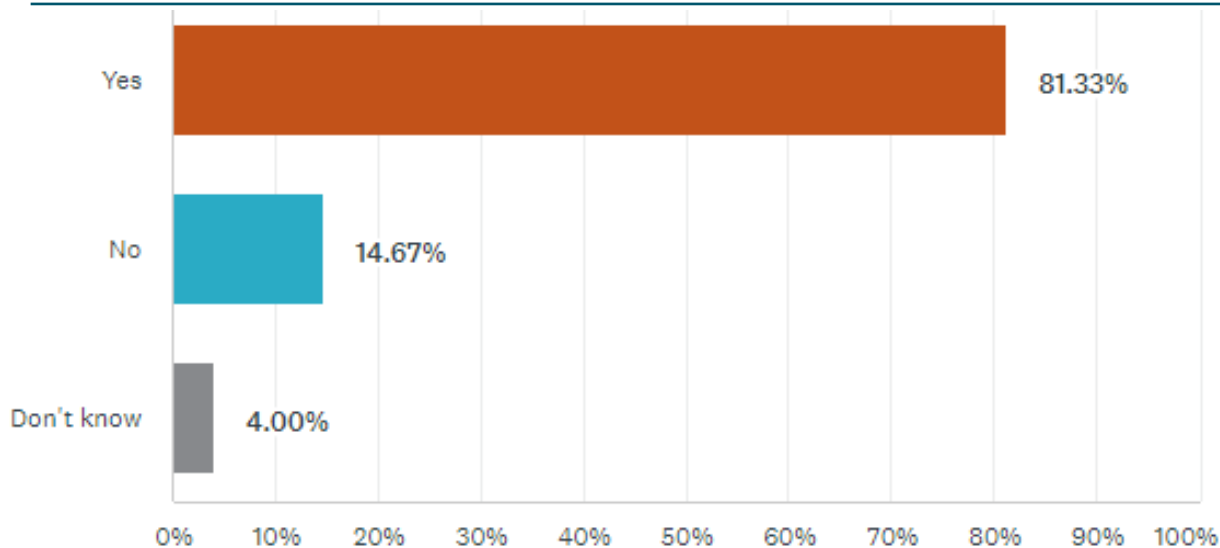


**Q13:** Was the dealership able to help you with information about commercial charging tariffs?



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**Q14:** In our last survey wholesalers reported customers paying later than expected. Is this continuing in Q4 2023?



Comments:

"Some customers are wanting to use American Express to get the rewards that comes with it. We have just had new terminals fitted to reflect this."

"Yes some customers who don't normally pay late have started paying late."

"It's getting worse."

"Customer credit is closely monitored and there have been no significant changes to previous quarters."

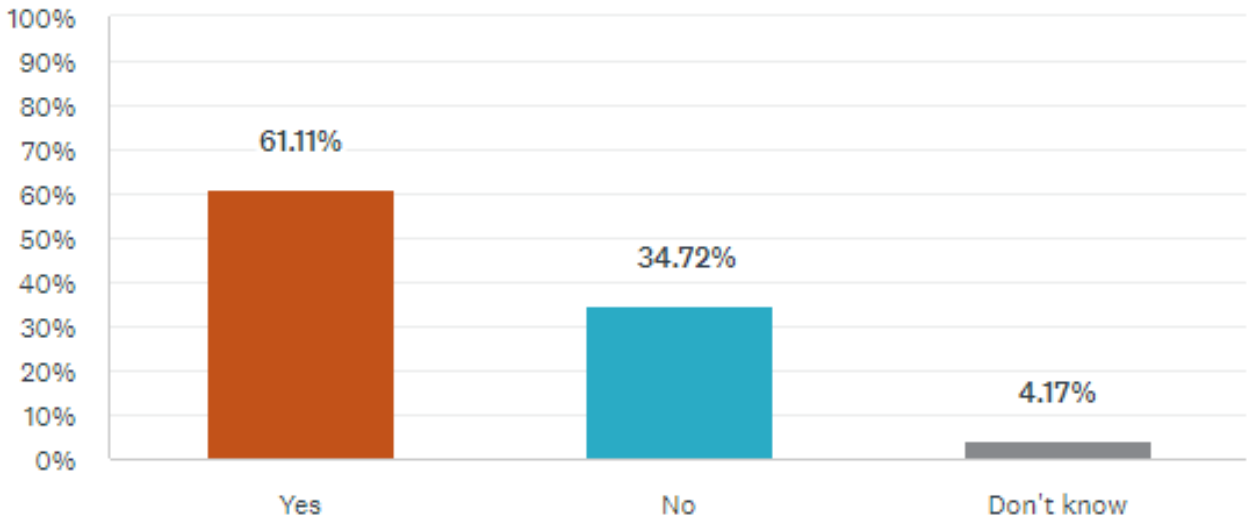
"Always a bad time of year for cash collection."

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**Q15:** In 2023 was there a higher volume of customers settling invoices by credit card than you would typically expect?



Comments:

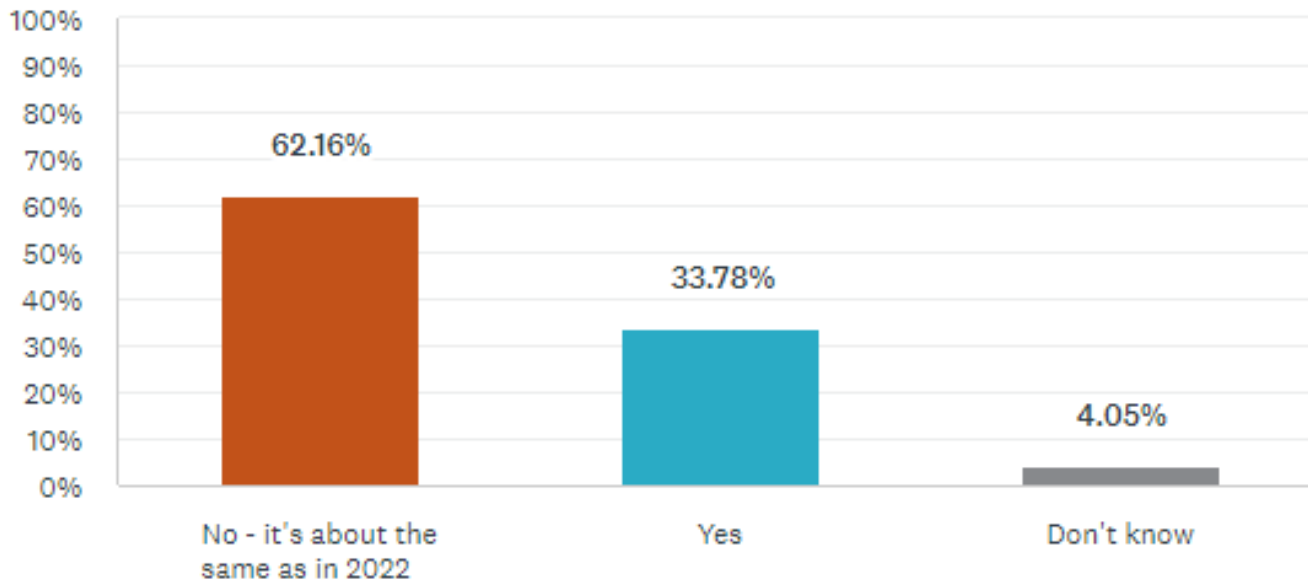
“Particularly Amex.”

“The use of credit cards is increasing our costs and reducing margin.”

“Quite a few tried but we refused or informed them that the price would have to go up.”



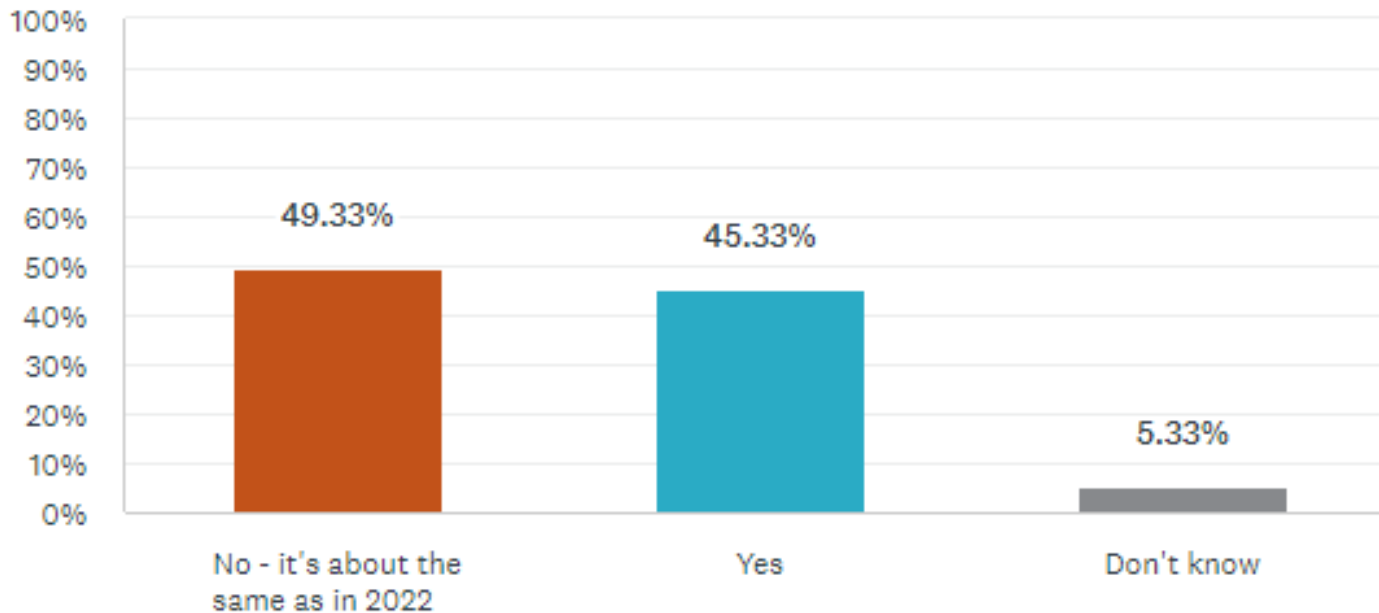
## Q16: Looking back on 2023 did you experience a rise in bad debt compared to 2022?



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## Q17: In 2023 did you experience a higher number of contractor businesses falling into administration compared to 2022?

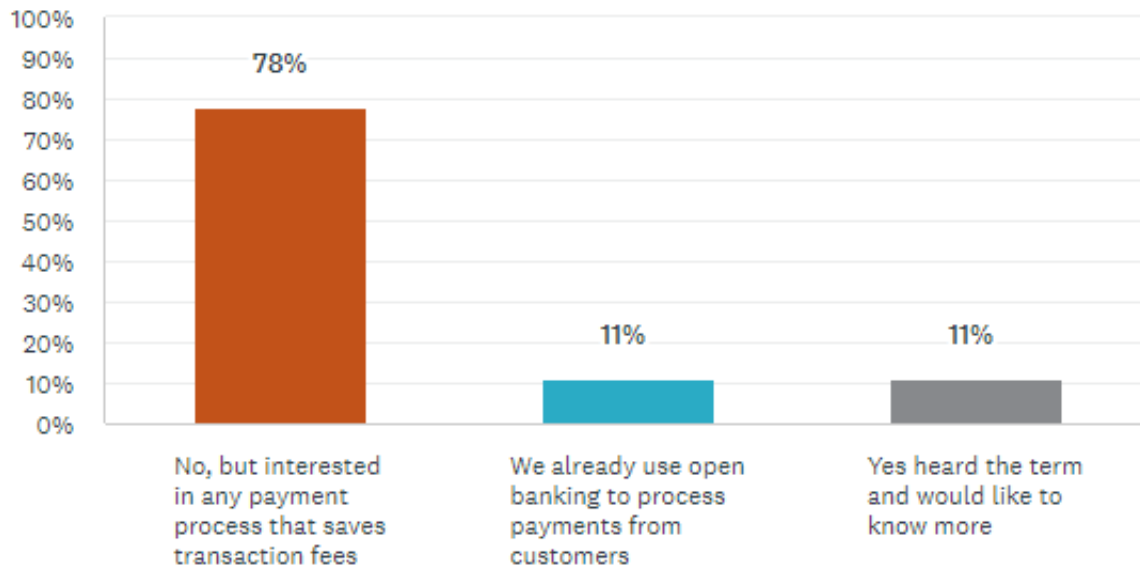


Comments:

“We didn't but very aware of the risk, so tightened processes even further on cash collection to minimise risk. However hear quite frequently of bigger players going into administration.”



## Q18: Have you heard about Open Banking?



### Further information:

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.

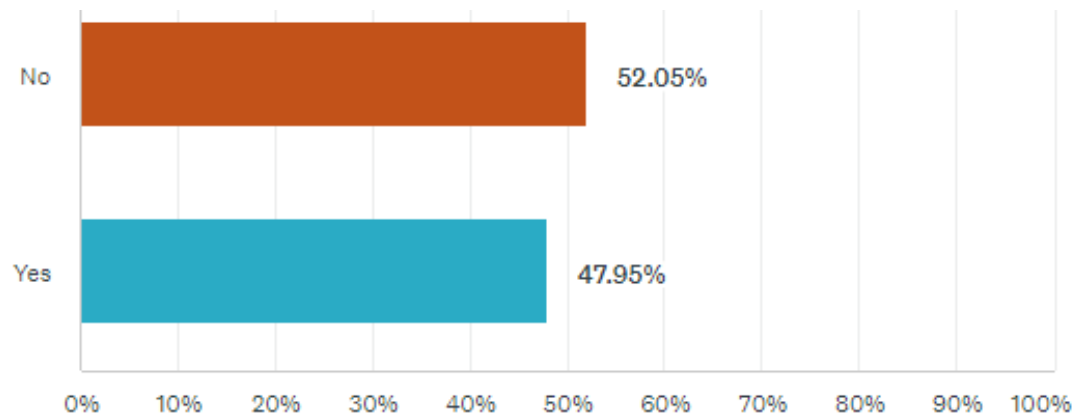
For a list of regulated providers of open banking:

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

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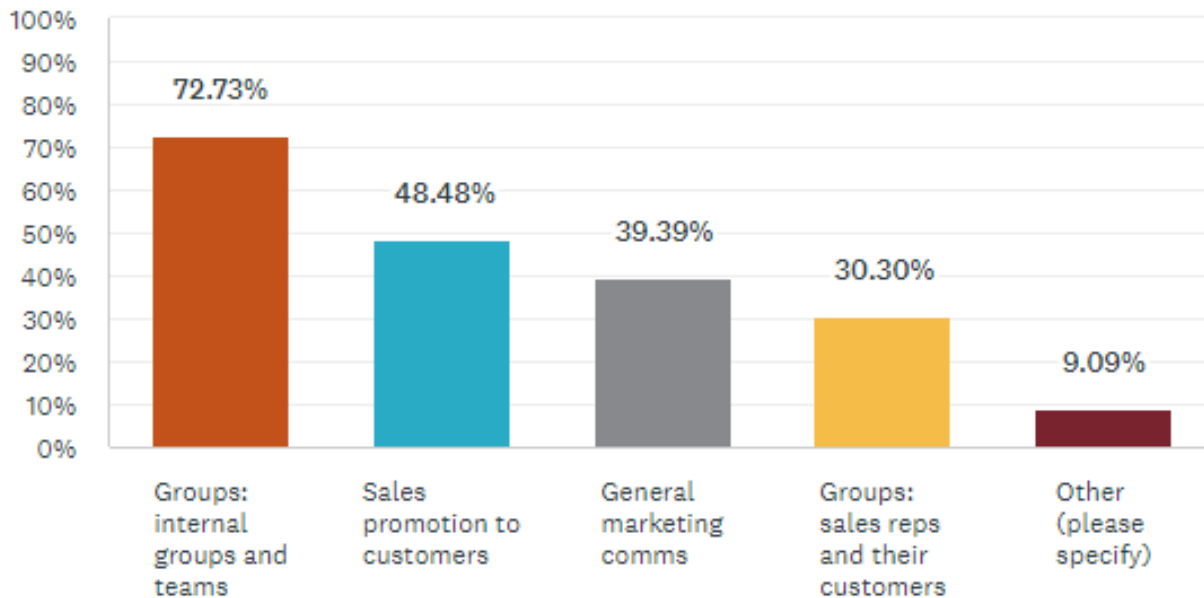
## Q19: Trading through WhatsApp - have you seen a rise in orders placed with your business via WhatsApp?



To those who said Yes we asked follow up questions.



**Q20:** Apart from taking orders, how else do you use WhatsApp for your business. Tick all that apply.



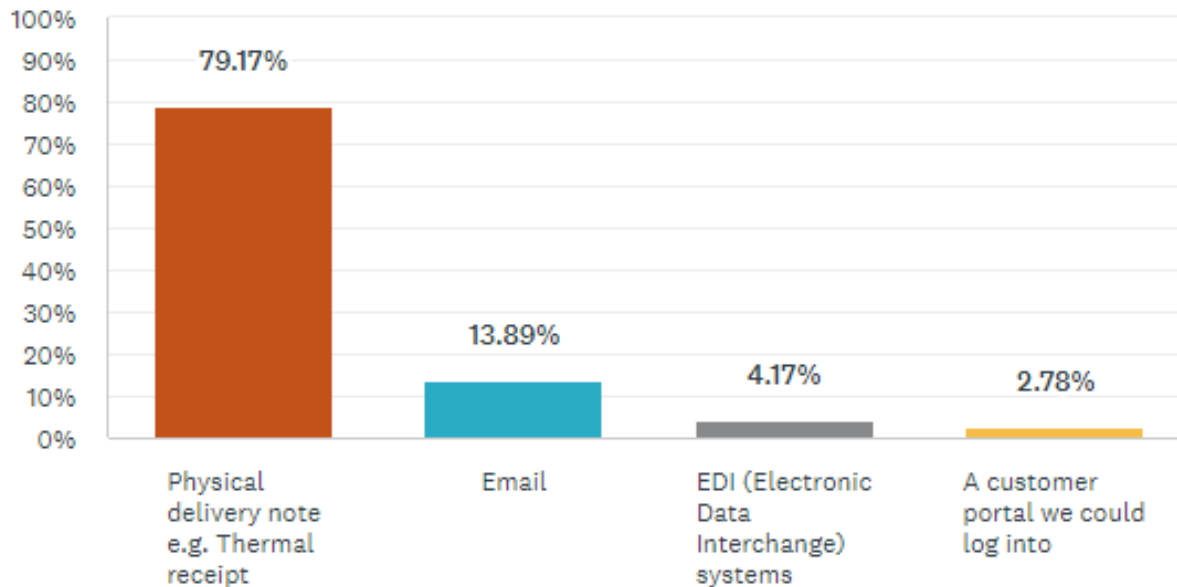
Other:

Customer enquiries and support

Keeping in regular contact instead of calling



## Q21: What's your preference for receiving delivery notes from suppliers?

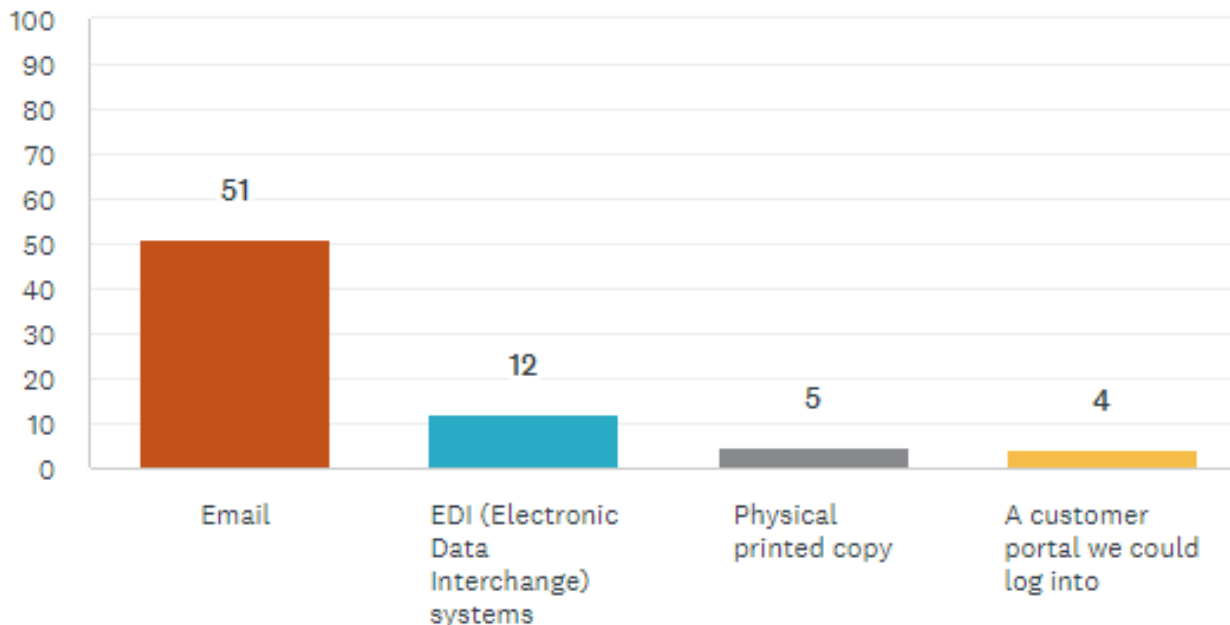


Comments:

"Would like to understand more about EDI and how it can work between companies and systems."



**Q22:** Thinking about the flow of other documentation from your manufacturer suppliers e.g. invoices, how would you prefer to receive these?

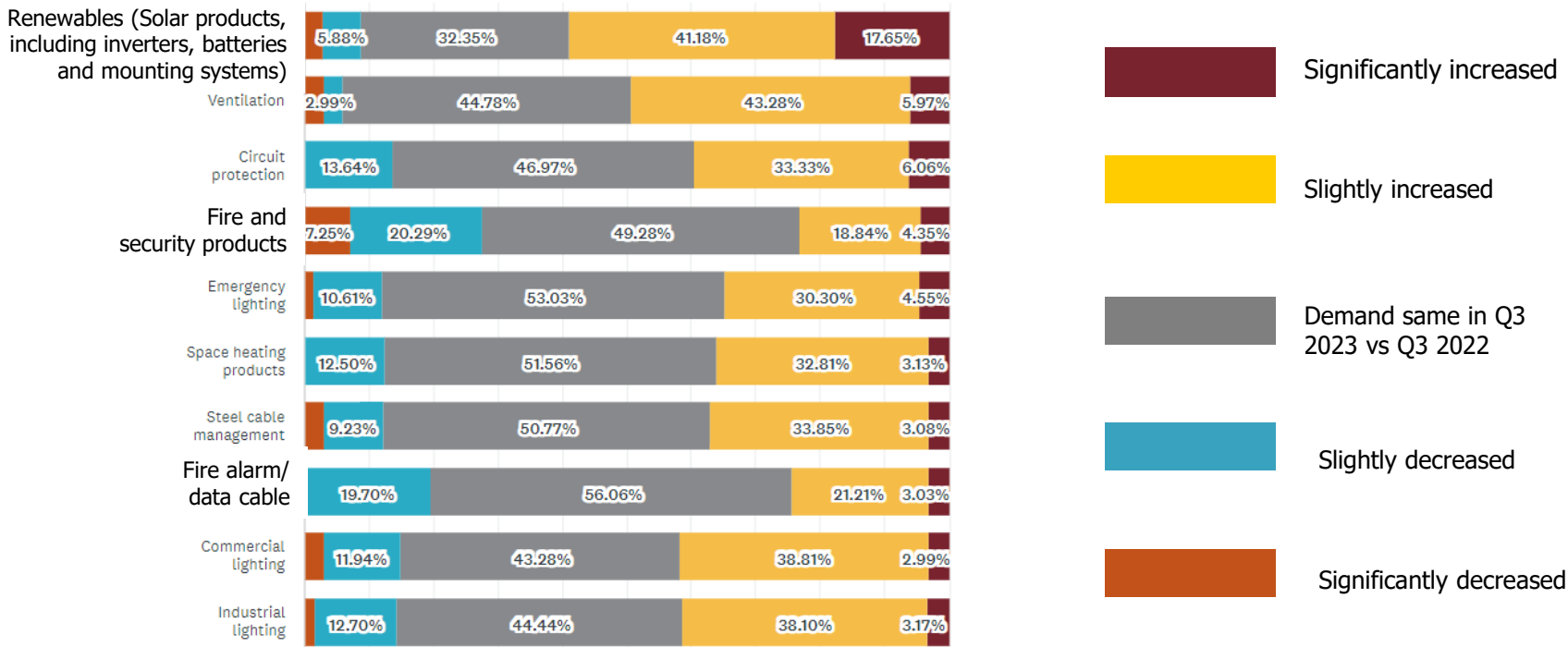


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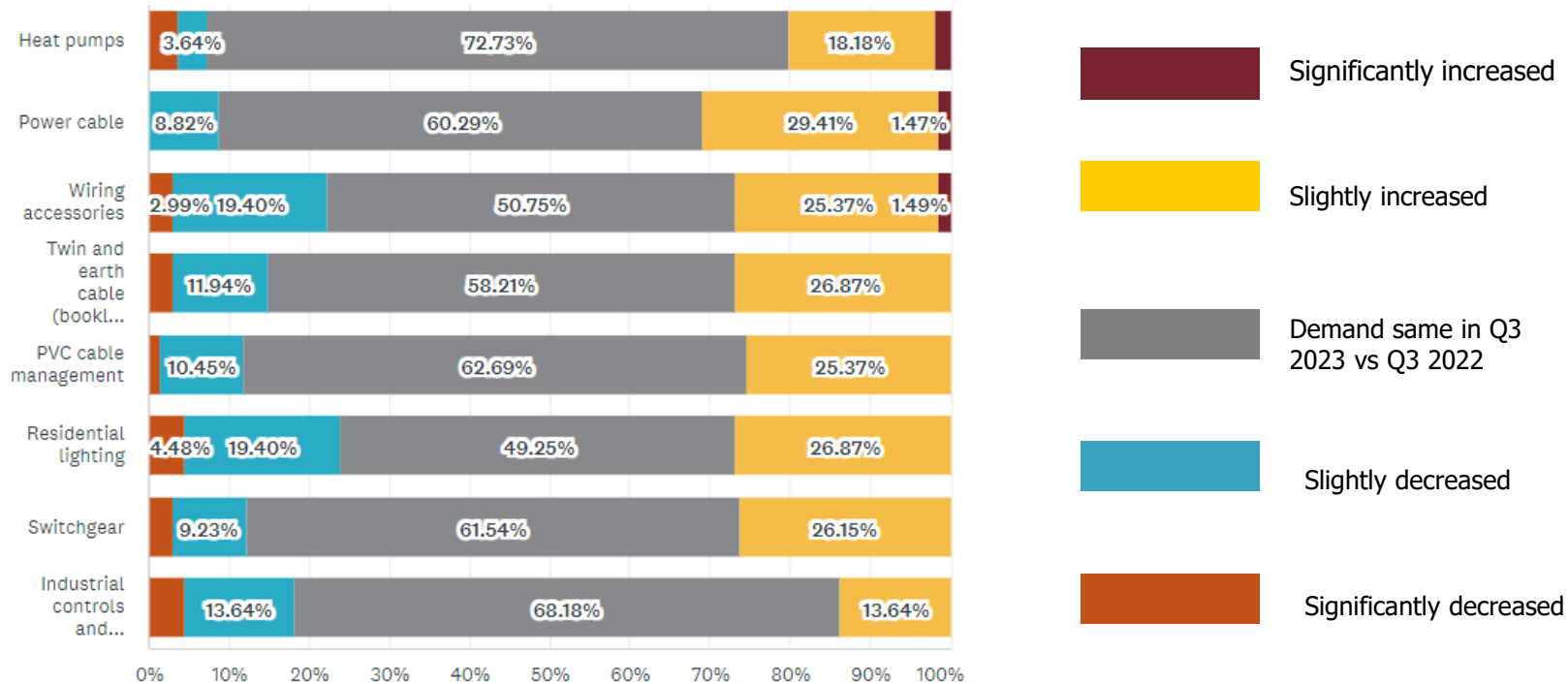


## Q23: Has there been any change in demand for the following products in Q4 2023 compared to Q4 2022? Ranked by **Significantly Increased**. Page 1 of 2



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## Q23: Has there been any change in demand for the following products in Q4 2023 compared to Q4 2022? Ranked by **Significantly Increased**. Page 2 of 2.



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## Q24: Please tell us if there is any variation in the level of stock you are holding?

Comments:

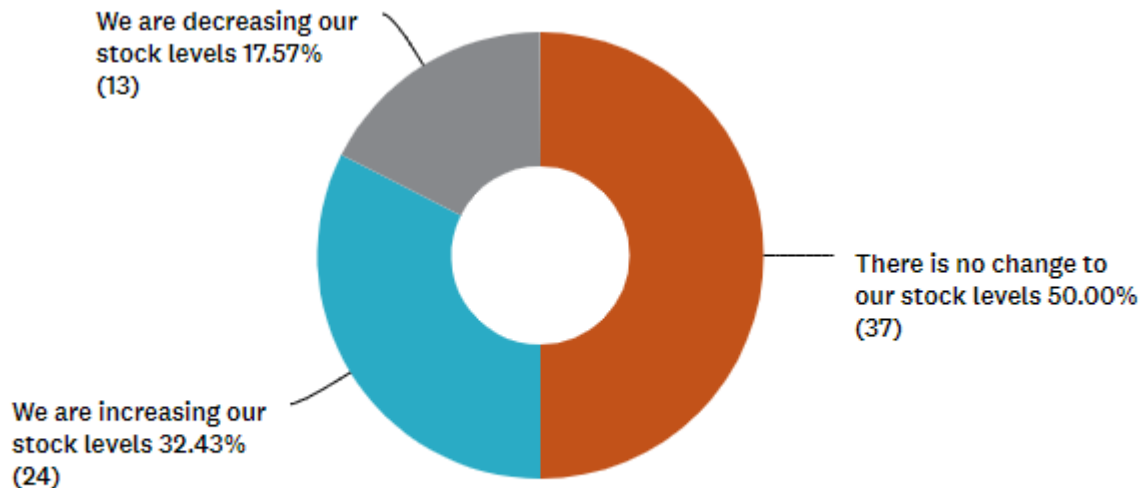
"We believe if you have it in stock you have an advantage over those wholesalers decreasing. We support our preferred suppliers with stock commitment."

"Stock values have returned to pre covid levels."

"Increasing only due to potential delays over the next few weeks."

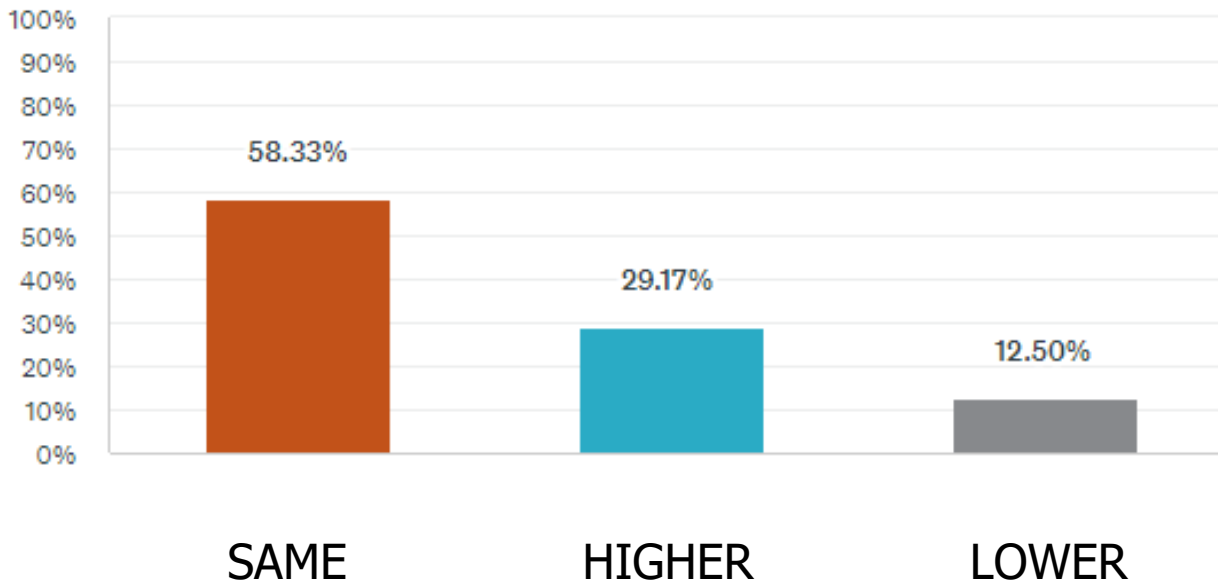
"We decreased in Q4 2023 but increasing in 2024 in line with sales."

"Bringing in new brands and creating a stock profile for full range of products."



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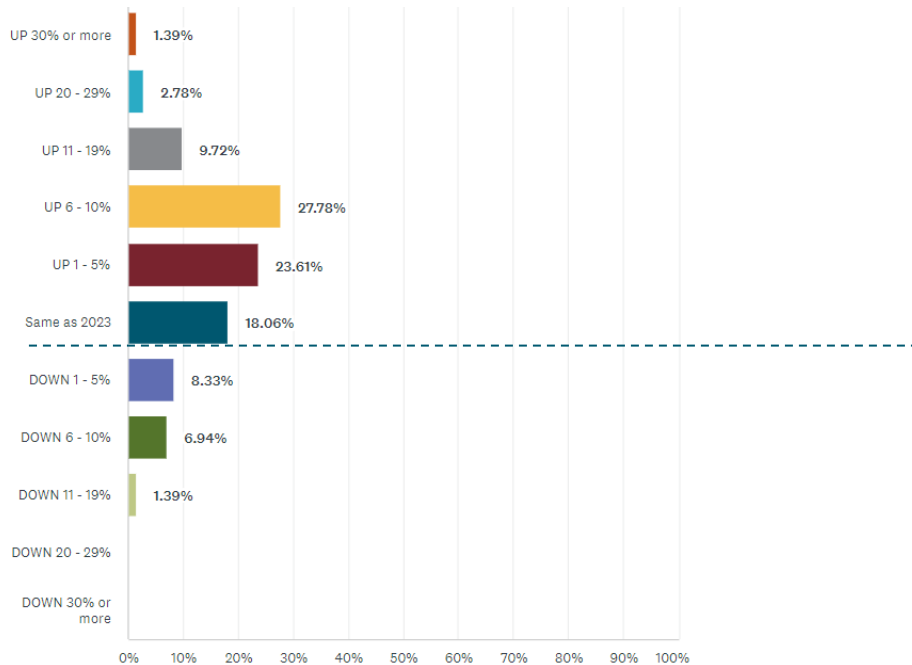
## Q25: How will like-for-like sales in 2024 compare with 2023?



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## Q26: What is your view in percentage terms of the likely difference in business performance (turnover) in 2024 compared to 2023?



Comments:

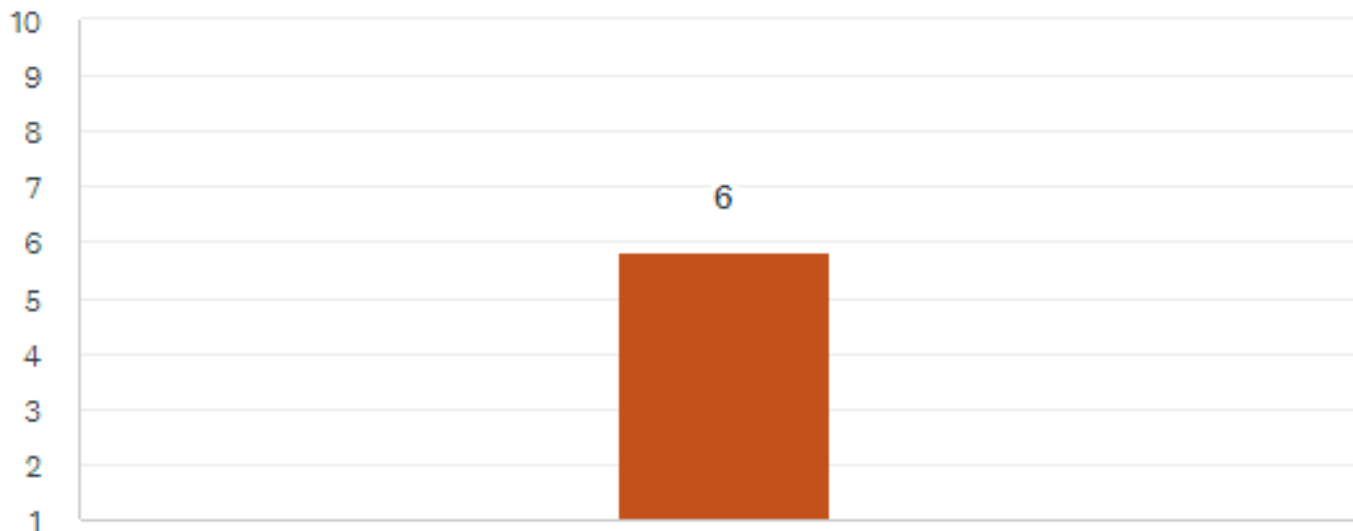
"Growth plan again."

"Hoping to be higher in some areas, like new products brought in, but levelled out by decline in government work in Northern Ireland and a general slow down in industry. Having to look outside the box to retain the same turnover."

"New branch hoping for bigger turnover - as increased area and customer base."

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**Q27:** On a scale of 1 – 10 how optimistic do you feel about this sector’s performance potential for 2024? Where 1 is not at all optimistic and 10 is extremely optimistic



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## Q28: Please add any final comments:



“The biggest issue I see is finding sensible margins.”

“Can a business survive if does not have a user friendly online e commerce website?”