

EDA State of the Sector Survey Manufacturer Feedback: Q2 2025 April





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Introduction

These are the results of the Q2 2025 EDA State of the Sector Survey for Manufacturers.

There is a separate survey for EDA wholesalers.

This survey attracted 45 responses, a 39% response rate. On 1 May 2025 the EDA had 114 manufacturer affiliates.

A summary of wholesaler and manufacturer feedback was shared at our Talking Shop Online Live on Friday 9 May 2025.

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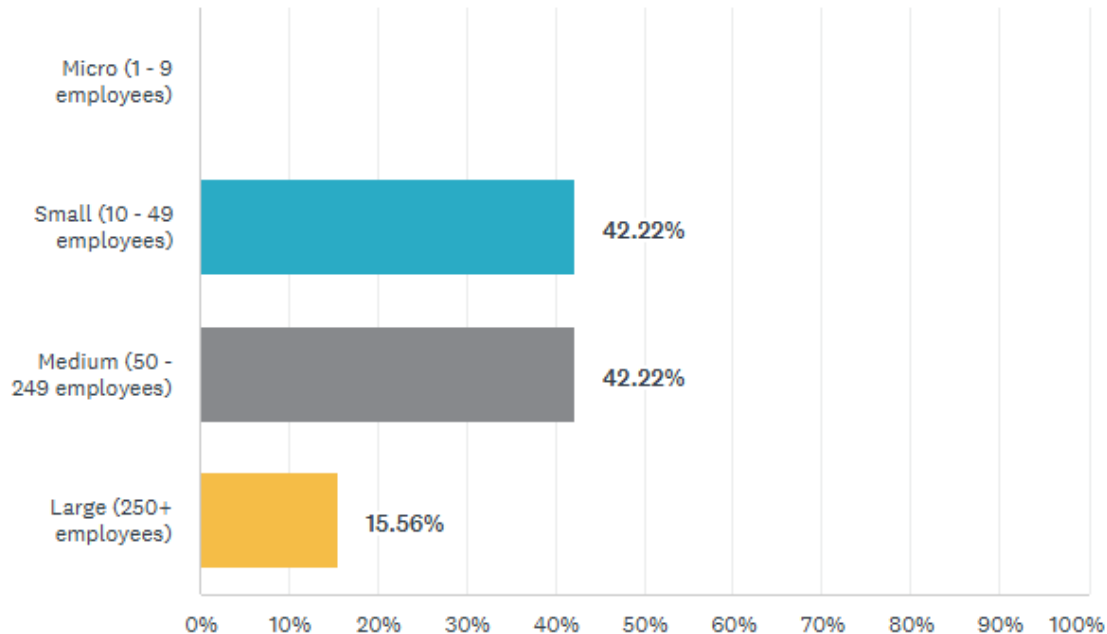
[Q20: How do you anticipate unit costs will change during Q2 2025](#)

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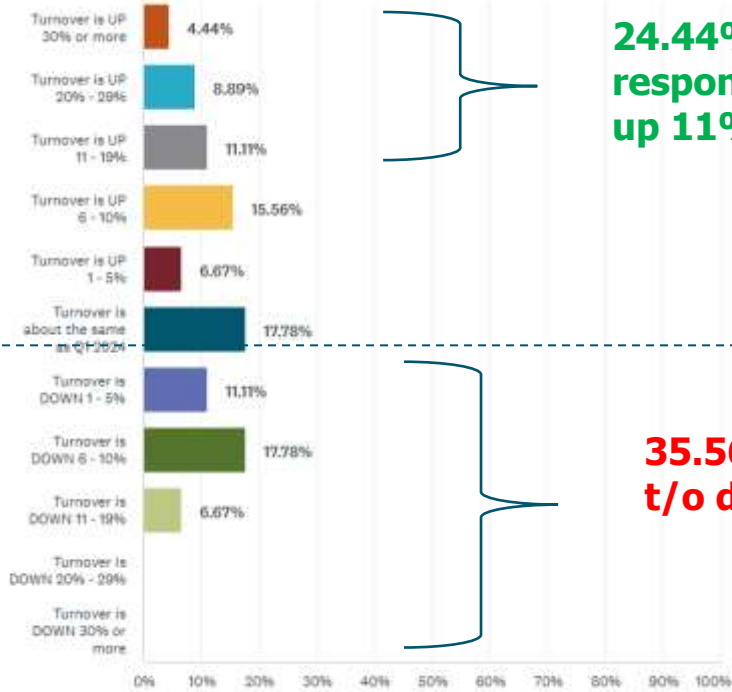


Q1: Please tell us the size of your business



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Q2: Please tell us how your turnover in Q1 2025 compares with turnover in Q1 2024.



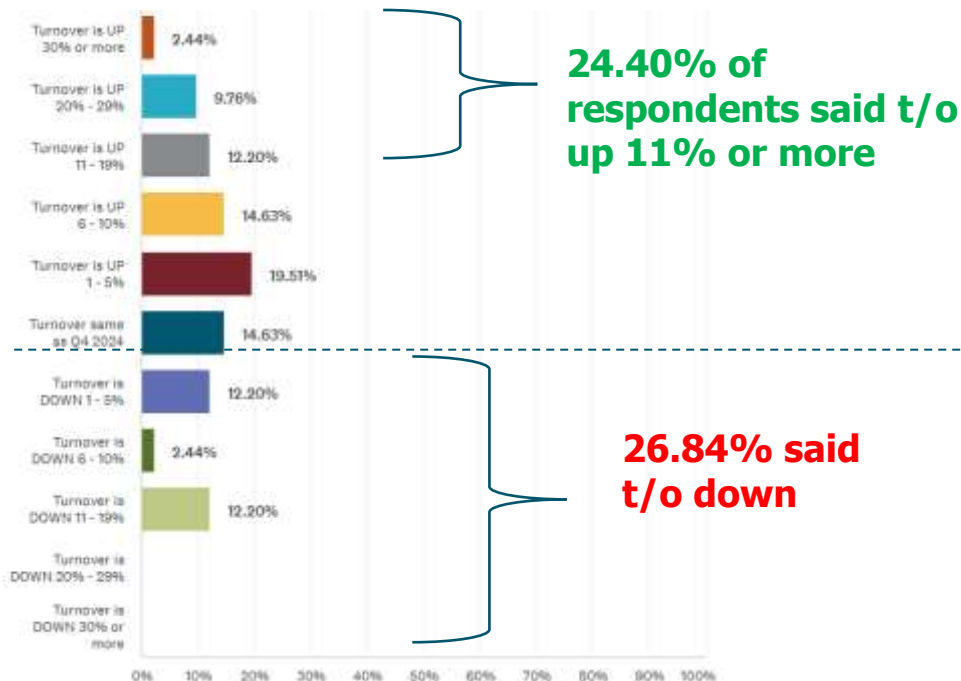
24.44% of respondents said t/o up 11% or more

Comments:

"It's been a tough Q1 Vs 2024, UK seems to be holding flat Vs LY, Germany and Southern Europe is seeing a dramatic slow down."

35.56% said t/o down

Q3: Please tell us how your turnover in Q1 2025 compares with turnover in Q4 2024.



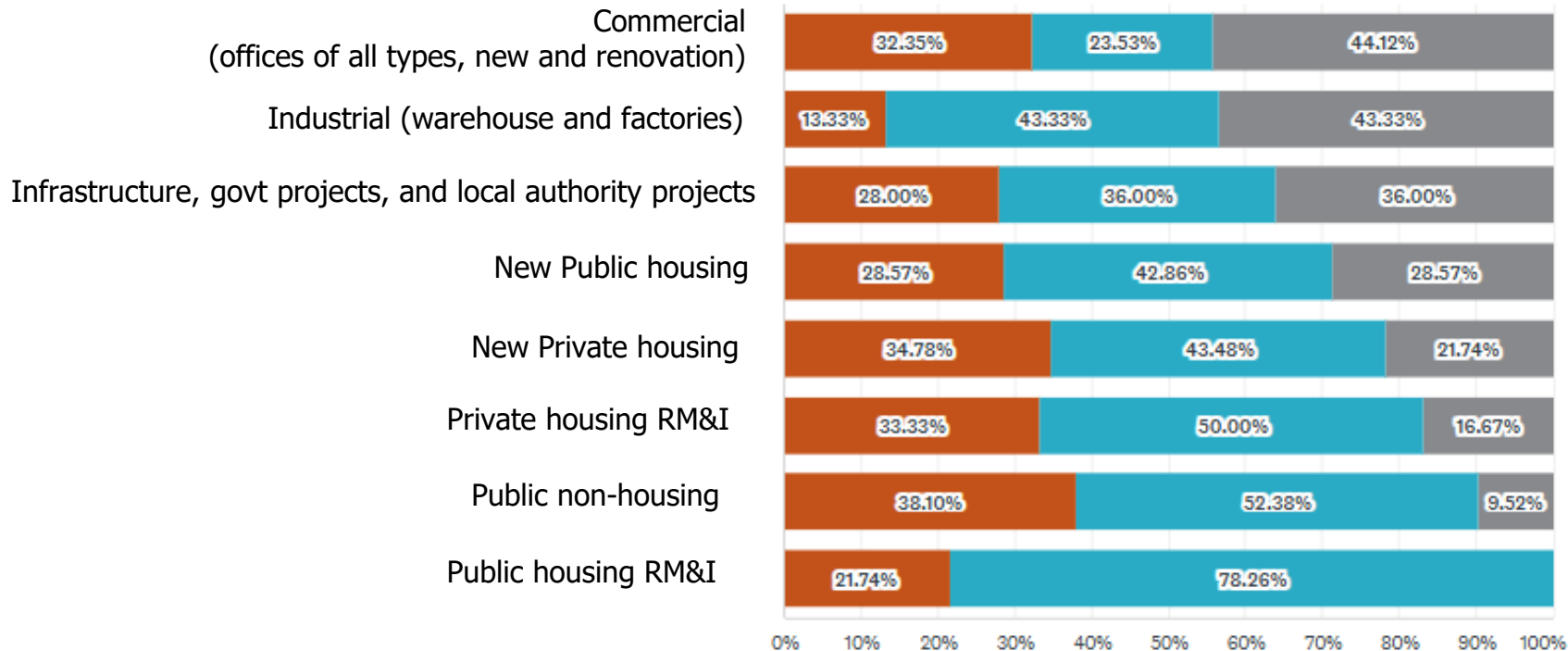
Comments:

"This is to be expected and inline with trading patterns."

"The 4th quarter of each year is our busiest trading period."



Q4: Have you experienced a change in turnover in Q1 2025 compared to Q4 2024 for the following sectors? Ranked by growth (grey band)



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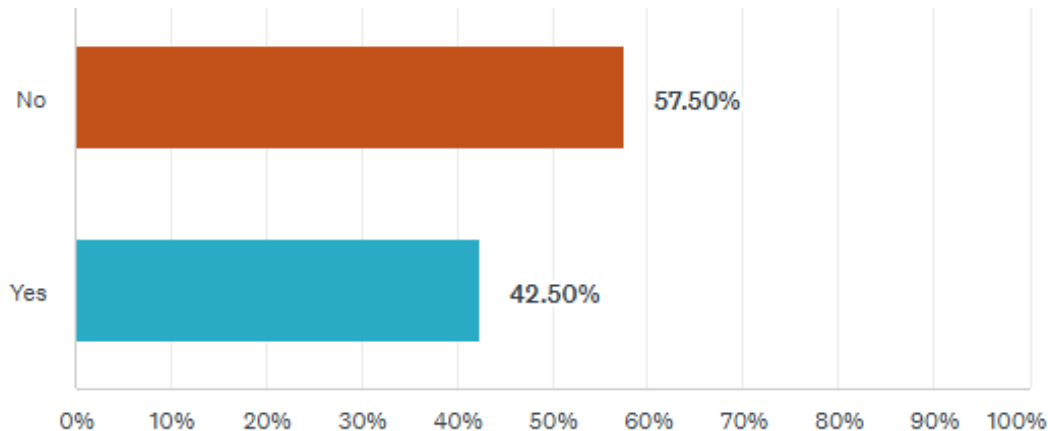
Q4: Comments on particular areas of growth

“Data centres”

“Electrical Wholesale, Garden Centres, Builders Merchants.”

“Volumes are up, slight decline due to deflation.”

Q5: If you have experienced a downturn in your traditional market segments, are you planning to diversify into other areas to mitigate the impact of this downturn?



More on diversification

- Looking to expand influence in specification chain rather than add new ranges
- Adjacent verticals
- Retail, Online businesses
- EV
- Pipe Fittings Panel/Storage Heating Hot Water Heat Pump Cylinders
- Renewables
- More Ventilation

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Q6: Your Operational Challenges: from a prompted list please tell us which 3 operational challenges are your most pressing at this time?

	April 2024	July 2024	October 2024	January 2025	April 2025
1	A downturn in demand	A general downturn in demand	A general downturn in demand	Inflation in business overheads and passing these on to customers	Upward pressure on all wages driven by the increases in National Living Wage and National Minimum Wage on my overall wage bill
2	Attracting and retaining staff	Increasing competition for work	Increasing competition for work	Upward pressure on all wages driven by the increases in National Living Wage and National Minimum Wage on my overall wage bill + A general downturn in demand	The slowdown in my traditional market segments
3	The impact of increases in National Living Wage and National Minimum Wage on my overall wage bill + Adapting to delays caused by piracy attacks in the Red Sea	High tendering levels but slow or low conversion levels + Difficulties attracting and retaining staff	Product price deflation	Product price deflation	Inflation in business overheads

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Q6: Comments on operational challenges

“Alternative manufacturing outside of China, moving to more local supply which was always the plan but accelerated as a result of the tariffs in the US at the moment.”

“Execution delays Availability of manpower : in quality and quantity.”

“Volume compression leading to margin compression.”

“Currency instability remains a current concern.”

Q7: What will be the main effect on your business of US tariffs on UK goods?

- No effect / None (multiple responses)
- Limited impact / Not at the moment / Negligible / Little effect
- Unknown
- Maybe effected due to inflationary pressures in the market
- Finally, products directly linked to servers in DCs are not (or not yet?) affected by the US tariffs. We re-export EU goods to the USA so the 25% tariff could have an effect, but USA accounts for only <0.5% of turnover
- For us in Europe in the AFT MKT channel we are not effected directly, however one of the knock-on effects we are watching out for is how will China manage stock levels that they have in finished products that will not now go to the US. Lower price finished goods will come into Europe as China looks to clear the decks. This will have an impact on pricing in the market creating deflation rather than inflation.
- Affect on exchange rates and business confidence
- Very little is purchased from the US, expect it to have no impact. Impact will be felt on products that we export to the US and could have a detrimental effect
- Delay in plans to begin exporting to the USA
- We don't trade with the US but the current tariff situation has weakened the USD to GDP. That helps on some elements of our purchasing costs. If China is not exporting to the US we could see costs reductions to clear in Europe.
- Limited for the actual tariffs but the impact of those tariffs on consumers and other businesses will impact our own business
- Non as such as we don't buy from America
- Very little impact due to our manufacturing base in Europe
- Increased costs of raw materials
- We do not sell to the US but exchange rate fluctuations will affect us
- No I don't think they will affect our business, unless it creates a global slow down or recession
- Unstable currency
- Dollar FX rate with China
- Disruption and uncertainty

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Q8: What other strategic challenges are you facing? 1 of 2

People

- Hiring new employees
- NI rise
- Pressure from increased costs including NI increase
- Employing quality staff that can make a difference
- Hiring - finding it hard to find the right staff
- Recruitment continues to be a significant challenge
- Labour cost increases on NI, rates and facility increases and uncertainty in the government
- Rising costs to the employer
- Rising employment costs. Cost of business itself (min. wage, national insurance). General suppliers increase prices due to above reasons. Our selling price has to drop due to competition and lack of demand

Trade Credit Insurance

- Credit insurers dropping or removing insured limits on a larger number of customers

Material-related

- Material shortages from the far east
- Copper / currency fluctuations
- Material cost increases and shipping costs

Deflation

- Deflation
- Deflation is the biggest issue in the lighting sector of our industry from competitors and there is no need for it.

Competition

- Low cost competition
- Active products (using microchips) manufactured in Taiwan...
- Market saturation, price pressure

Environmental, Social and Governance

- ESG

Extended Producer Responsibilities

- EPR is a headache, not really understanding the issue



Q8: What other strategic challenges are you facing? 2 of 2

Economic conditions

- OEM is seeing good growth in Q1 vs LY, however we are seeing orders reduced for Q2 whilst we wait for the 90 day pause from the US come to an end and the dust starts to settle on whatever the new word looks like. Low demand, regulation
- Cost increases and economic forces caused by tariffs
- Slow market conditions.
- Global economic uncertainty
- Un-certainty in regulation changes - still awaiting the sign off of FHS
- Rising overheads and a downturn in business
- Increased energy costs and a government that seems unable to do anything to help the UK based manufacturers
- General downturn in the UK economy
- Downturn in general market
- Economic uncertainty Building Safety Act delays and how to navigate
- Demand in the market place, markets that we play in have definately in a hold position with projects put on hold or moved out to Q3/Q4
- Slow market conditions. Pressure from increased costs including NI increase

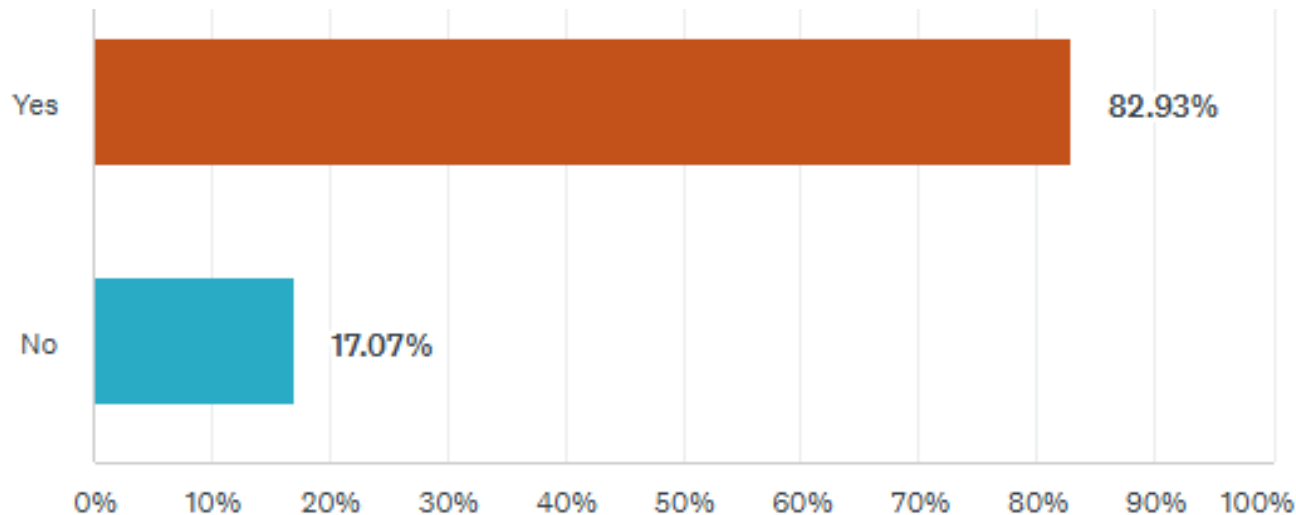
The cost of doing business

- The turmoil in financial markets is certain to impact negatively on business confidence and investment. This will negatively impact demand.
- Increased freight costs
- Cost of business itself (min. wage, national insurance) General suppliers increase prices due to above reasons Our selling price has to drop due to competition and lack of demand
- Rising overheads and a downturn in business

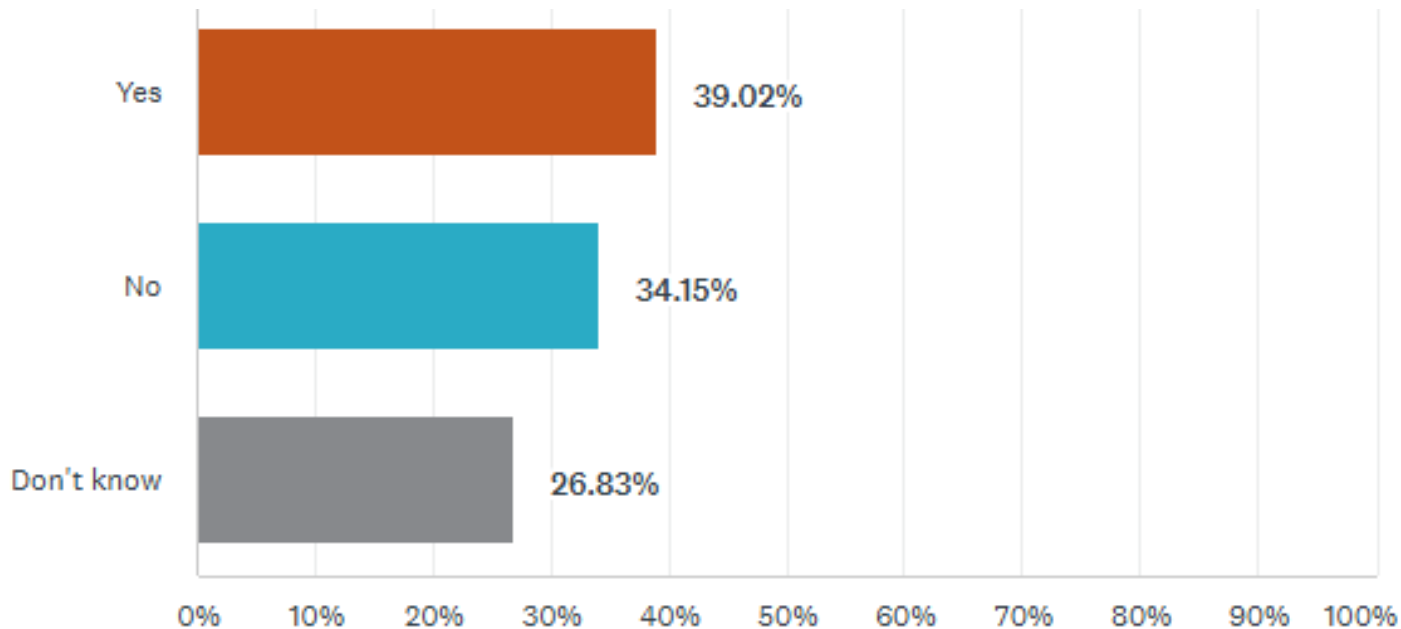
Retail vs Wholesale

- Wholesalers not open to discuss differentiating factors, only interested in main stream products. Concern is that we are moving to a retail approach not being retailers.

Q9: Our wholesaler members have reported an increase in the use of video content (via TikTok, Instagram, YouTube) by electrician influencers to promote electrotechnical products, which is having an impact on purchasing decisions. Have you seen the same?



Q10: Are you experiencing any change in demand for products as a result of content created by electrician influencers?



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Electrical Distributors' Association Rotherwick House, 3 Thomas More Street, St Katharine's and Wapping, London E1W 1YZ • T: 020 3141 7350 • E: info@eda.org.uk • www.eda.org.uk

Q11: comments on social media and the rise of electrotechnical influencers.



"Many electricians are no longer buying what's in front of them and if the wholesaler is not stocking their brand of choice they buy online."

"This is the norm across all industries and is gaining traction in our industry. Social media is a core communication channel and trades people relate to trades people so is an effective way of widening a brand's reach and audience, this however could lead to increased disintermediation in our channel much like the P&H market."

"We are being asked for content for wholesalers social media as well as eLearning portals and video is the easy way of educating."

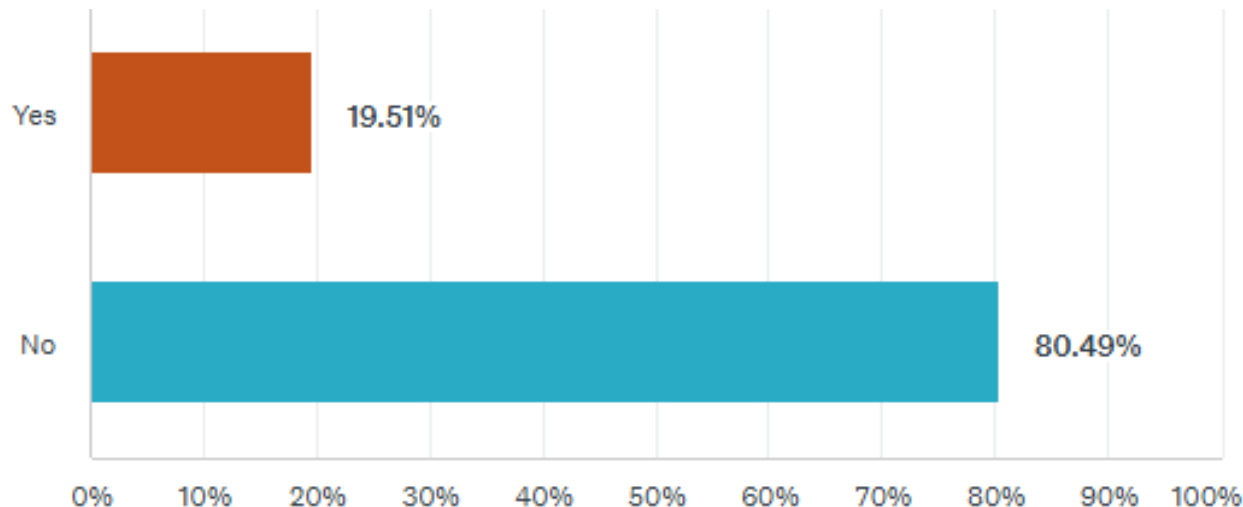
"This is not new. We have been taking advantage of this since 2015."

"It is something we have signed up for, we will do this from Q2."

"We have always been active on socials and use influencers to promote our products. More in the Plumbing & Heating sector than the Electrical Wholesale channel."



Q12: Previously, EDA businesses predicted that the worst impact of the ISG collapse would be felt by the UK's electrotechnical sector in H1 2025. Have you started to see the impact?



Comments

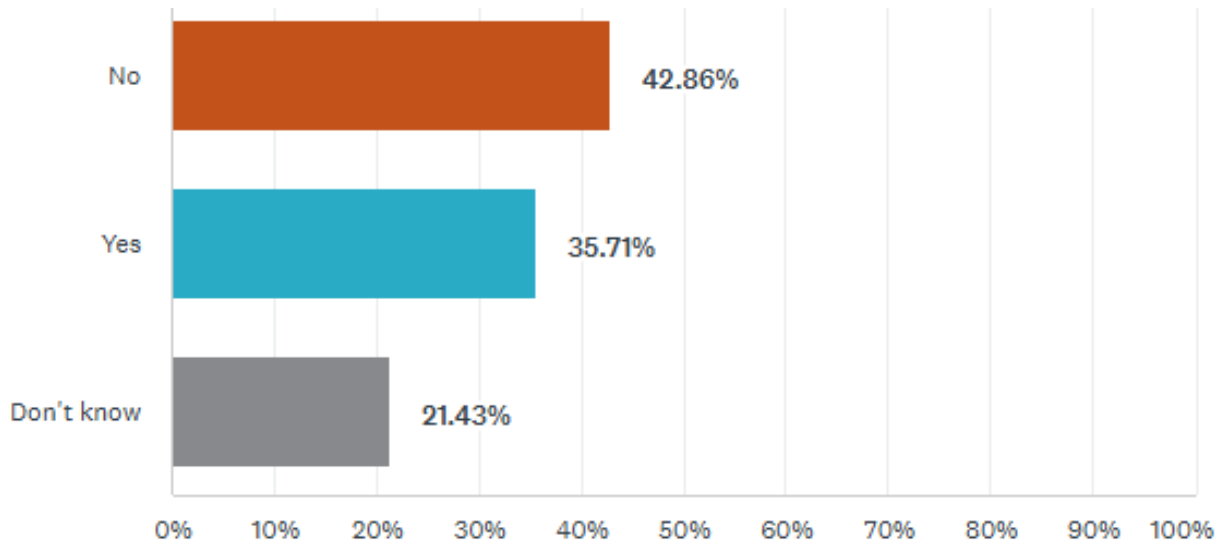
We have not noticed an effect

Not seen any major impact on our business to date

We only sell to wholesalers and so far they are all still paying us

Re tendering and slow down of historically ISG portfolio

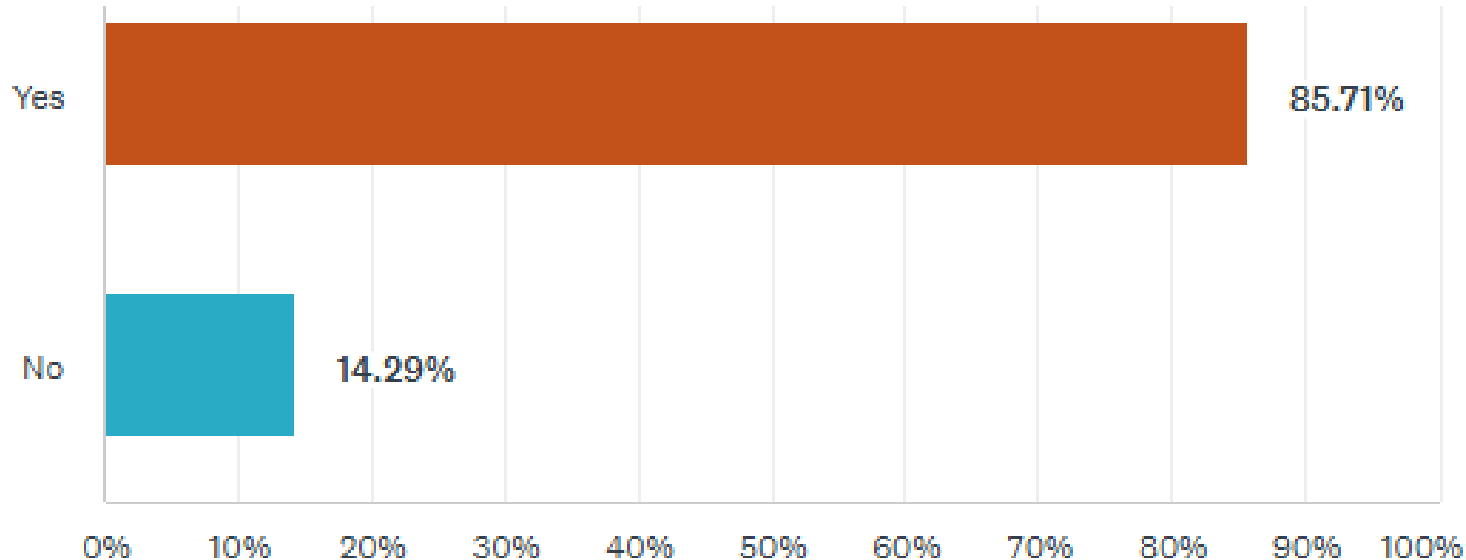
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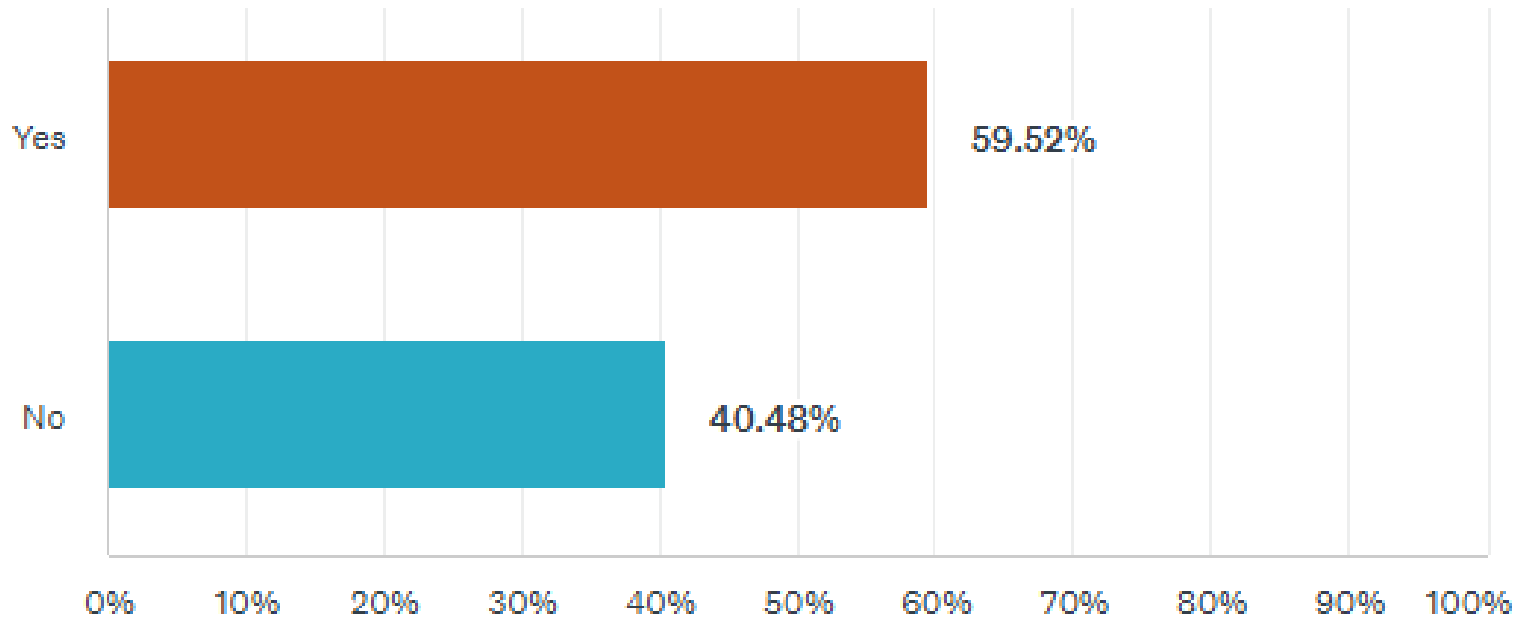


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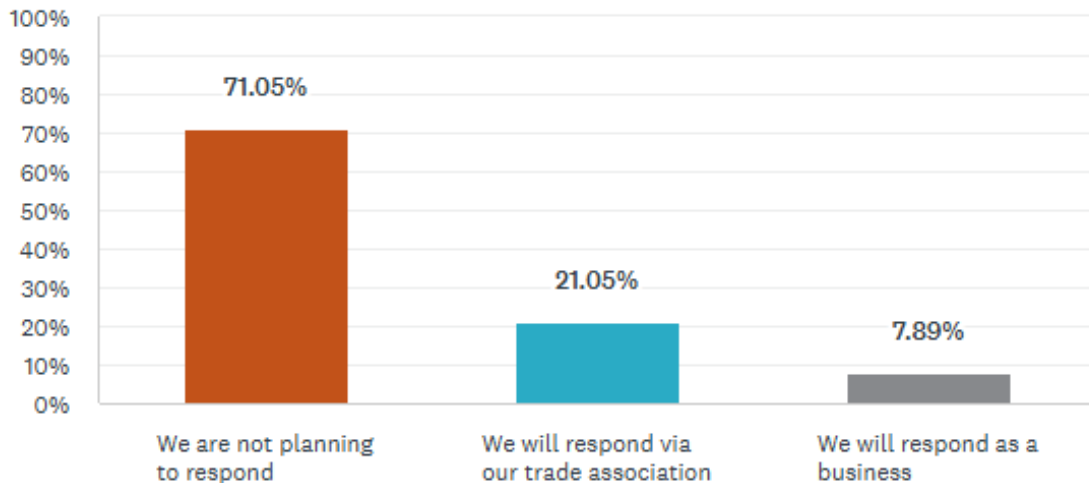


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Q16: Construction Product Reform Green Paper Consultation. Will you be responding to the consultation and if so how?



Comments

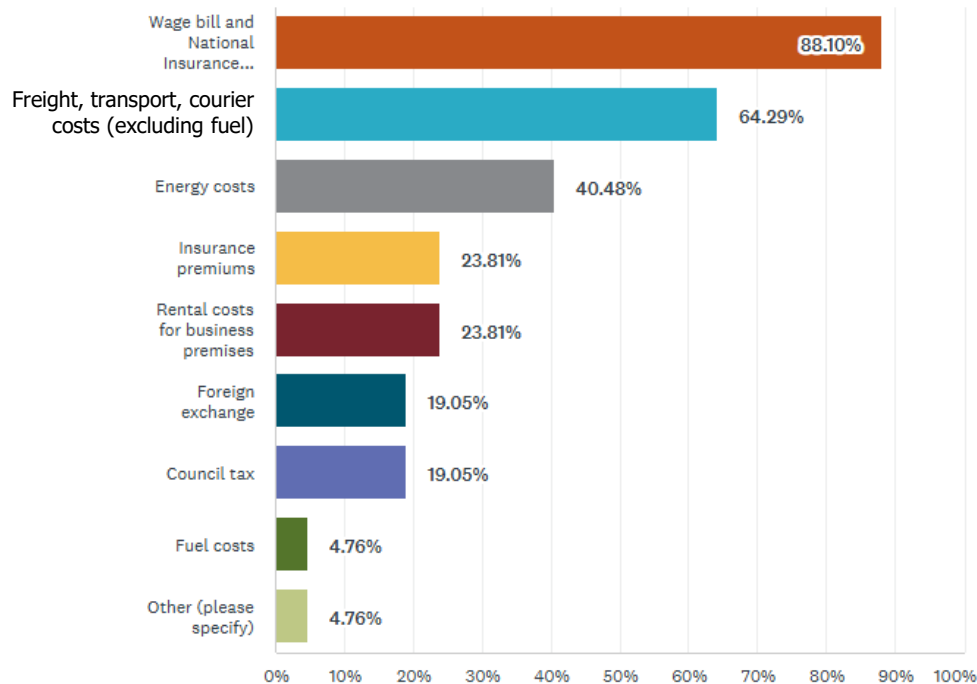
"CPR regulation needs an active and impartial government body to ensure it is correctly followed and adopted throughout the entire supply chain and channel, and for companies to be held to account when they fail to do so."

"Our products are unlikely to be affected."

"Does not affect our business."



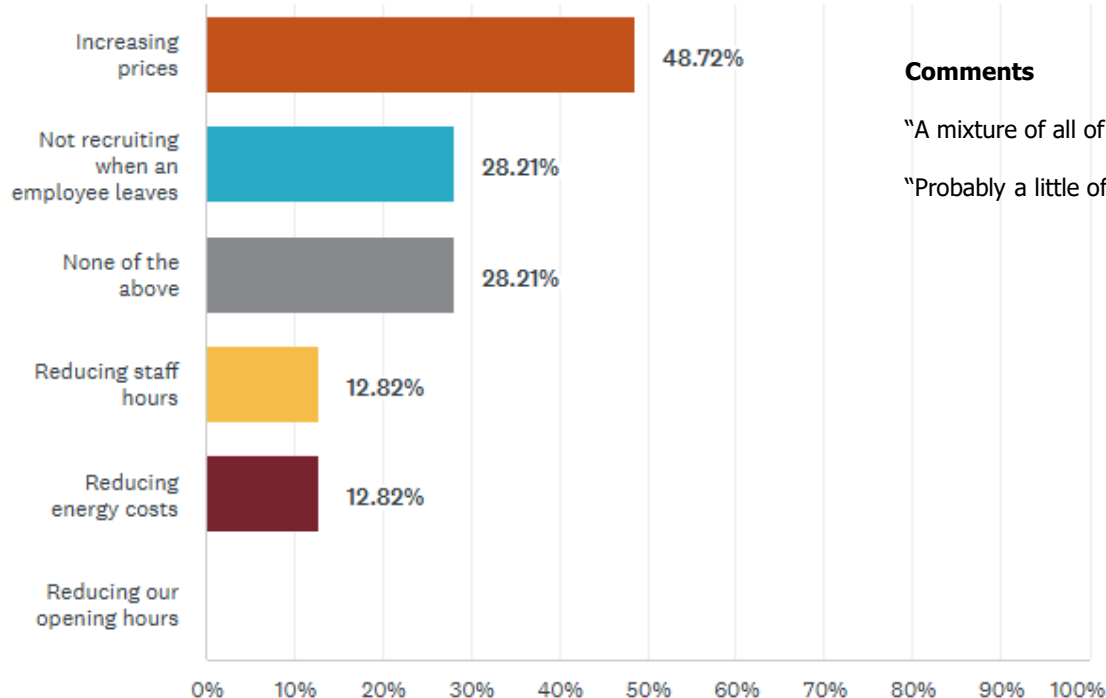
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Q18: Businesses are facing increased costs in a number of areas including National Insurance, National Living Wage, Insurance Premiums, fuel costs, energy costs etc.

What plans, if any, are you making to reduce the impact of these increases on your business? Please tick all that apply.



Comments

"A mixture of all of the above."

"Probably a little of everything above."

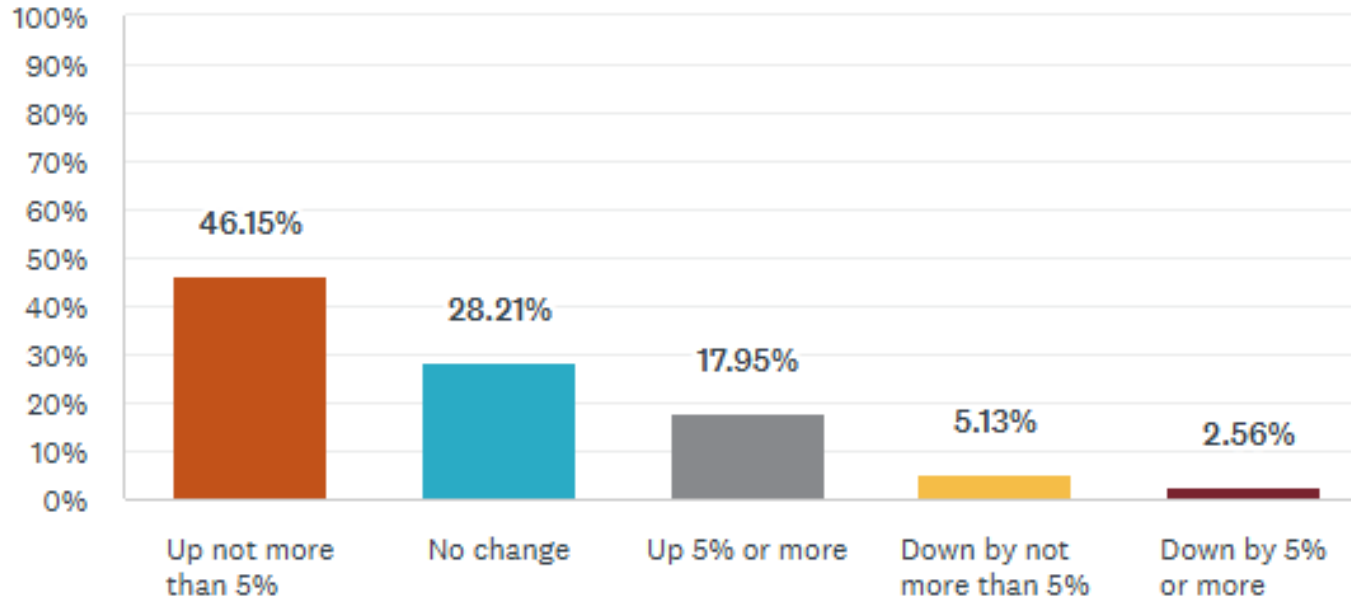
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Q18: Comments on managing business costs

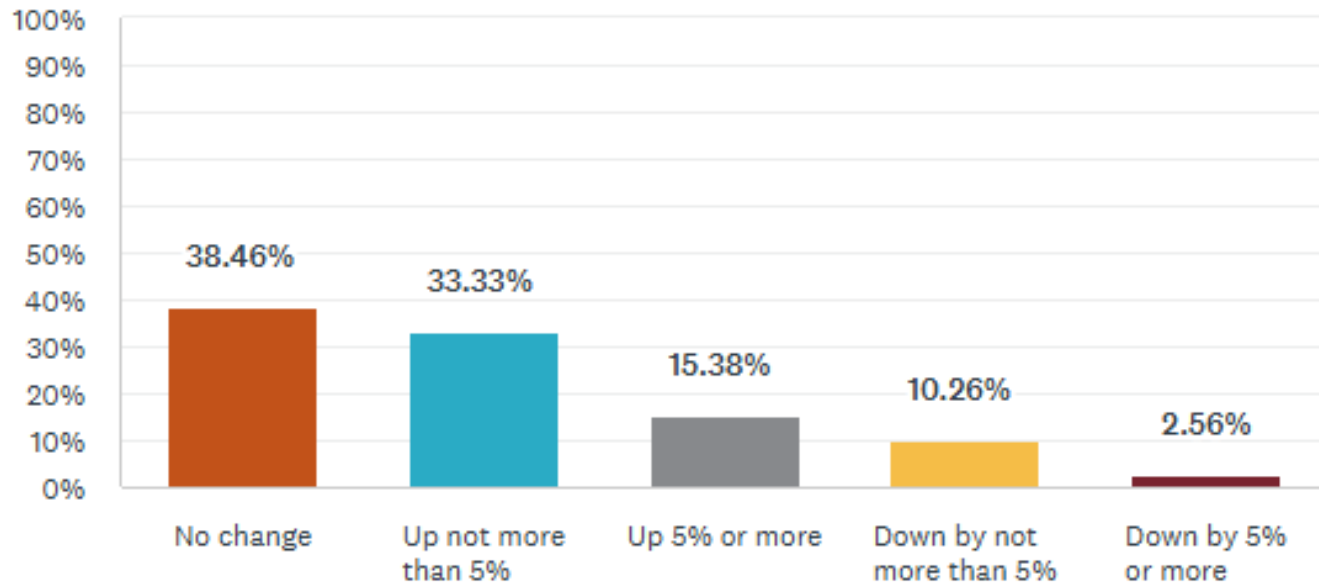
- Looking at packaging, product pack sizes, reduced investment for marketing, focusing on New Business development to drive increased revenue
- 360° productivity plans
- We have had to make redundancies both in Q4 2024 and Q1 2025
- We are currently experiencing price regression and are actively monitoring the market to assess when we might be in a position to implement price increases.

Q19: How did unit costs change during Q1 2025 compared with Q4 2024?



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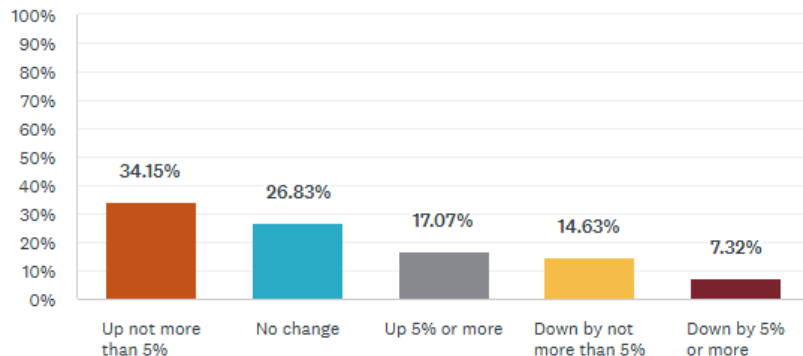
Q20: How do you anticipate unit costs will change during Q2 2025



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Q21: How to you anticipate sales volumes (like for like sales) will change...

During Q2 2025



During 2025

