



INSTITUTE
OF THE MOTOR
INDUSTRY



COVID-19 Automotive Landscape Report

Release 13



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COVID-19 – Automotive Retail Landscape

Introduction

The aim of this report is to outline the current landscape for businesses operating in automotive retail, highlighting the economic impact and operational challenges that the Covid-19 pandemic has created. Release 13 incorporates the most recent ONS BIC data released 22nd October.

Please note, for this reporting ONS has adjusted a number of their measures to weighted variables, which although now gives a true reflection of the current situation, it however means that there are some variables which we will not be able to examine historically.

Summary

Key take away points

- As the furlough scheme nears its conclusion, this reporting has seen the biggest percentage falls in the numbers in the sector on furlough, a fall of 30%. The extremely positive news is that the indications are that these jobs have not been made redundant. However 7% of the workforce remain on furlough or partial leave, but reporting this month gives hope these jobs may be saved.
- 94% of automotive businesses are trading, one of the most 'open' industry sectors. Despite this, 6% of businesses remain temporarily closed or paused trading.
- 18% of the sector are working remotely which has increased by 2% since last reporting.
- Recruitment rates in the sector have fallen and are much lower than many other industry sectors.

Detailed summary

The positive news:

- 94% of automotive businesses are open and trading. This is an increase of 0.1% compared to last reporting, one of the most 'open' industry sectors.
- 44% of automotive businesses said that their cash reserves would last more than 6 months.
- Less than 1% of businesses have permanently closed.
- This reporting has seen the biggest percentage fall in the numbers on furlough – a fall of 30%.

Tough decisions and ways of operating:

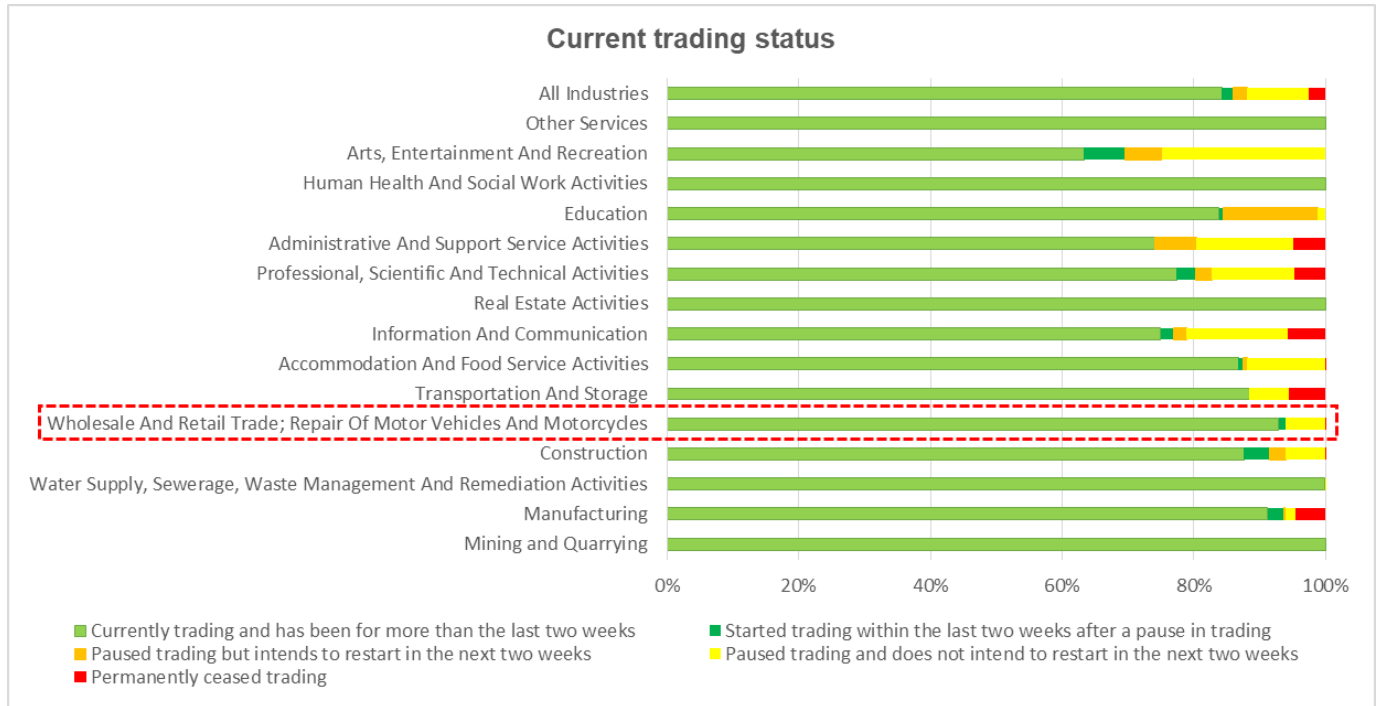
- 9% of the sector stated that their operating costs exceeded their turnover, this has increased by 2% since last reporting.
- 10% reported that they were breaking even as turnover was equal to operating costs.
- 44% of the sector stated that customer interest in their trade or products had decreased in the last 2 weeks.
- Of automotive businesses who were planning to expand their business before Covid-19, 17% are now scaling back their plans and 22% are cancelling or postponing these plans.
- Recruitment in the sector is still low.
- 18% of the sector are working remotely which has increased by 2% since last reporting.

Negative news:

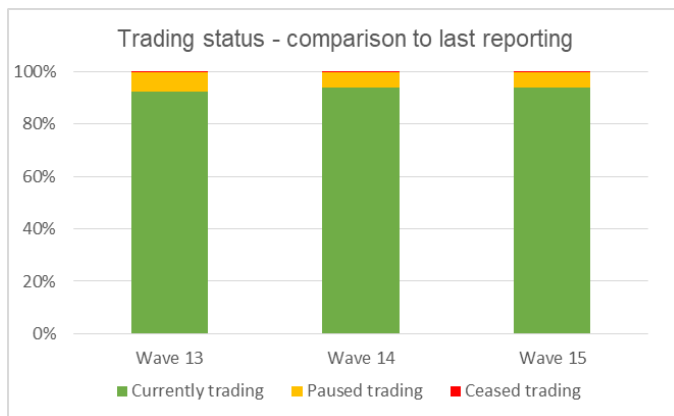
- 3% of automotive businesses who are continuing to trade are reporting turnover has decreased by more than 50%.
- 41% of automotive businesses trading are reporting a decrease in turnover.
- 4.2% of automotive businesses said that they either had no cash reserves or less than a month, potentially putting 4,000 businesses at risk.
- 7% of the workforce are on partial leave or remain on furlough.
- 8% of automotive businesses stated that their at moderate risk of insolvency and 64% stated there was at least some risk of insolvency.

Economic Indicators

Trading

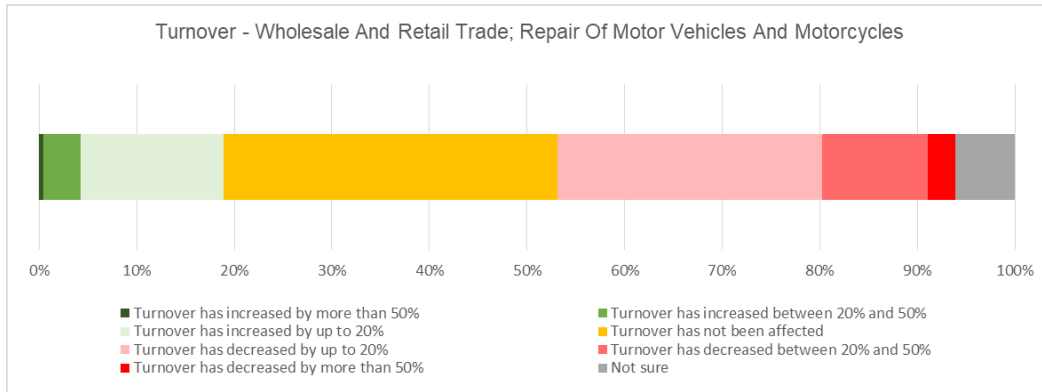


Note: This measure has been adjusted by ONS and is now a weighted count. Weighting by count scales up responses in BICS to be representative of all businesses in the UK. It scales up responses for all businesses that have between 0 and 249 employees, to the point where the counts of all businesses of this size in the UK are represented. The size band of greater than 250 employees is completely enumerated, so no weighting is applied. Due to this adjustment, this can be compared to last reporting only.



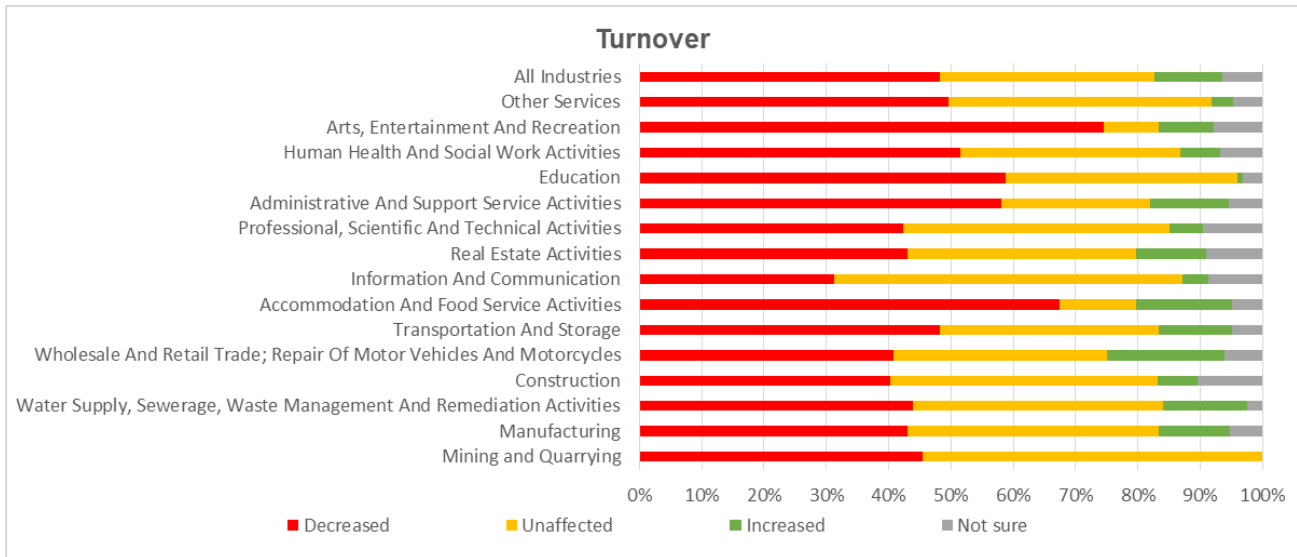
93.9% of automotive businesses are open and trading. 1% reported to have opened in the past 2 weeks. 6% of automotive businesses have temporarily closed or paused trading, all of which stated they were not intending to open in the next 2 weeks. Less than 1% of businesses have permanently closed. The automotive sector is one of the most 'open' of all the industries reported.

Turnover



Note: This measure has been adjusted by ONS and is now weighted by turnover. The value of turnover is derived using the percentage of questions asked on the BICS and registered turnover in the Inter-Departmental Business Register (IDBR), which is used to construct the BICS sampling frame. In effect, businesses with larger turnover are given greater emphasis in results. Due to this adjustment this cannot be compared to previous reporting.

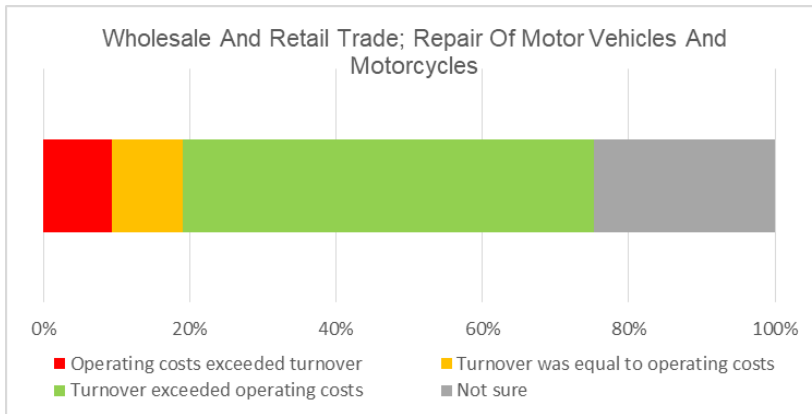
- 3% of automotive businesses who are continuing to trade are reporting turnover has decreased by more than 50%.
- 41% of automotive businesses trading are reporting a decrease in turnover.



In terms of turnover, the automotive sector is performing well compared to other sectors having the highest % of businesses reporting an increase in turnover in the last 2 weeks (19%).

Turnover v Operating costs

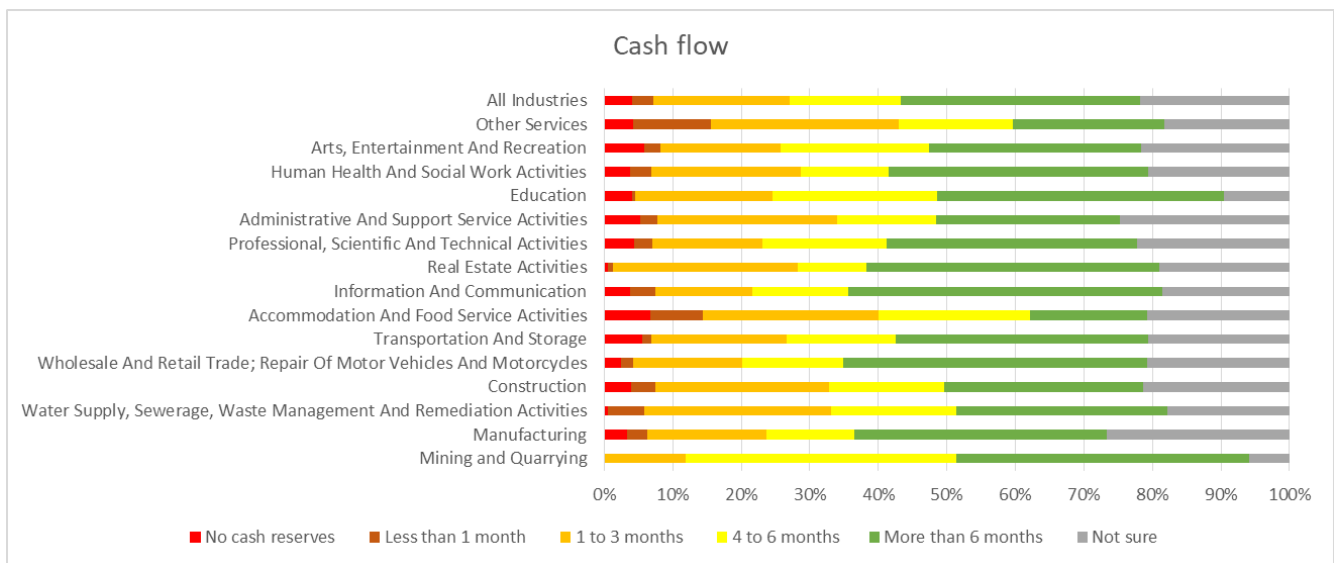
In the last two weeks, how did your business's turnover compare to its operating costs?



9% of the sector stated that their operating costs exceeded their turnover. 10% reported that they were breaking even as turnover was equal to operating costs.

Cash flow

How long do you think your enterprise's cash reserves will last?

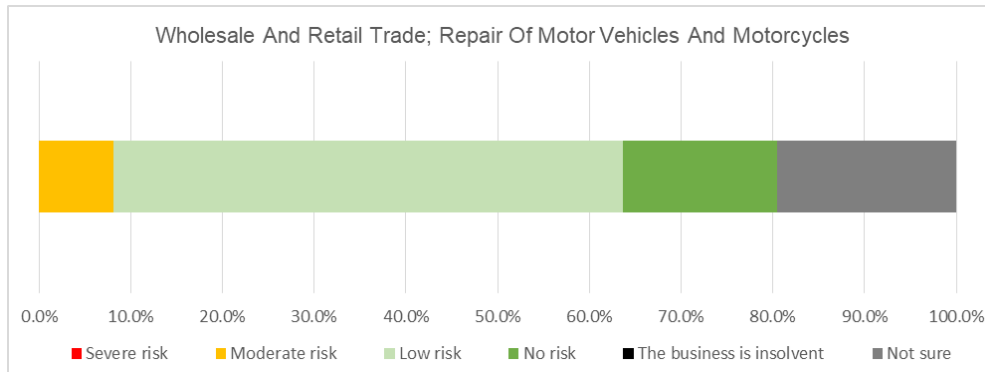


Note: This measure has been adjusted by ONS and is now weighted by turnover. The value of turnover is derived using the percentage of questions asked on the BICS and registered turnover in the Inter-Departmental Business Register (IDBR), which is used to construct the BICS sampling frame. In effect, businesses with larger turnover are given greater emphasis in results. Due to this adjustment this cannot be compared to previous reporting.

- 44% of automotive businesses said that their cash reserves would last more than 6 months.
- 4.2% of automotive businesses said that they either had no cash reserves or less than a month, potentially putting 4,000 businesses at risk.

Risk of insolvency

What is your business's risk of insolvency?

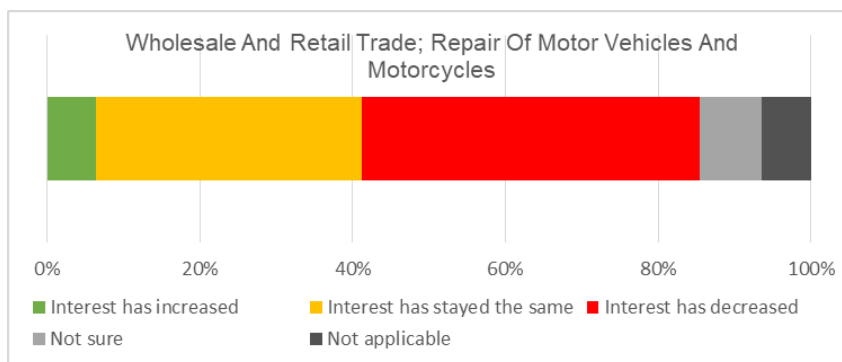


- 8% of automotive businesses stated that they are at moderate risk of insolvency.
- 64% stated there was some risk of insolvency.

50%
Of businesses in the sector stated that Covid-19 had increased the risk of insolvency of their business.

Business Interest

In the last two weeks, how has the coronavirus (COVID-19) pandemic affected customer interest in your business's goods or services compared with normal expectations for this time of year?



44% of the sector stated that interest had decreased in the last 2 weeks. 35% stated it had stayed the same and 6% said that interest had increased.

Business expansion plans

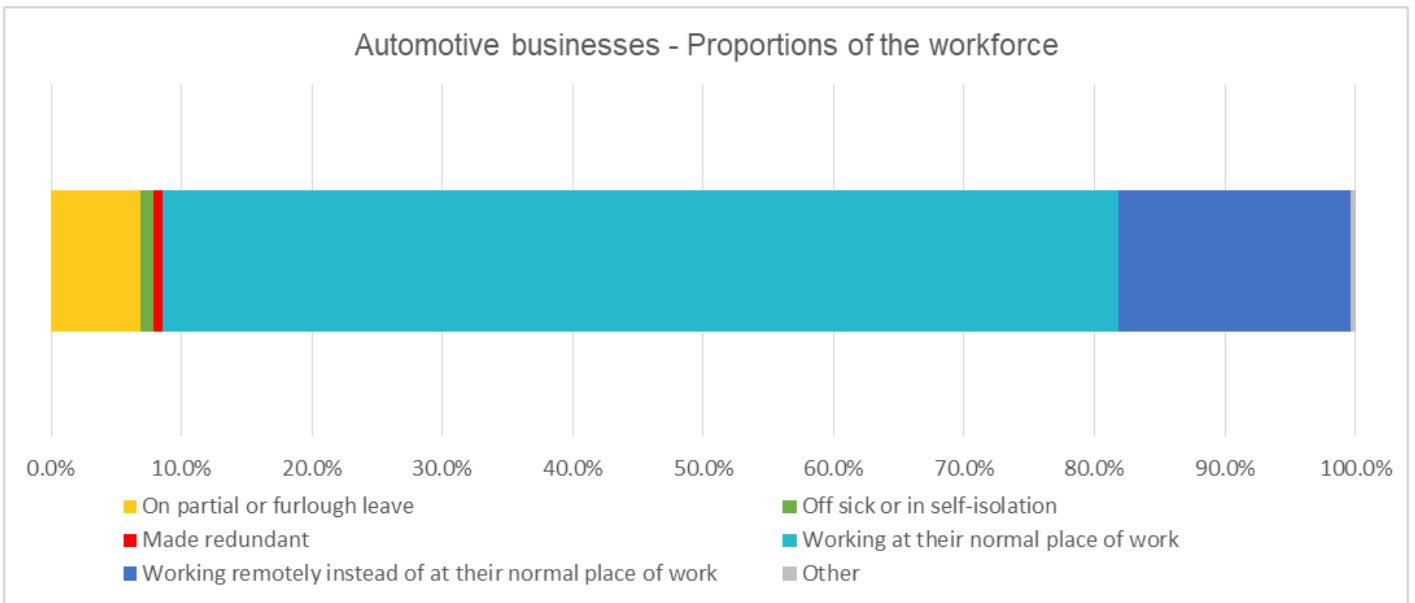
31%
(29,200)
Of automotive businesses were planning to expand their business before Covid-19.

17%
Say these plans are now less ambitious.

22%
Say these plans have been postponed or cancelled.

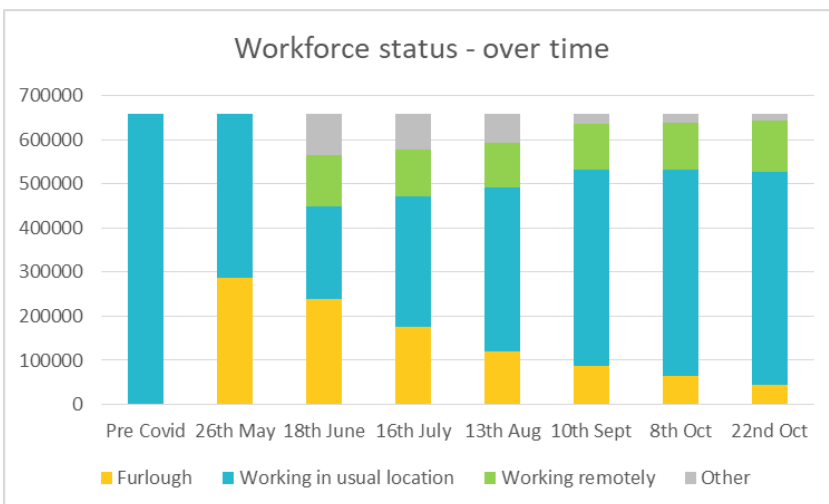
Workforce

Proportions



- For automotive businesses still trading, 7% of the workforce are on partial leave or furlough. This proportion has fallen by 3% since last reporting.
- 6,600 are on sick leave or in isolation.

Workforce over time

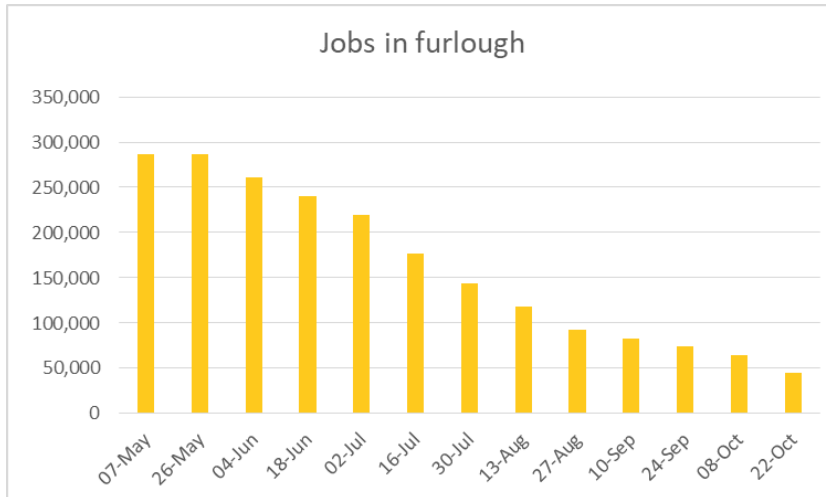


There are currently:

- 45,400 jobs are on furlough.
- 117,300 jobs are remote working.
- 482,800 jobs are working in the usual location.
- 4,600 redundancies.

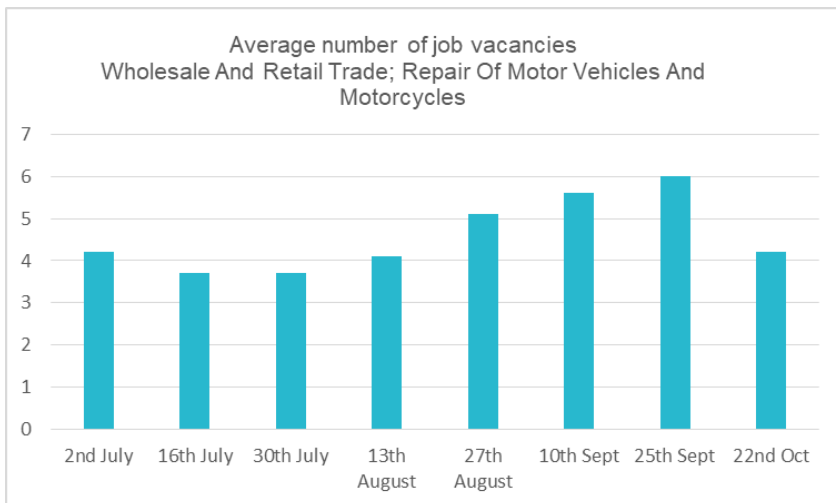
Note: before June remote working was not recorded. Other includes those sick or in isolation, redundancies and unknown.

Furlough



This reporting has seen the biggest percentage fall in the numbers on furlough – a fall of 30%.

Recruitment



- The average number of external vacancies advertised for an automotive business is 4.2. This has decreased since Sept by 1.8.
- Automotive businesses are lower than the whole industries average (6.9).



Data Sources

- ONS - Business impacts of COVID-19 data released 22nd October 2020 [Data relates to the period 5th October 2020 to 18th October 2020].
- EMSI 2020.1 data [All data sourced from EMSI UK Analyst and Career information taken from EMSI occupation data].
- IMI Automotive labour market baseline report – 2019 Profile revision1.