



# COVID-19 Automotive Landscape Report

Release 20



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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 20 incorporates the most recent ONS BIC data issued on the 22<sup>nd</sup> April.

Please note that throughout this report, 'Wholesale and Retail Trade; Repair of Vehicles and Motorcycles' is the nearest proxy to represent the automotive sector. However, the data used for this report does include other sectors which may not be strictly automotive, and it is likely that other 'retail sectors' may have effected some measures disproportionately.

## Summary

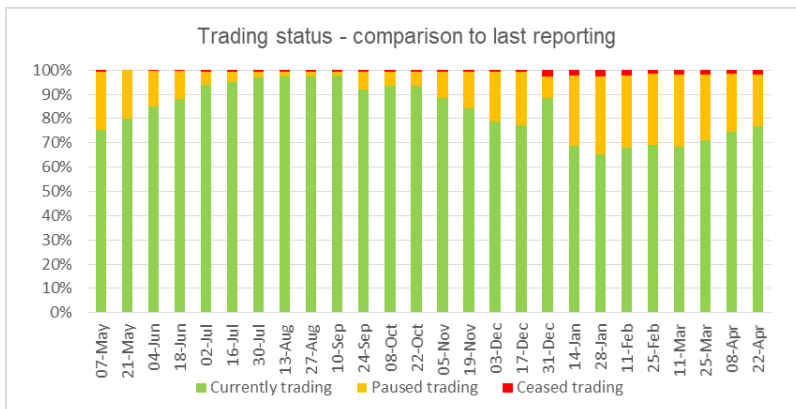
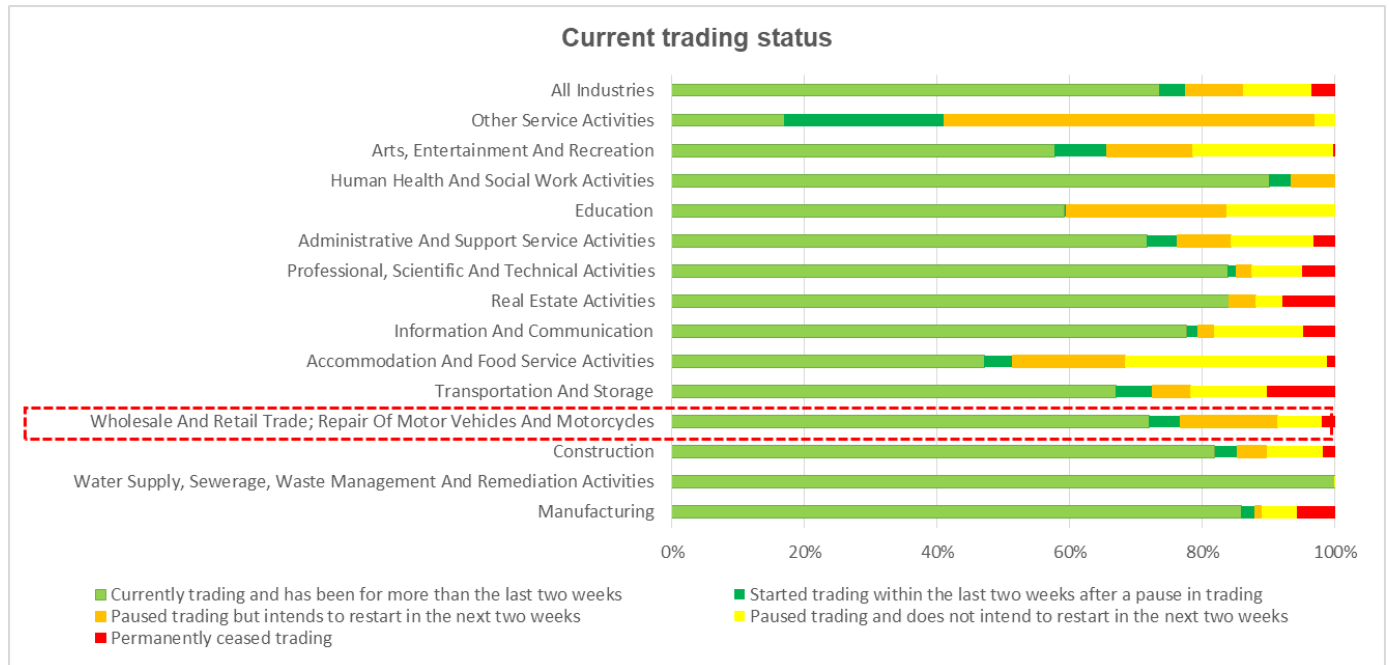
### Key take away points

As the second stage of the England roadmap to returning from lockdown 3.0 did not come into effect until the end of this wave's reporting period, the full effects of reopening on non-essential retail is still yet to be seen. However, the small green shoots recovery outlined in the last report continue to grow.

- The proportion of businesses open and trading has increased from 68% to 77%.
- There has been a reduction in the proportion of automotive businesses trading which are reporting a decrease in turnover from 46% to 37%. Also, the proportion that reported their turnover had decreased by more than 50% has also fallen from 10% to 8%.
- The proportion of those who said that their cash reserves would last more than 6 months has increased from 41% to 42%.
- Less than 1% of automotive businesses stated that they are at severe risk of insolvency. 11% stated that they had low or no confidence that their business will survive the next 3 months; this is a decrease of 2% since last reporting, indicating more confidence in a bounce back.
- The proportion of those on furlough has begun to fall from 22% to 20%. Those returning to their usual place of work has increased by 7% in the last reporting, and currently 49% of the sectors work force is back in their usual place of work.
- The proportions of businesses outlining that they are likely to make redundancies in the next 3 months has decreased from 2.1% to 1.5%.

## Economic Indicators

### Trading

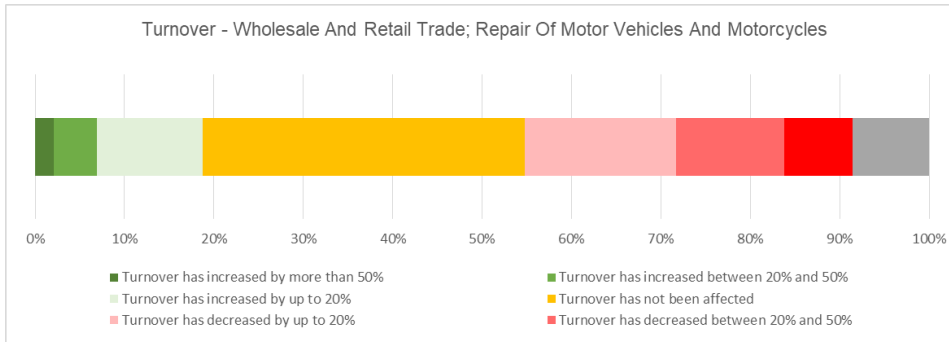


77% of automotive businesses are open and trading. The wave this reporting relates to a survey completed just as the England restrictions on non-essential retail were lifted, so it is likely that the effect of this will not be seen until a later date.

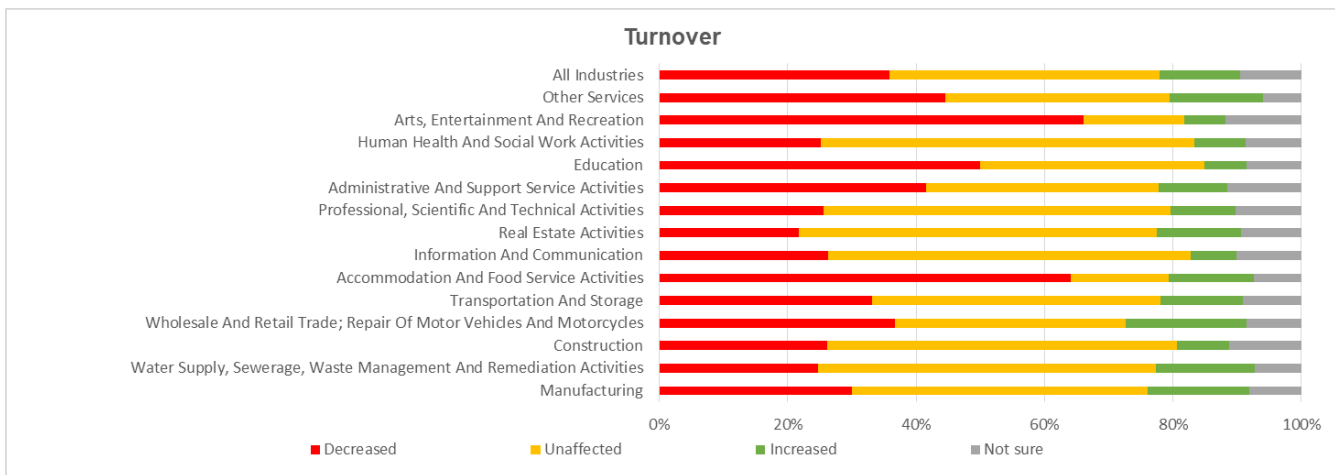
Unfortunately, it is being reported that 2% of businesses have permanently ceased trading - approximately 1,900 establishments. 21% of automotive businesses have temporarily closed or paused trading.

## Turnover

**In the last two weeks, how has the coronavirus (COVID-19) pandemic affected your business's turnover, compared to what is normally expected for this time of year?**

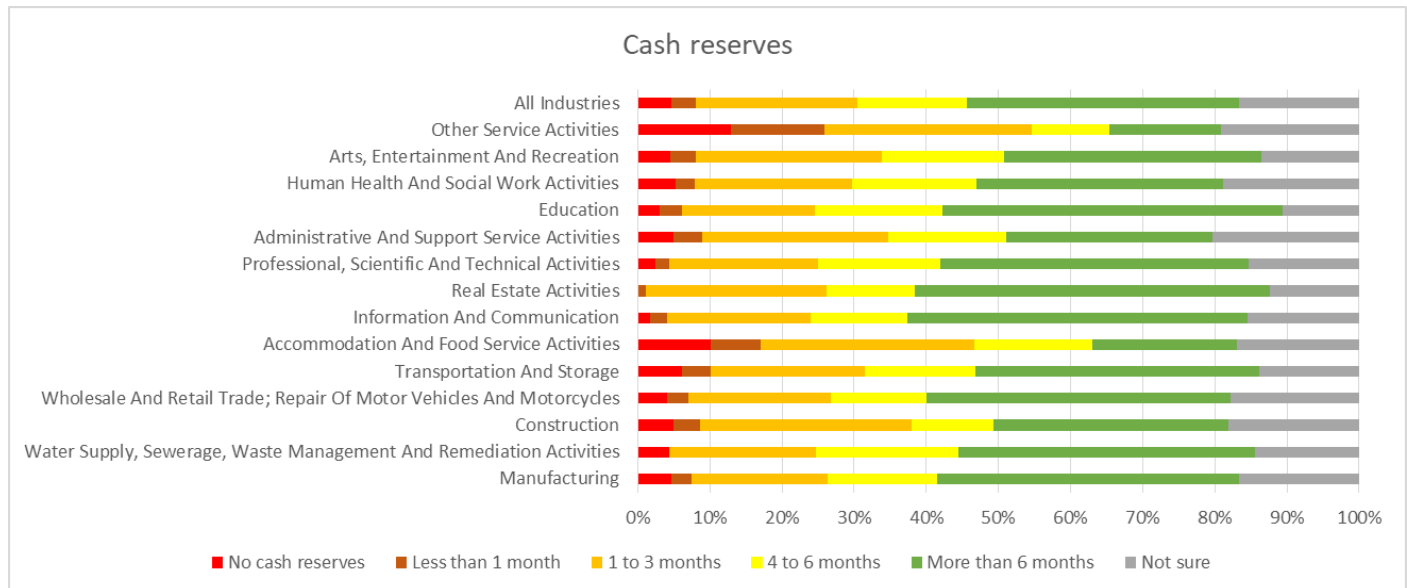


37% of automotive businesses trading are reporting a decrease in turnover. 8% of which are reporting turnover decreases of more than 50%.



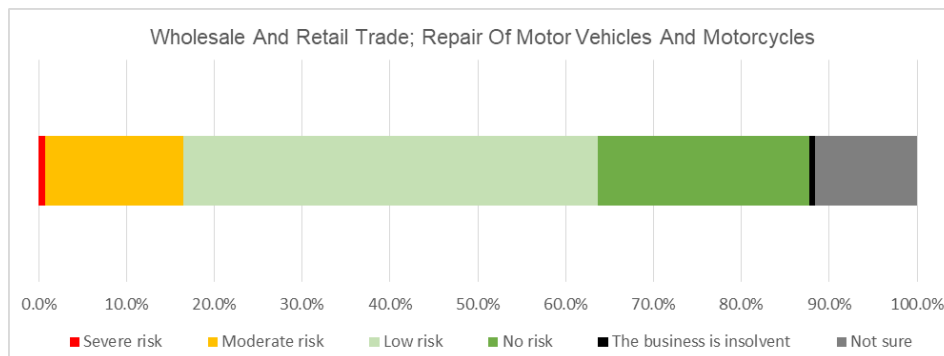
In terms of turnover, the automotive sector is performing well compared to other sectors having the highest % of businesses reporting an increase in turnover in the last 2 weeks (19%). However, this increase is likely due to the other 'retail sectors' included in the 'Wholesale and Retail Trade; Repair of Vehicles and Motorcycles' sector such as supermarkets and online retailers such as Amazon.

## Cash reserves



42% of automotive businesses said that their cash reserves would last more than 6 months. 7% of automotive businesses said that they either had no cash reserves or less than a months' worth.

## Risk of insolvency

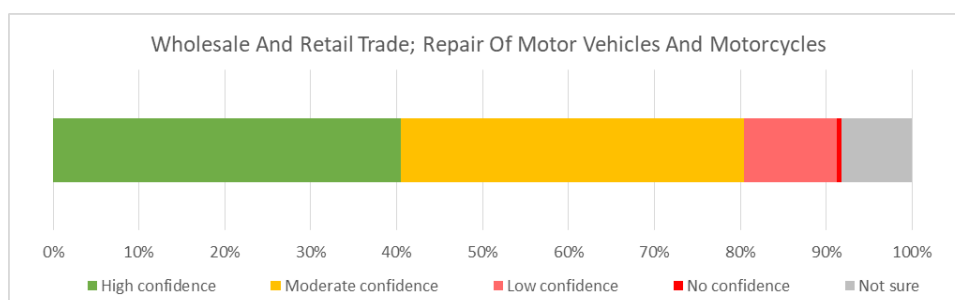


Less than 1% of automotive businesses stated that they are at severe risk of insolvency; this has decreased by 1% since last reporting. 1% stated that they were already insolvent.

64% stated there was some risk of insolvency.

## Business confidence

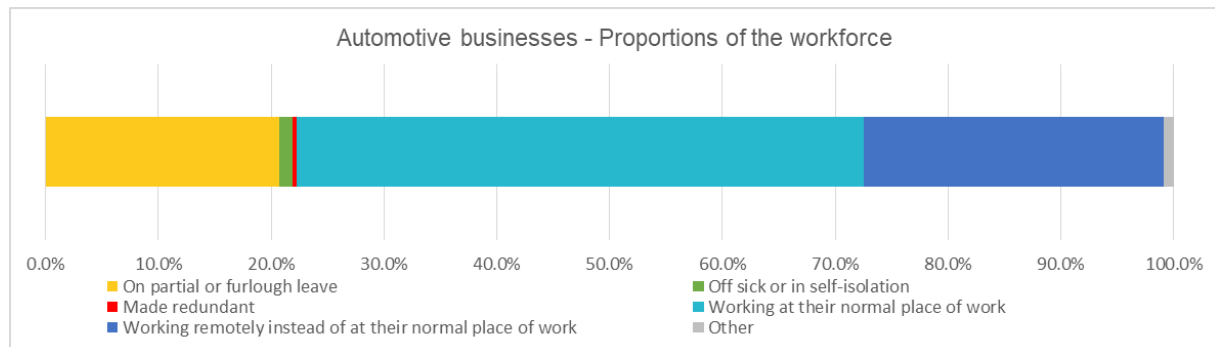
How much confidence does your business have that it will survive the next three months?



11% stated that they had low or no confidence that their business will survive the next 3 months; this is a decrease of 2% since last reporting, indicating more confidence in a bounce back.

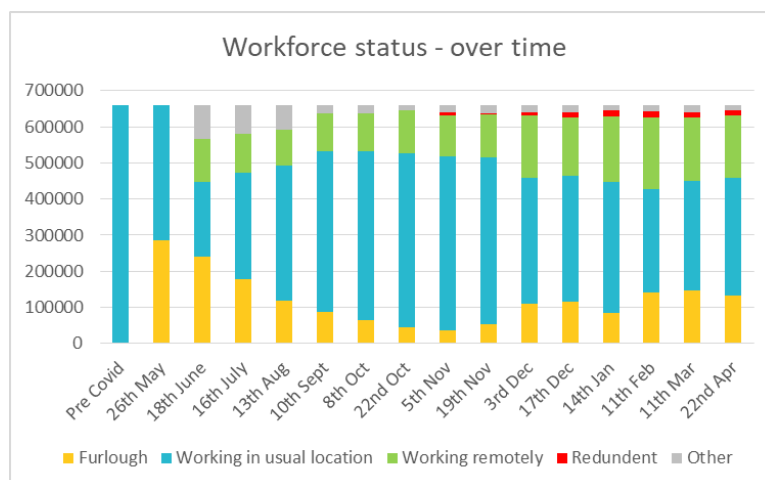
## Workforce

### Proportions



For automotive businesses still trading, 21% of the workforce are on partial leave or furlough. This proportion has decreased by 2% since last reporting. 27% of the workforce are working remotely instead of at their normal place of work. 1% are on sick leave or in isolation.

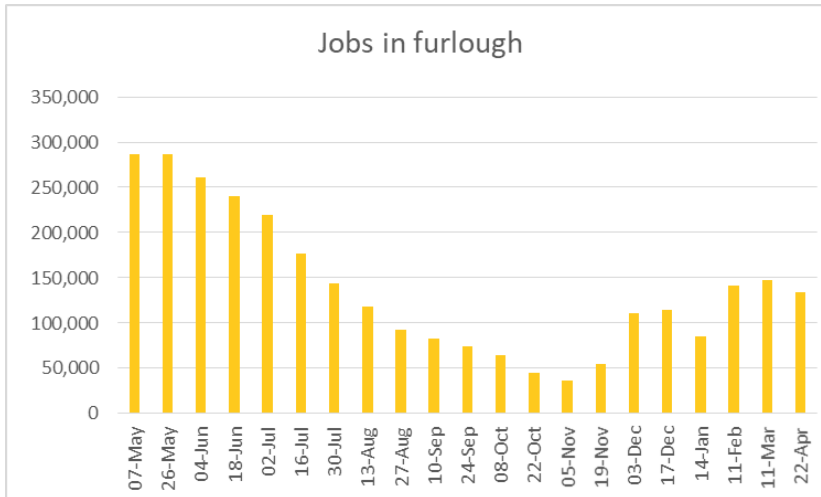
### Workforce over time



In the sector there are currently:

- 133,760 jobs on furlough.
- 171,855 jobs working remotely.
- 324,385 jobs working in the usual location.
- 15,772 redundancies.

## Furlough



The proportion of those furloughed has been falling since mid-March. This is expected to continue to fall as the impact of the opening of non-essential retail on the 12<sup>th</sup> April comes into full effect.

## Redundancies

1.5%

The approximate percentage of automotive businesses who expect redundancies over the next three months.

## Data

- ONS - Business impacts of COVID-19 data released 22<sup>nd</sup> April 2021 [Data relates to the period 6 to 18 April 2021].
- 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 Profesion1.

## Note

ONS have adjusted a number of their measures to weighted variable. Although this now gives a true reflection of the current situation, it also means that there are some variables that we will not be able to examine historically, this is an explanation of some of the weightings applied:

- **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.
- **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.