



INSTITUTE  
OF THE MOTOR  
INDUSTRY



# COVID-19 Automotive Landscape Report

Release 1



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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.

## Summary of findings

- 24% of automotive businesses have temporarily closed or paused trading; this equates to approximately 23,000 businesses affecting 150,000 jobs.
- The temporary closure or pause in trading could potentially equate to a loss of 1 billion gross value added (GVA) to the UK economy.
- 35% of automotive businesses who are continuing to trade are reporting turnover has decreased by more than 50%.
- 6% of automotive businesses are not confident that they have the financial resources to continue operating throughout the coronavirus outbreak which equates to a further 5,500 businesses at risk.
- 73% of automotive businesses have accessed the coronavirus job retention scheme.
- 45% of the automotive businesses who are still trading (32,000 businesses) are laying off staff in the short term, indications are that this could be 1,300 jobs to date.
- There were approximately 100,000 less job postings for the top 20 occupations in April 2020, compared to April 2019. A fall of 36%.
- In the past month, sales, accounts, and business development job postings have fallen the most of all occupations recorded across all industries. A fall of 15,900.

## Operating in lockdown

The following outlines how sectors in our industry are able (or unable) to operate within government restrictions as a result of the Covid-19. It outlines a RAG status on the ability to operate.

### Automotive sector – limitations to operate in government restrictions

	Lockdown 23 <sup>rd</sup> March	Step 1 13 <sup>th</sup> May	Step 2 1 <sup>st</sup> June	Step 3 1 <sup>st</sup> July
Service & Repair	<ul style="list-style-type: none"> <li>Exempt from lockdown, but operating at a fraction of their normal capacity</li> <li>Extension to MOT eliminated demand</li> </ul>		More non essential travel permitted and encouraged to avoid public transport	
Vehicle Sales	Showrooms classified as non-essential retail so unable to open, only on-line	Click & collect deliveries possible	Showrooms to reopen subject to suitable safety measures being in place.	
Training & Education	Centres closed and remote learning and assessment only	Unclear the road map for return to normal		

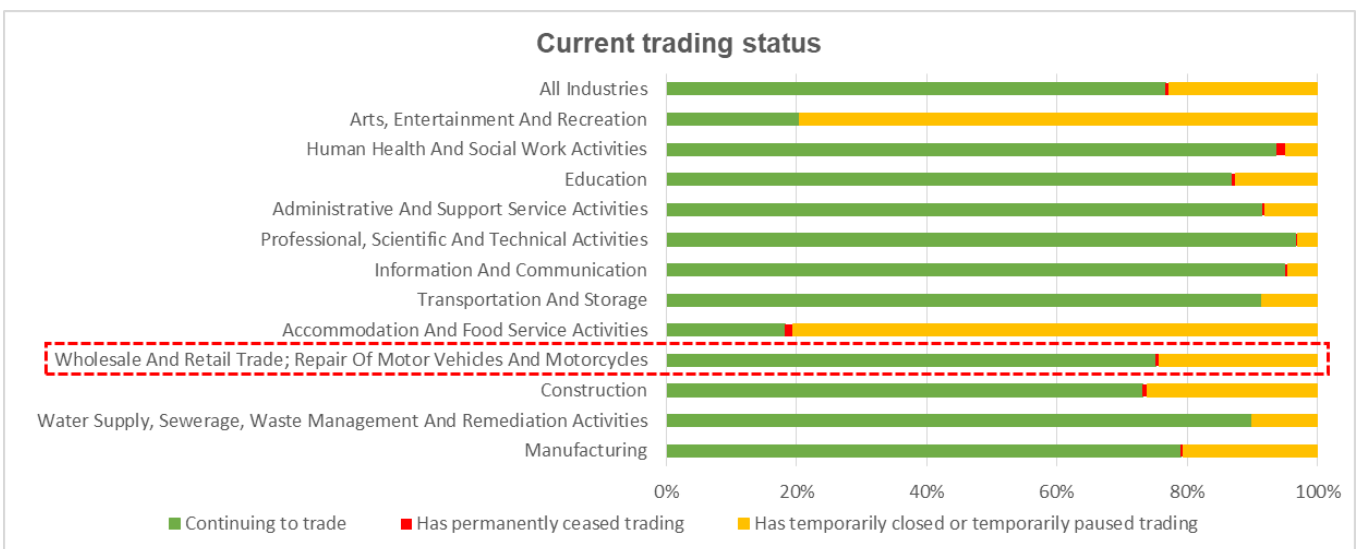
**Ability to operate in government restrictions**

Extreme limitations  
 Able to operate in some form  
 Ability to operate similar to pre Covid

## Economic Indicators

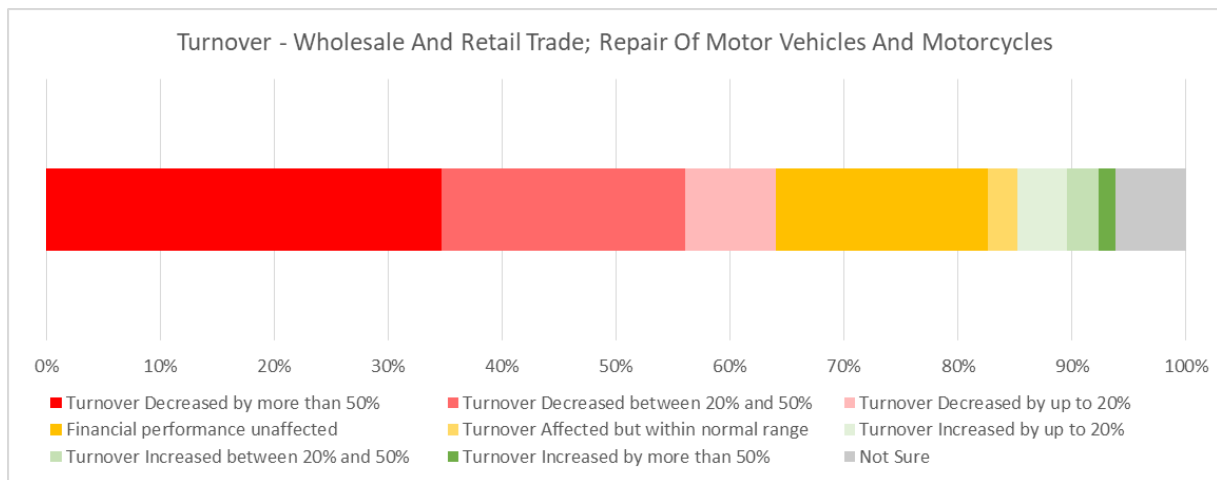
The following uses the most recent issue of the governments **Business impacts of Covid-19 report** which is based on responses from the new voluntary fortnightly business survey. The survey captures businesses responses on how their turnover, workforce prices, trade and business resilience have been affected in the two week reference period. I have used this information and inferred the potential true numbers of those affected in the automotive sector, using data from the IMI baseline report 2019.

### Trading

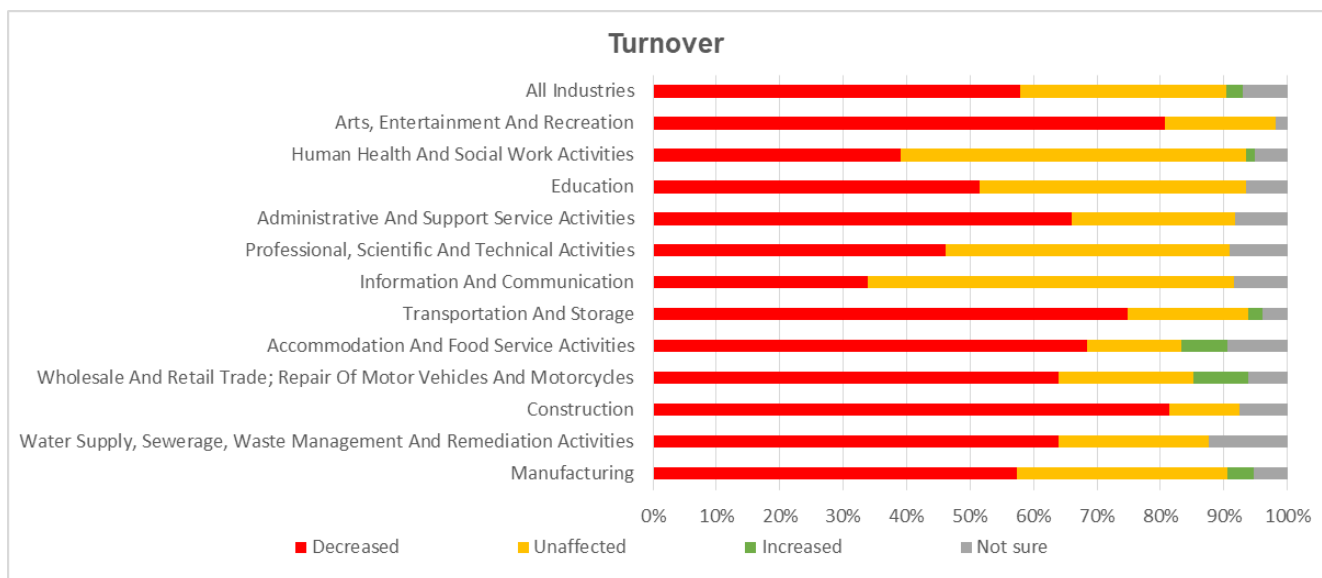


24% of automotive businesses have temporarily closed or paused trading; this equates to approximately 23,000 businesses and 150,000 jobs. If we assume this pause lasts for 2 months, this potentially equates to a loss of 1 billion gross value added (GVA) to the UK economy. Thankfully, the percentage of businesses who have permanently ceased trading is currently low at 0.5% which equates to approximately 500 businesses and 3000 jobs. In comparison to other industries, the automotive industry has seen the fourth highest proportion of temporarily closed or paused trading of businesses, behind accommodation & food service activities, entertainment & recreation and construction.

### Turnover



- 35% of automotive businesses who are continuing to trade are reporting turnover has decreased by more than 50%.
- 64% of automotive businesses trading are reporting a decrease in turnover.
- Taking conservative estimates of these percentages, this could see a potential reduction of £300million GVA per month to the UK economy.



- In terms of ranking of industries reporting a decrease in turnover, the automotive sector ranks mid table but is higher than the all industries total - 64%, compared to 58%.

- Automotive is the fourth highest industry to report a decrease of over 50%.

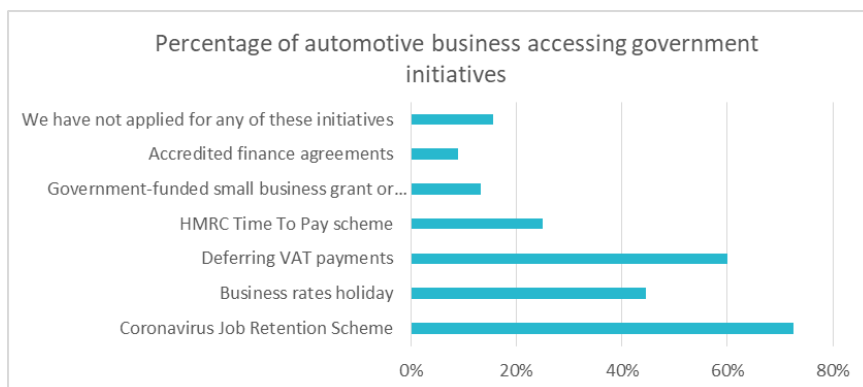
### Business confidence



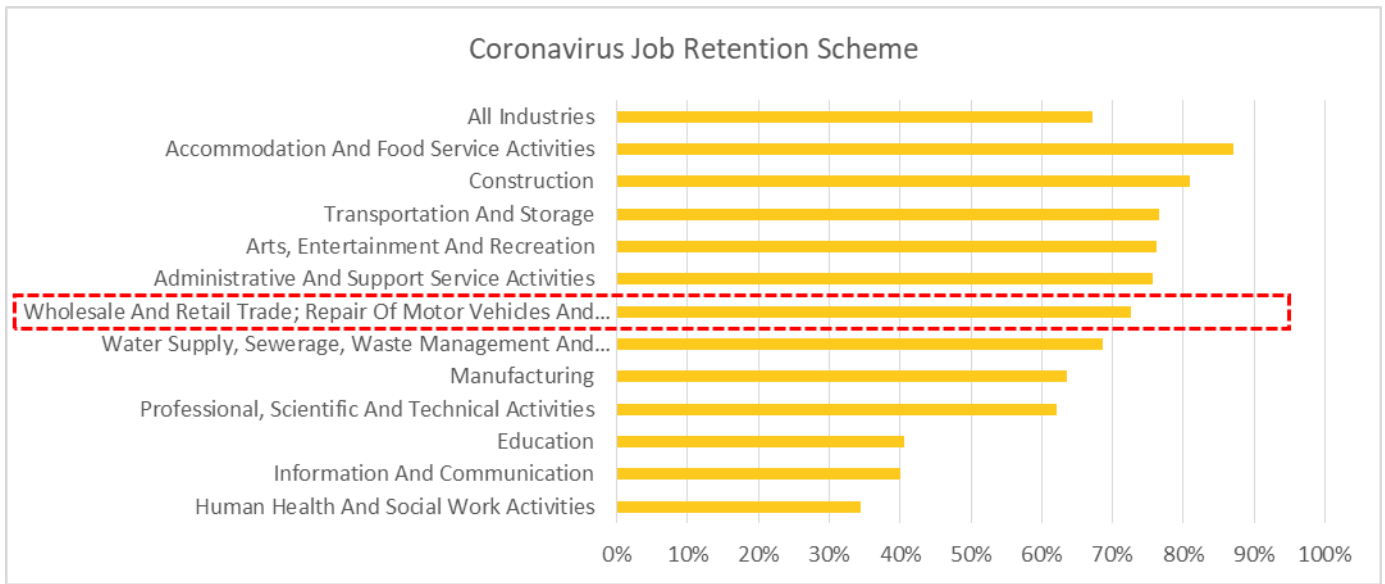
Businesses were asked “How confident are you that your enterprise has the financial resources to continue operating throughout the coronavirus (COVID-19) outbreak?”.

- 72% of automotive businesses said that they are confident that they have the financial resources to continue operating throughout the coronavirus outbreak. This is the same as the all industry average.
- 6% of automotive businesses said that they are not confident. This equates to a further 5,500 businesses at risk.

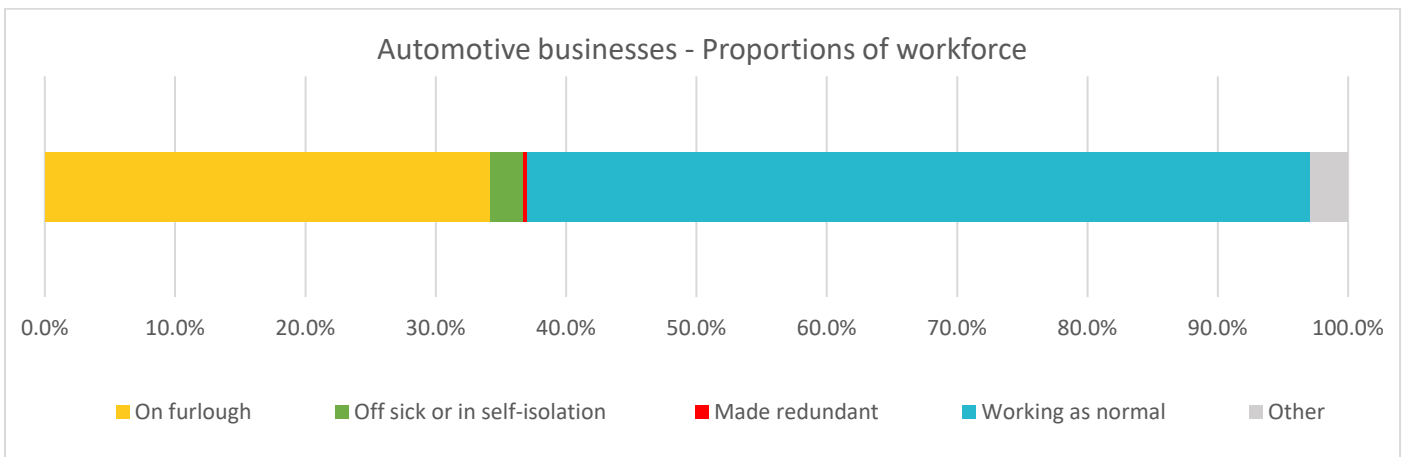
### Government Schemes and Furlough



- The most popular initiative that automotive businesses have accessed during COVID-19 is the job retention scheme (furlough) at 73% engagement.
- 60% have deferred VAT payments and 45% have taken business rates holidays.

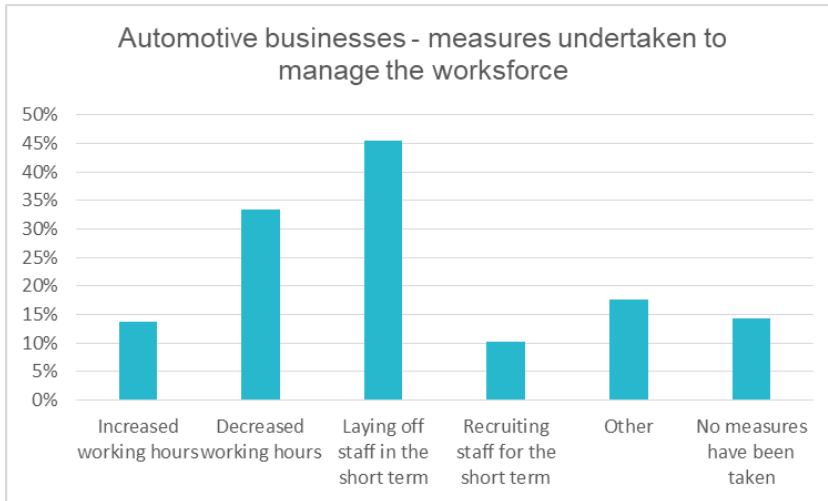


- 73% of automotive businesses have accessed the coronavirus job retention scheme.
- Compared to other industries, automotive ranks 'mid-table' but is higher than the all industry average.



- For automotive businesses still trading, 34% of the workforce are on furlough which is approximately 159,000 jobs. 12,000 are on sick or in isolation (2.5%) and 1,300 have been made redundant (0.3%).
- 60% of the automotive trading business are working as normal.

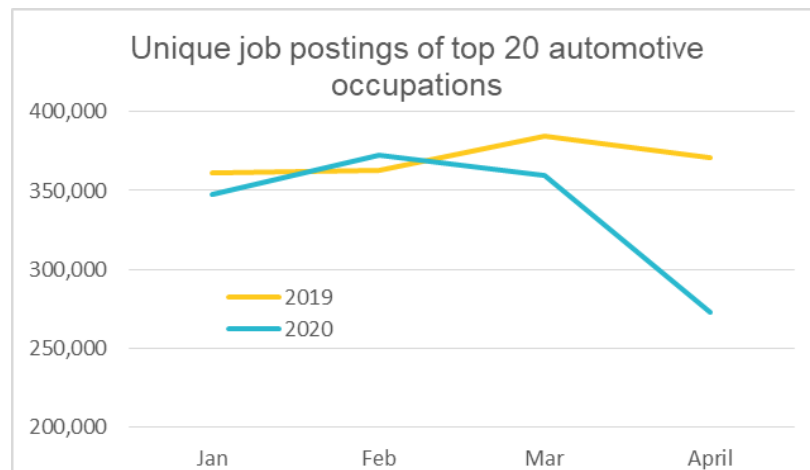
## Measures for managing the workforce



- Of the automotive businesses who are still trading, 45% (32,000 business) are laying off staff in the short-term.
- A further 33% are decreasing working hours.

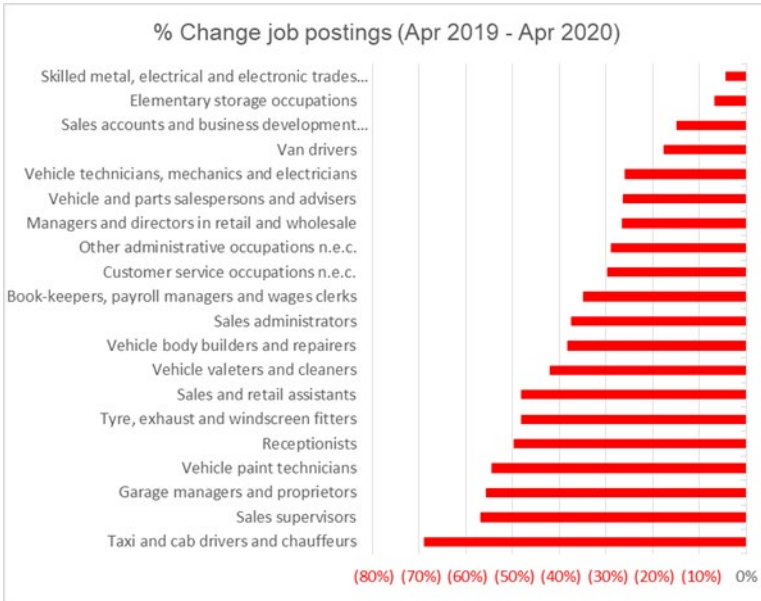
## Recruitment

EMSIE reviews job advertisements and postings. Job postings data is updated monthly across the 3 nations. It enables us to examine trends in job titles, skills and churn in industries and occupations. The following reviews key occupations in the automotive sector, using the EMSIE Covid-19 dashboard, allowing us to compare recruitment trends across occupations since the pandemic started.

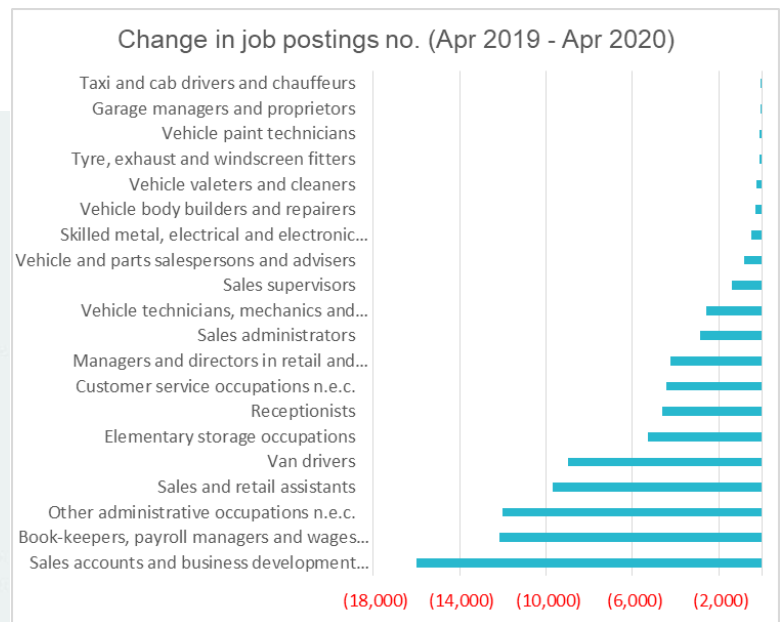


- There were approximately 100,000 less job postings in April 2020, compared to April 2019. A fall of 36%.





- All occupations have seen a fall in percentage change comparing April 2019 to April 2020.
- The biggest percentage change was in job postings for Taxi and cab drivers.
- 5 of the top occupations have seen a percentage change of over 50%.
- In real terms, sales accounts and business development job postings have reduced the most with a fall of 15,990 in the past month and is the biggest drop of all occupations recorded across all industries.





## Appendix

### Job Postings analysis – Top 20 automotive occupations

SOC	Occupation	Sector
1190	Managers and directors in retail and wholesale	Sales
1252	Garage managers and proprietors	Multi
3545	Sales accounts and business development managers	Sales
4122	Book-keepers, payroll managers and wages clerks	Business Support
4151	Sales administrators	Sales
4159	Other administrative occupations n.e.c.	Business Support
4216	Receptionists	Business Support
5231	Vehicle technicians, mechanics and electricians	Service & Repair
5232	Vehicle body builders and repairers	Service & Repair
5234	Vehicle paint technicians	Service & Repair
5250	Skilled metal, electrical and electronic trades supervisors	Service & Repair
7111	Sales and retail assistants	Sales
7115	Vehicle and parts salespersons and advisers	Sales
7130	Sales supervisors	Sales
7219	Customer service occupations n.e.c.	Business Support
8135	Tyre, exhaust and windscreen fitters	Service & Repair
8212	Van drivers	Other
8214	Taxi and cab drivers and chauffeurs	Other
9236	Vehicle valets and cleaners	Service & Repair
9260	Elementary storage occupations	Other

## Data Sources

- ONS - Business impacts of COVID-19 data released 7/5/20 [Data relates to the period 6 April 2020 to 19 April 2020].
- EMSI 2020.1 data [All data sourced from EMSI UK Analyst, Career information taken from EMSI occupation data].
- IMI Automotive labour market baseline report – 2019 Profile.