



INSTITUTE
OF THE MOTOR
INDUSTRY



COVID-19 Automotive Landscape Report

Release 18



+44 (0) 1992 511521



info@theimi.org.uk



www.theimi.org.uk



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 18 incorporates the most recent ONS BIC data issued on the 11th February.

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.

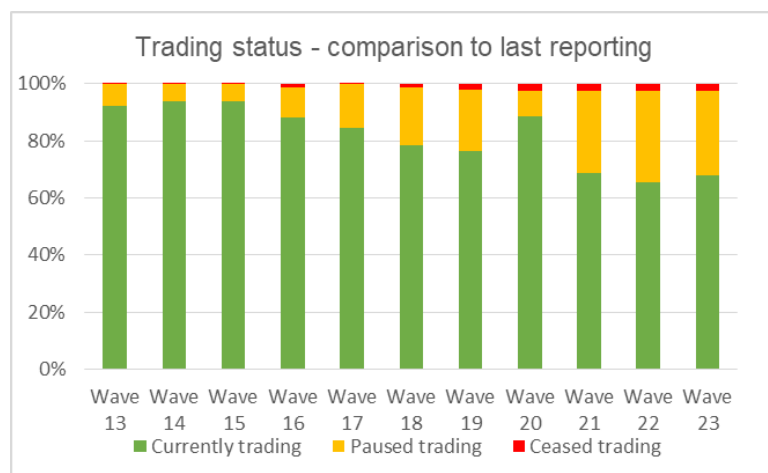
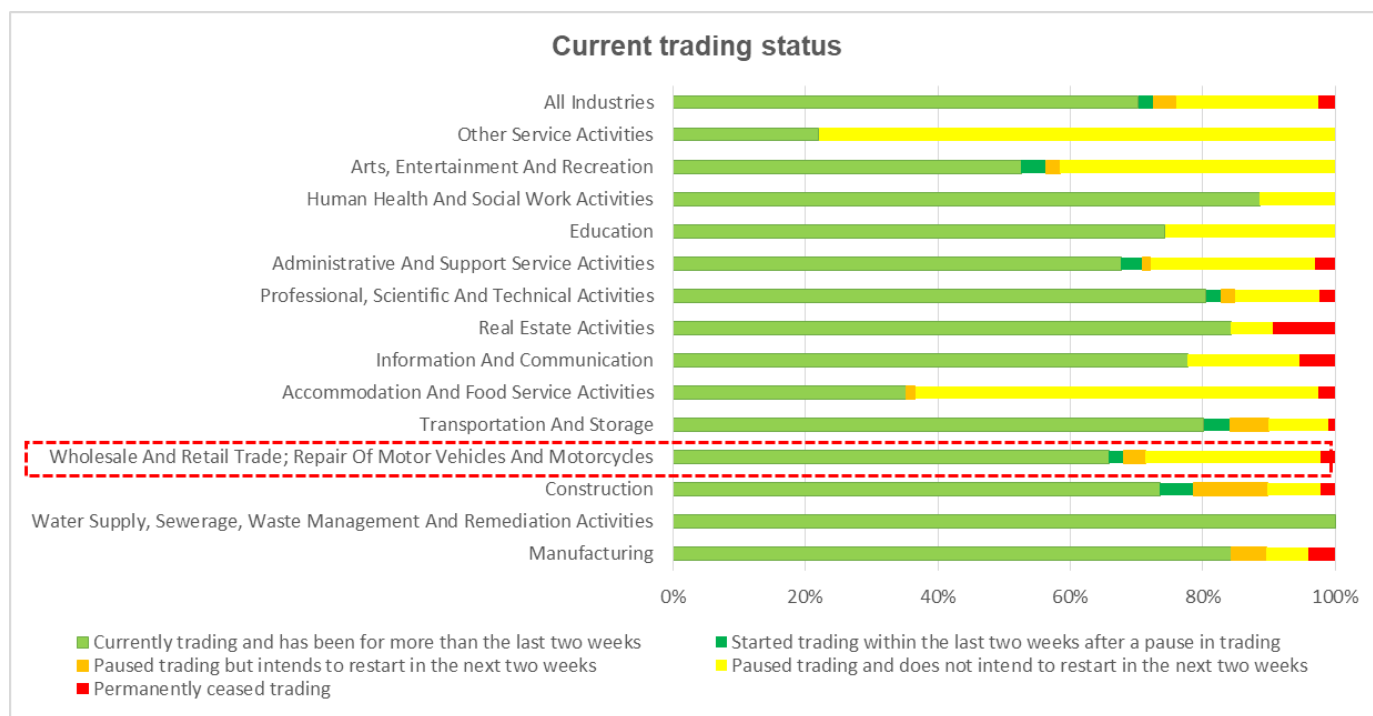
Summary

Key take away points

- 30% of automotive businesses have temporarily closed or paused trading.
- Unfortunately, it is being reported that 2.3% of businesses have permanently ceased trading, which is approximately 2,200 establishments.
- 52% of automotive businesses trading are reporting a decrease in turnover. 12% of which are reporting that turnover has decreased by more than 50%.
- There are some concerning warning signs as 4% of automotive businesses stated that they are at severe risk of insolvency and 19% are at a moderate risk. Both increases since last reporting. Also, 18% stated that they had low or no confidence that their business will survive the next 3 months which is an increase of 4% since last reporting, potentially putting 16,000 businesses at risk.
- Since the beginning of November, the proportions of those on furlough has been increasing in line with the tightening of restrictions across the UK. The numbers on furlough are at similar levels to July 2020, but are significantly lower than at the peak of lockdown 1.0.

Economic Indicators

Trading



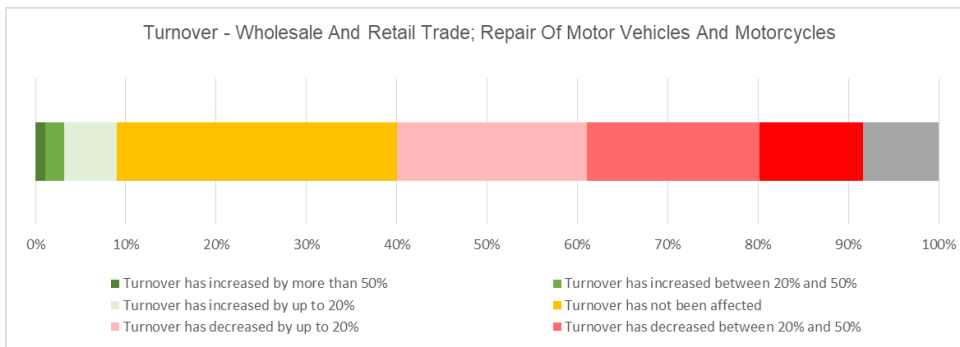
68% of automotive businesses are open and trading. For the past 3 waves (6 weeks) the proportion of businesses open and trading has remained at similar levels as lockdown 3.0 restrictions remain in place.

30% of automotive businesses have temporarily closed or paused trading.

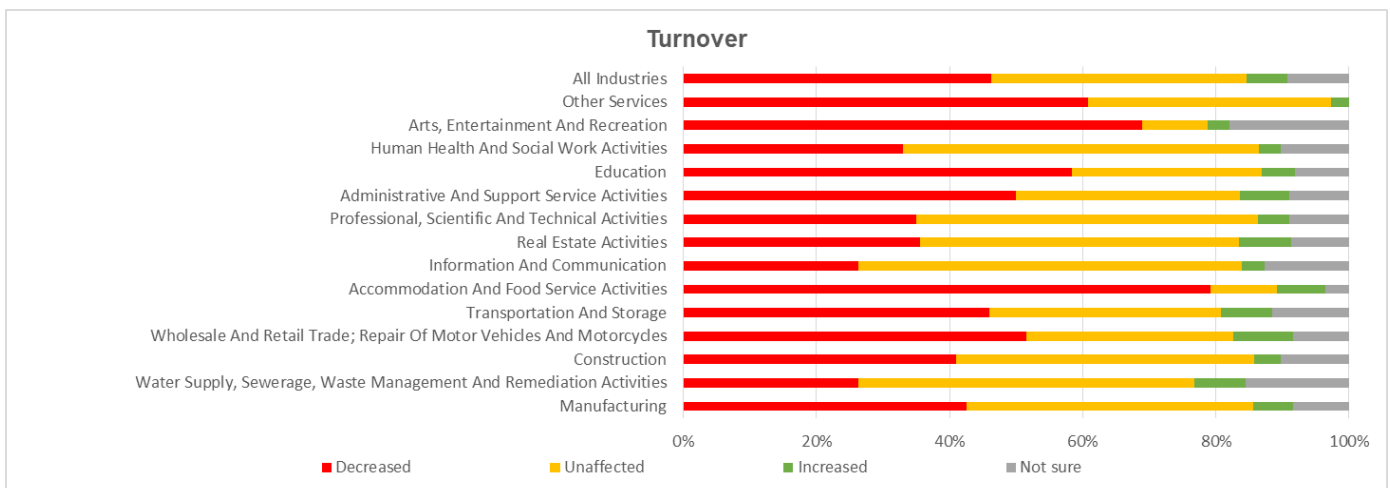
Unfortunately, it is being reported that 2.3% of businesses have permanently ceased trading - approximately 2,200 establishments.

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?

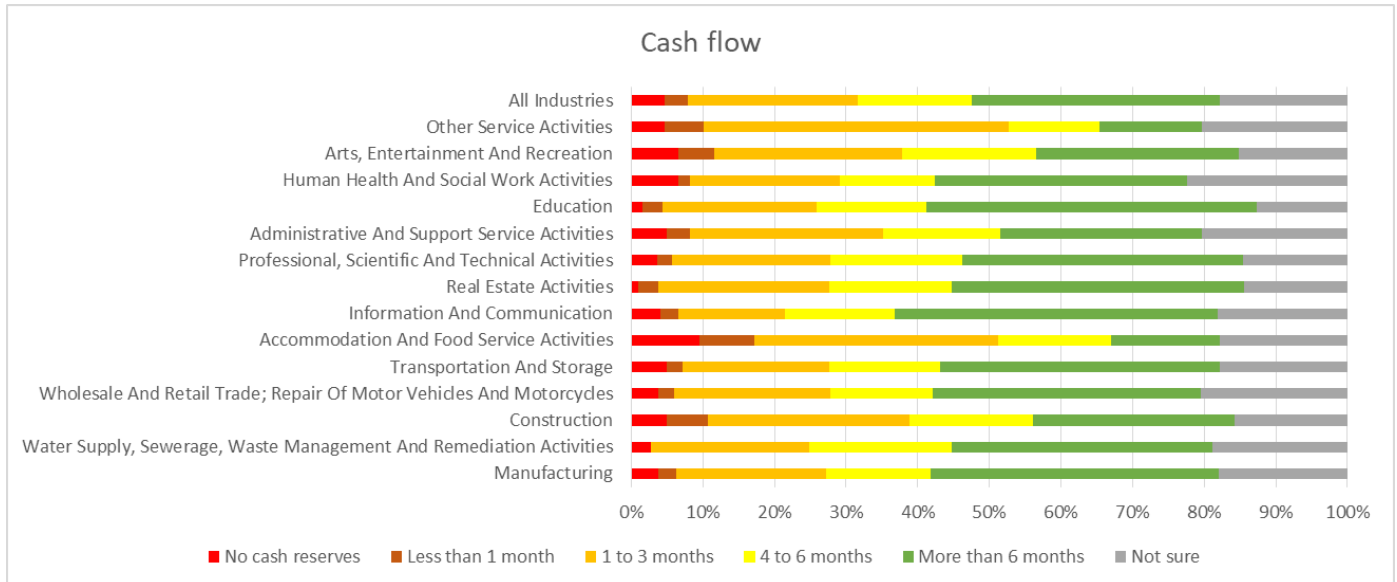


52% of automotive businesses trading are reporting a decrease in turnover. 12% of which are reporting turnover has decreased by more than 50%.



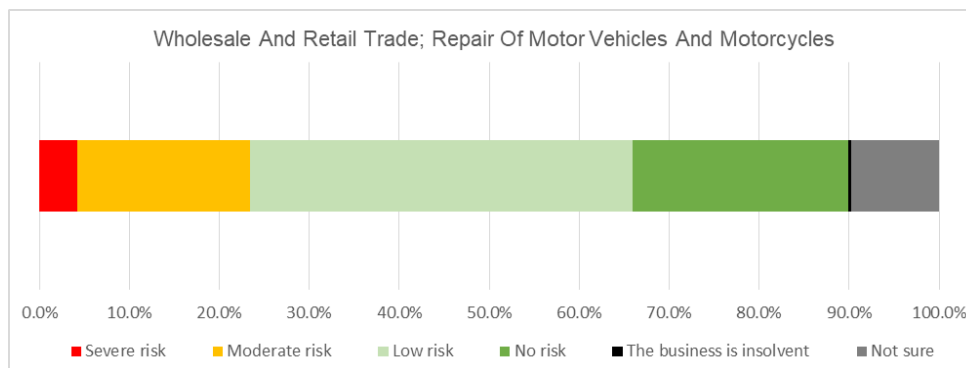
In terms of turnover, the automotive sector is performing well compared to other sectors having the highest % of businesses reporting an increase in turnover in the last 2 weeks (9%). However, this increase is likely due to the other 'retail sectors' included in the 'Wholesale and Retail Trade; Repair of Vehicles and Motorcycles' sector.

Cash flow



37% of automotive businesses said that their cash reserves would last more than 6 months. 6% of automotive businesses said that they either had no cash reserves or less than a month's worth, potentially putting 5,500 businesses at risk.

Risk of insolvency



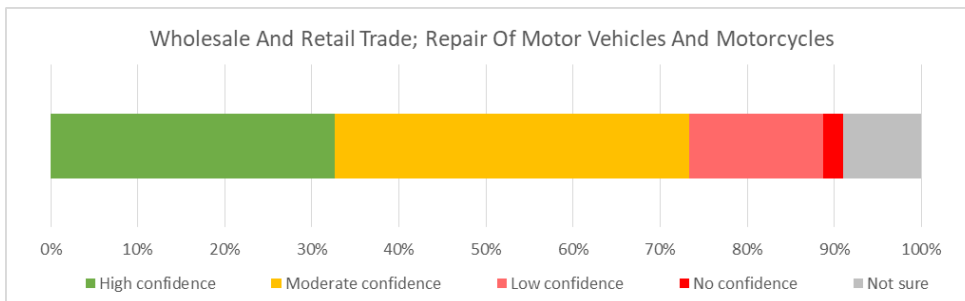
4% of automotive businesses stated that they are at severe risk of insolvency; this has decreased by 1% since last reporting. 19% of businesses are at a moderate risk of insolvency.

66% stated there was some risk of insolvency.

49% of
businesses in the sector stated that Covid-19 had increased the risk of insolvency to their business.

Business confidence

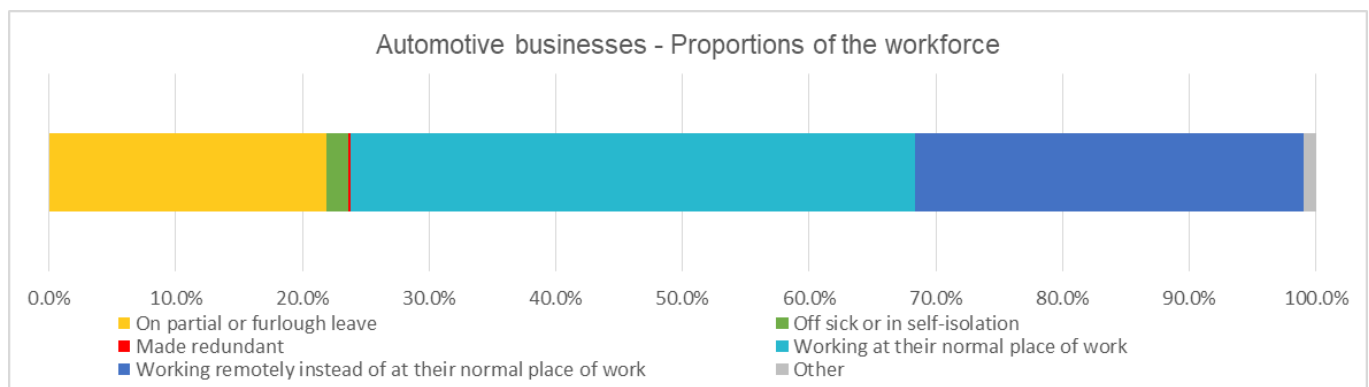
How much confidence does your business have that it will survive the next three months?



18% stated that they had low or no confidence that their business will survive the next 3 months; this is an increase of 4% since last reporting, potentially putting 16,000 businesses at risk.

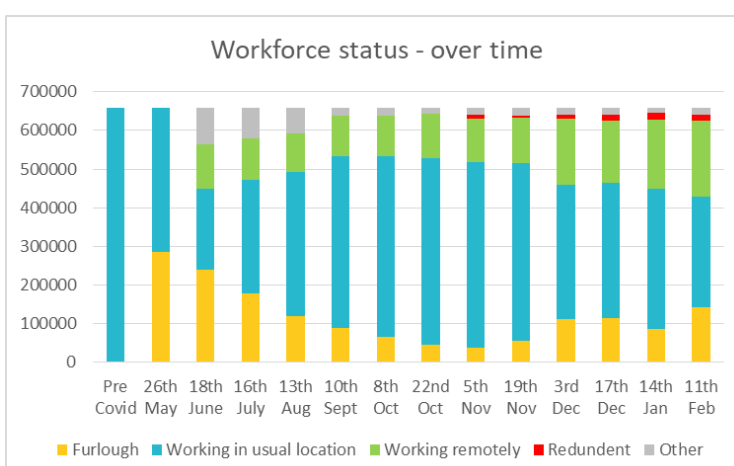
Workforce

Proportions



For automotive businesses still trading, 22% of the workforce are on partial leave or furlough. This proportion has increased by 9% since last reporting. Almost a third of the workforce are working remotely instead of at their normal place of work. 2% are on sick leave or in isolation.

Workforce over time

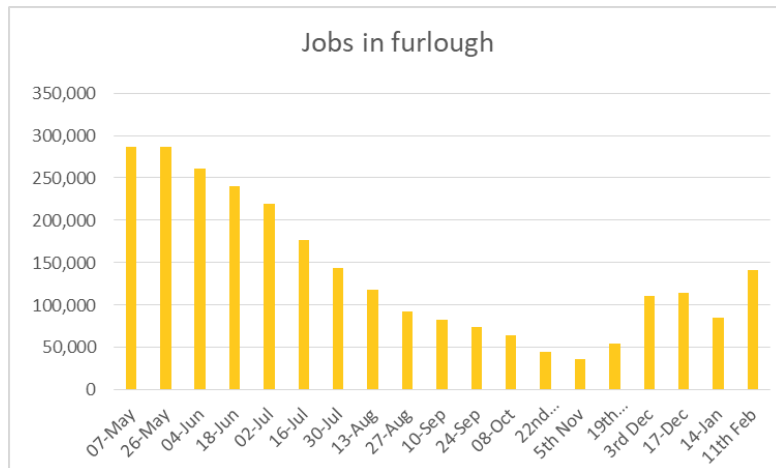


In the sector there are currently:

- 140,937 people on furlough.
- 196,926 people working remotely.
- 287,023 people working in their usual location.
- 16,453 redundancies.

Note: before June, remote working was not recorded.

Furlough



Since the beginning of November, the proportions of those on furlough has been increasing in line with the tightening of restrictions across the UK. The numbers on furlough are at similar levels to July 2020, but are significantly lower than at the peak of lockdown 1.0.

Redundancies

3.2%

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

Data

- ONS - Business impacts of COVID-19 data released 11th February 2020 [Data relates to the period 25th January to 7th February 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.

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.