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COVID-19 Automotive Landscape Report

Release 22

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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 22 incorporates the most recent ONS BIC data issued on the 6th July 2021.

For this release, the baseline sector numbers have been updated to 2020 figures.

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.

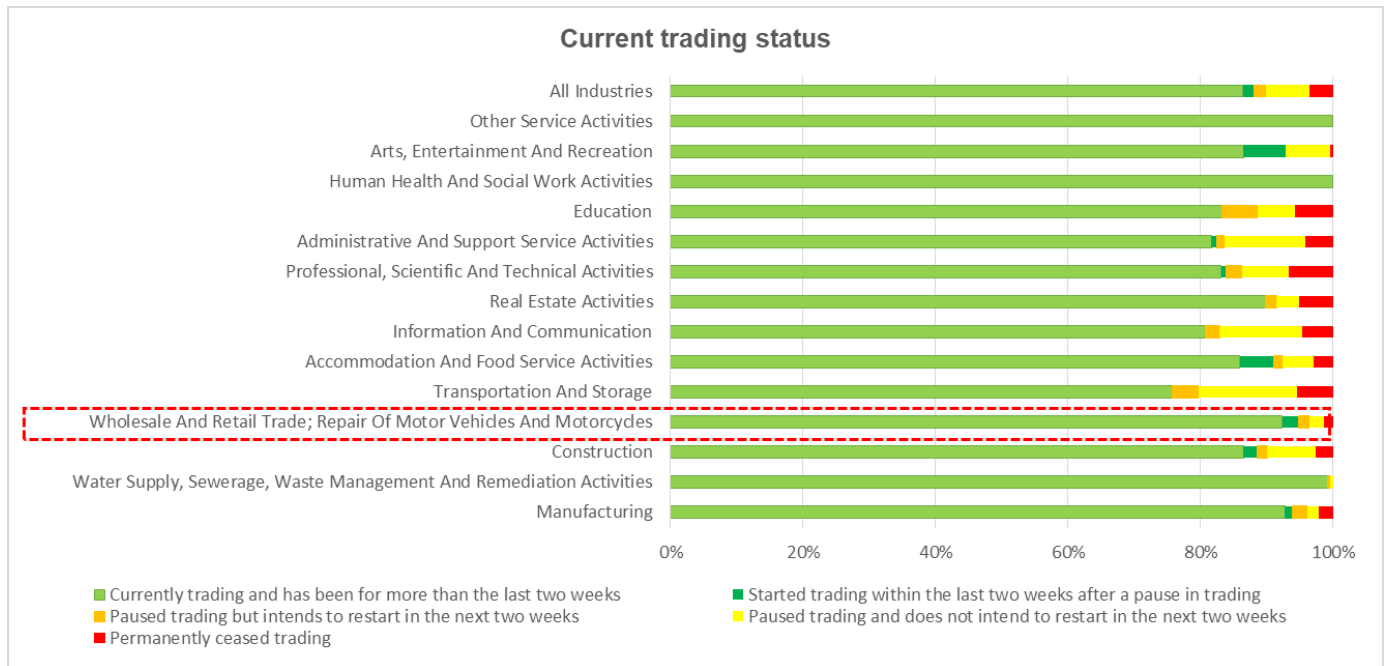
Summary

Key take away points

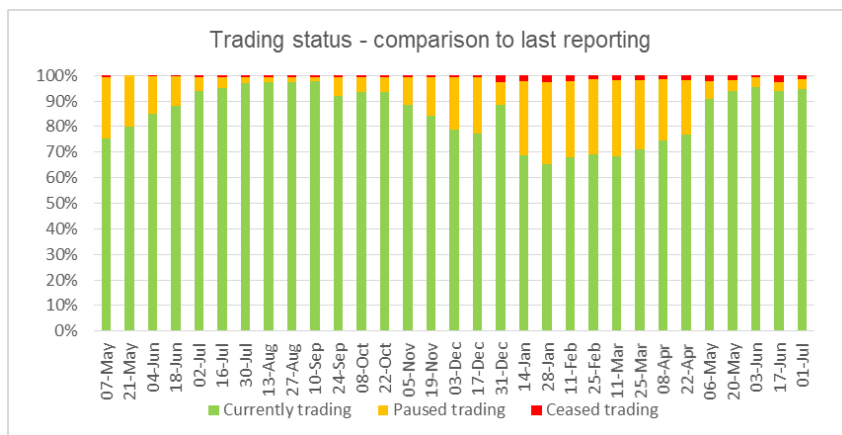
- The proportion of businesses open and trading has increased from 94% to 95%. Fortunately, the number of businesses reporting to have permanently ceased trading remains low at approximately 1%. This is also the case this reporting there being no reports of automotive businesses being insolvent
- In terms of turnover, indications are that the automotive sector continues to perform well compared to other sectors, having the highest % of businesses reporting an increase in turnover in the last 2 weeks (20%). 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.
- The proportion of those who said that their cash reserves would last more than 6 months has increased from 45% to 48%. However, business confidence has dropped this reporting with 11% stating that they had low or no confidence that their business will survive the next 3 months, this has increased by 5% since last reporting.
- The proportion of those on furlough continues to fall from 7% to 4%. The number is currently the lowest since the scheme was fully introduced at 23,600.
- 25% (171,100) of automotive workforces are still reporting to be primarily working from home. New questions included regarding business future thoughts on the homeworking model indicates that 19% of automotive businesses said that **they did intend** to use increased homeworking as a permanent business model going forward. The most popular reason given as to why, was improved staff wellbeing (87%), followed by increased productivity (47%). However, 58% of automotive businesses said that **they did not intend** to use increased homeworking as a permanent business model going forward. The most popular reasons given as to why were that they were not suitable for their business (78%), followed by reduced communication (24%), and negative impact on working culture (23%).

- Another new question was added to the survey asking about plans to reduce emissions, which included plans around EV. 4% of businesses in the UK are electrifying their vehicle fleet and 3% are installing charging points. A further 5% are planning electrifying their vehicle fleet in the next 12 months.

Economic Indicators



Trading

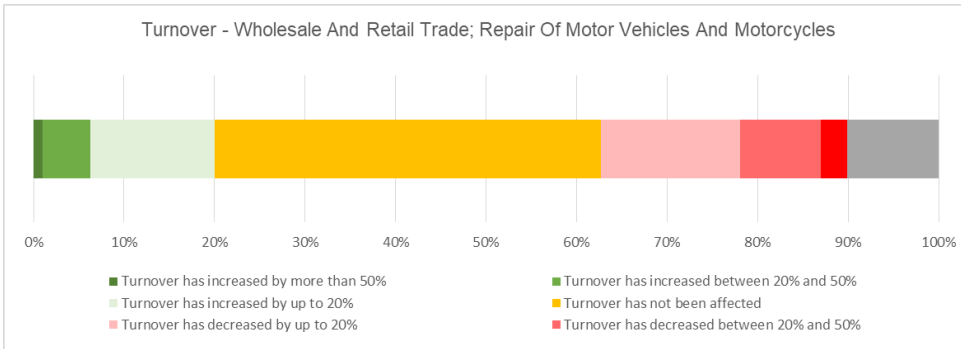


95% of automotive businesses are open and trading.

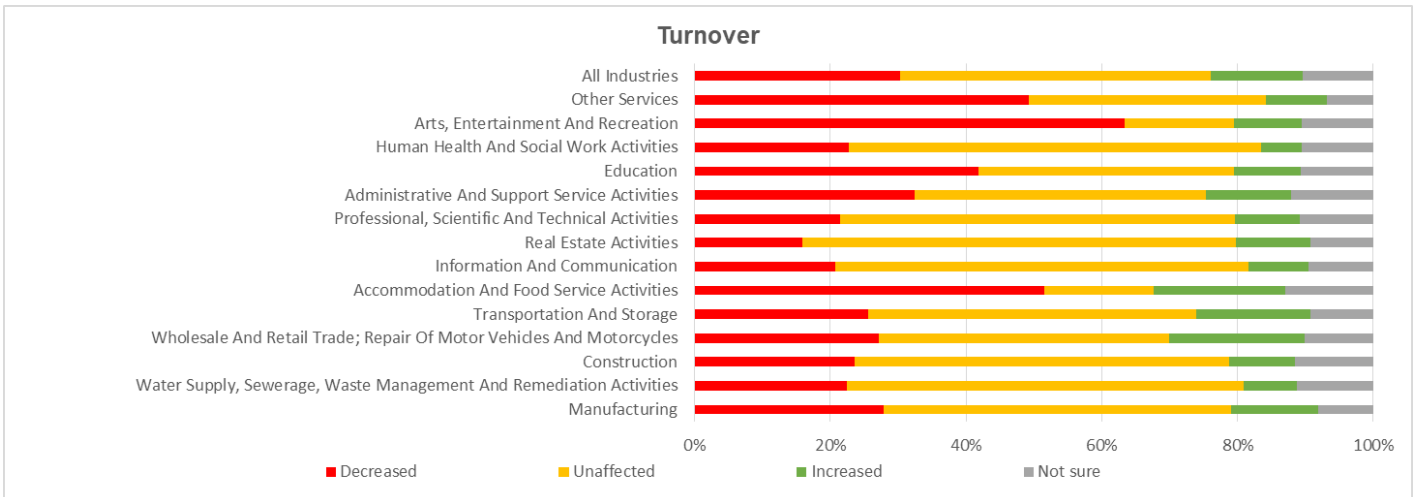
Unfortunately, it is being reported that 1% of businesses have permanently ceased trading - approximately 1,200 establishments. 4% of automotive businesses have temporarily closed or paused trading.

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?

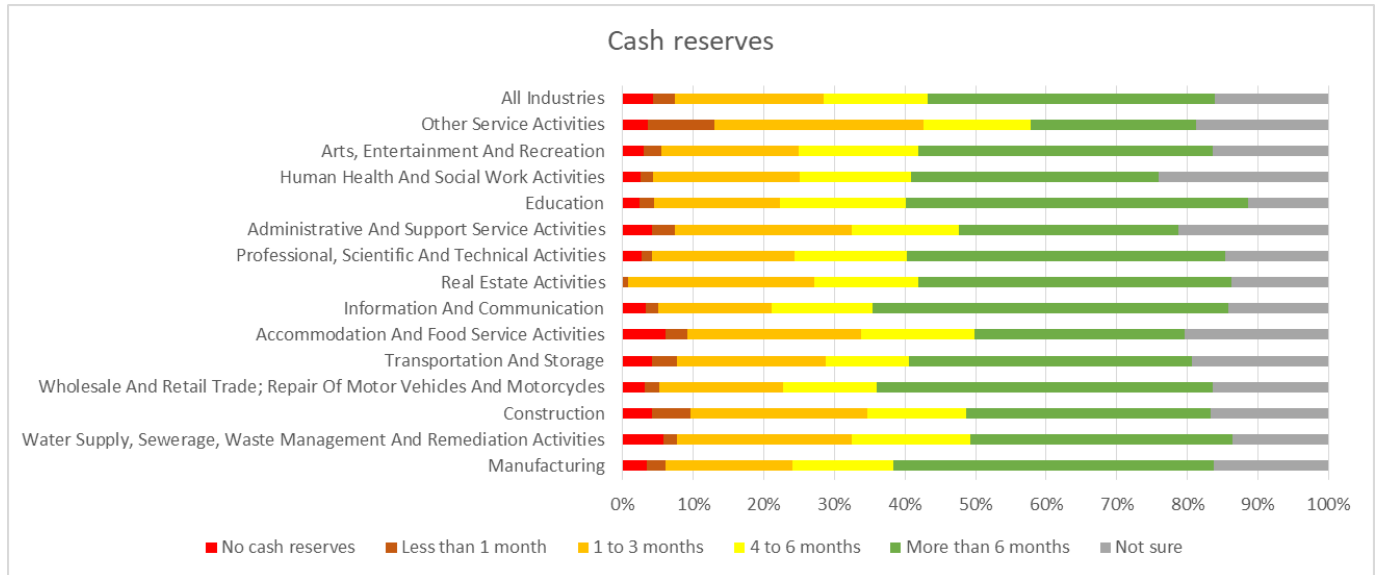


20% of automotive businesses trading are reporting an increase in turnover. 27% are reporting decreases in turnover of which 3% are reporting turnover decreases of more than 50%.



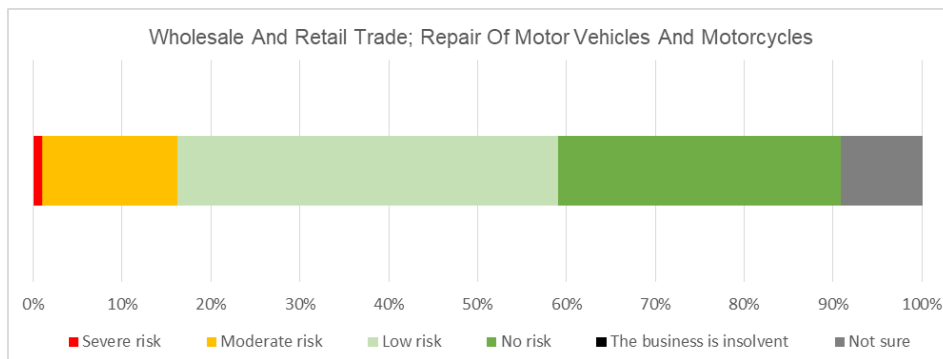
In terms of turnover, the automotive sector is performing well compared to other sectors, having the highest % of businesses reporting an increase in turnover in the last 2 weeks (20%). However, this increase is likely due to the other 'retail sectors' included in the 'Wholesale and Retail Trade; Repair of Vehicles and Motorcycles' sector such as supermarkets and online retailers such as Amazon.

Cash reserves



48% of automotive businesses said that their cash reserves would last more than 6 months. 5% of automotive businesses said that they either had no cash reserves or less than a months' worth.

Risk of insolvency

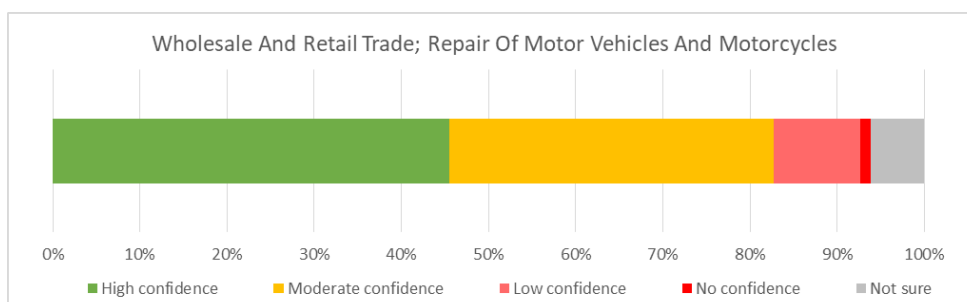


In this reporting there were no reports of automotive businesses being insolvent, however, 1% stated that they were at severe risk of insolvency.

59% stated there was some risk of insolvency.

Business confidence

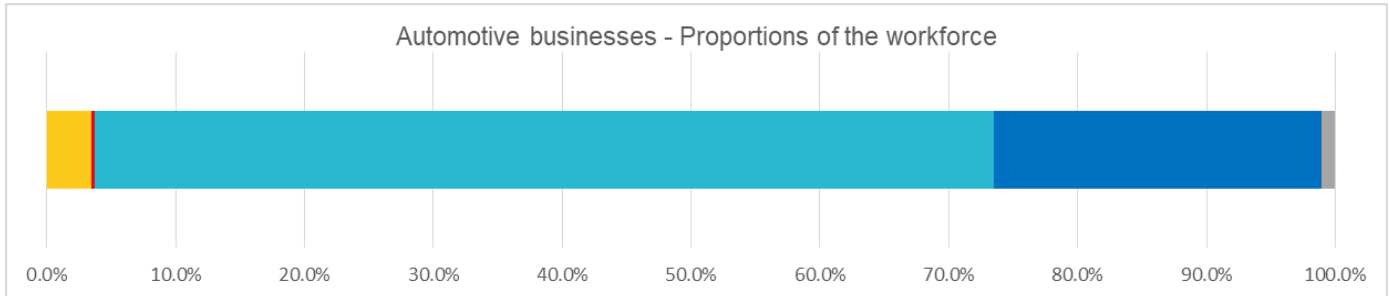
How much confidence does your business have that it will survive the next three months?



11% stated that they had low or no confidence that their business will survive the next 3 months. This has increased since last reporting by 5%.

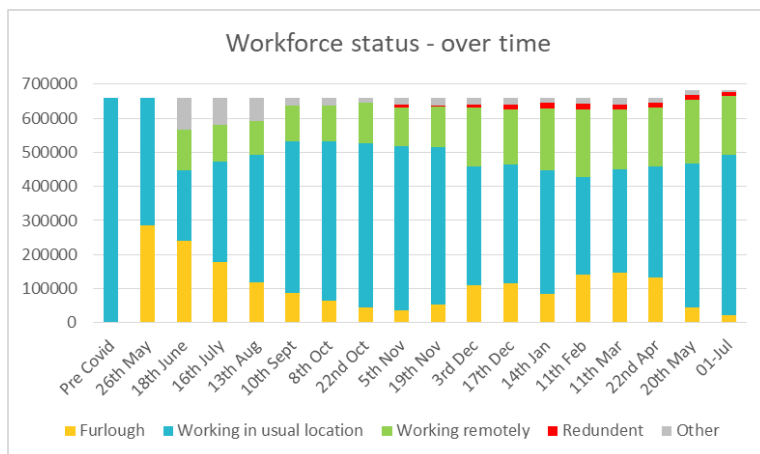
Workforce

Proportions



For automotive businesses still trading, 4% of the workforce are on partial leave or furlough. This proportion has decreased by 3% since last reporting. 25% of the workforce are working remotely instead of at their normal place of work.

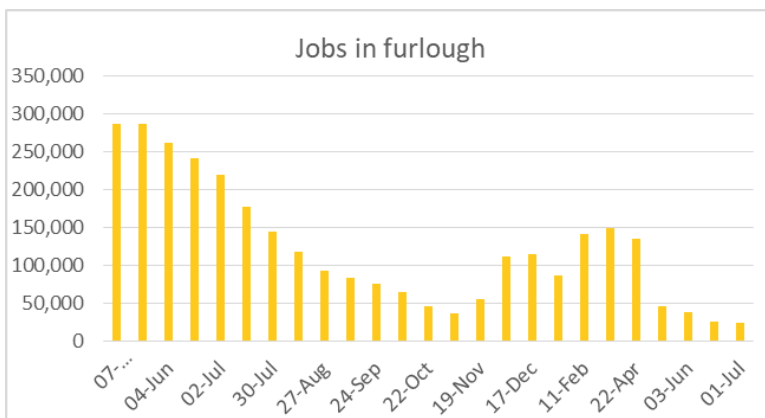
Workforce over time



In the sector there are currently:

- 23,600 jobs on furlough
- 171,100 jobs working remotely
- 470,300 jobs working in the usual location
- 10,200 redundancies

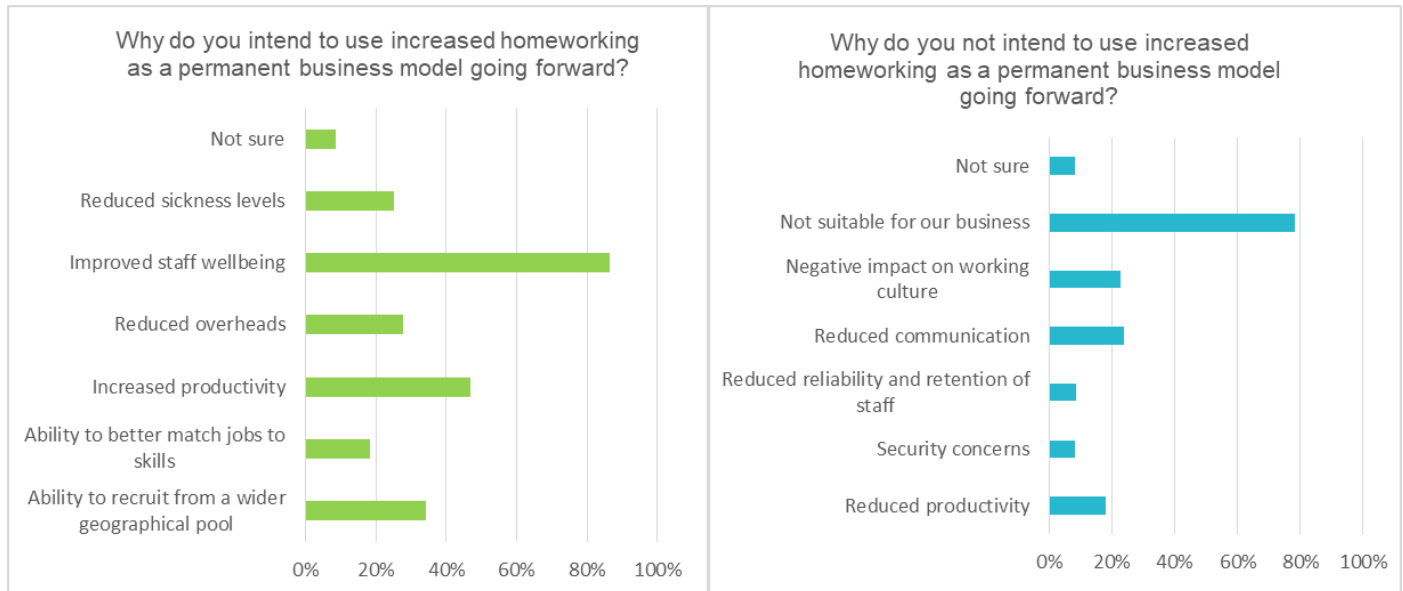
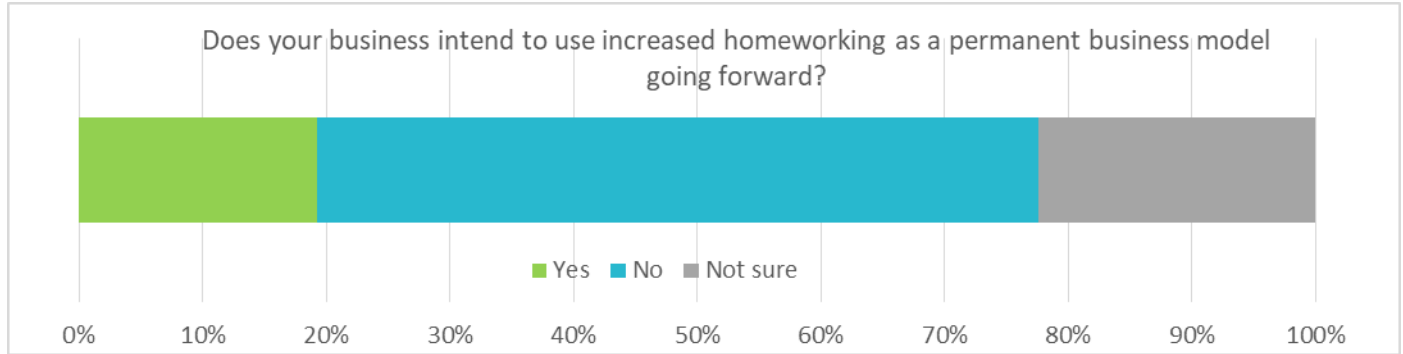
Furlough



The number of those on furlough in the sector continues to fall and is currently the lowest since reporting began at 23,600

Homeworking

25% (171,100) of automotive workforces are still reporting to be primarily working from home. The BIC survey has included a number of questions concerning business future thoughts on the homeworking model.

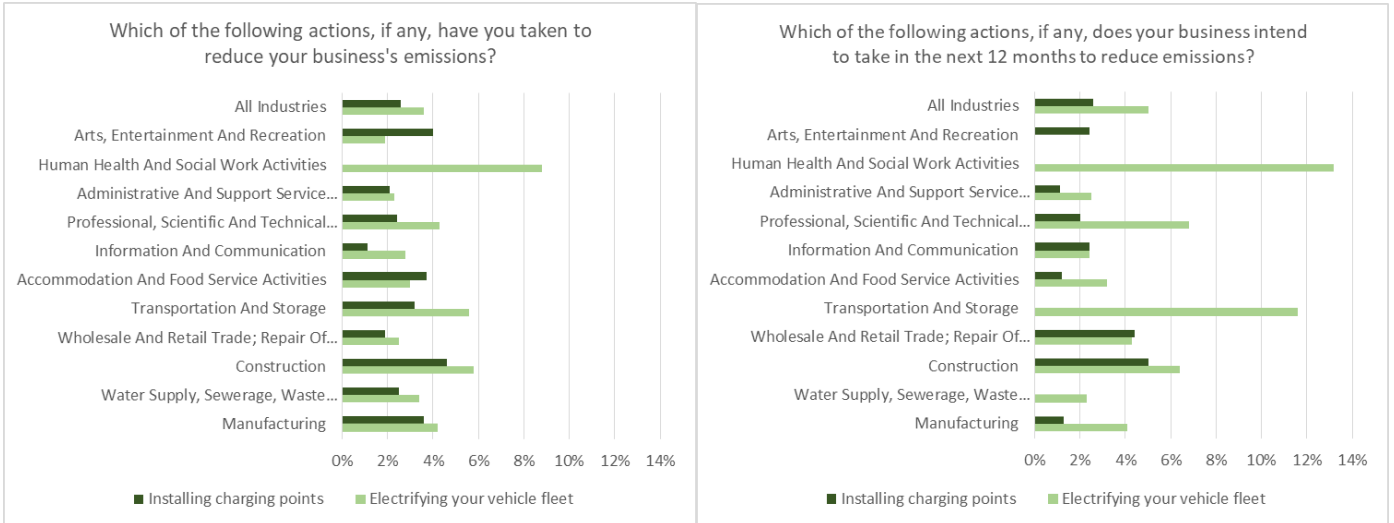


19% of automotive businesses said that they intended to use increased homeworking as a permanent business model going forward. The most popular reason given as to why, was improved staff wellbeing (87%), followed by increased productivity (47%).

58% of automotive businesses said that they did not intend to use increased homeworking as a permanent business model going forward. The most popular reasons given as to why were that they were not suitable for their business (78%), followed by reduced communication (24%), and negative impact on working culture (23%).

Net Zero

New question added to survey asking about plans to reduce emissions. The following are EV related.



4% of businesses in the UK are electrifying their vehicle fleet and 3% are installing charging points. A further 5% are planning electrifying their vehicle fleet in the next 12 months.

Data

- ONS - Business impacts of COVID-19 data released 1st July [Data relates to the period 14 to 27 June 2021].
- EMSI 2021.1 data [All data sourced from EMSI UK Analyst and Career information taken from EMSI occupation data].