



INSTITUTE
OF THE MOTOR
INDUSTRY



COVID-19 Automotive Landscape Report

Release 19



+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 19 incorporates the most recent ONS BIC data issued on the 11th March.

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

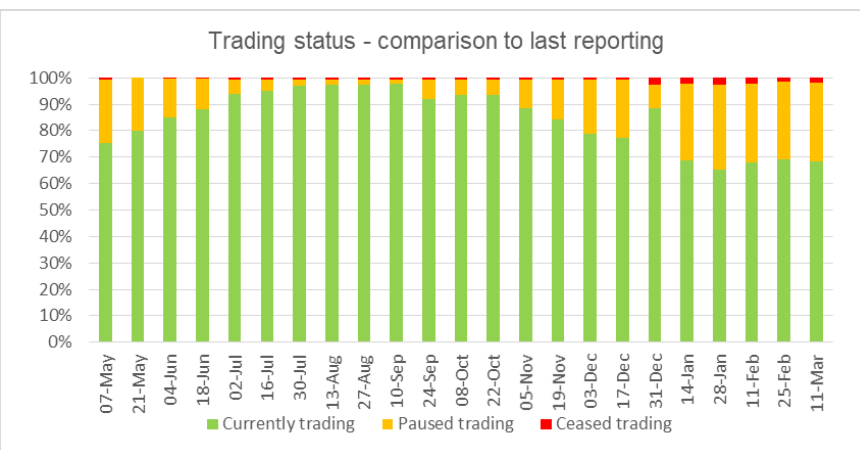
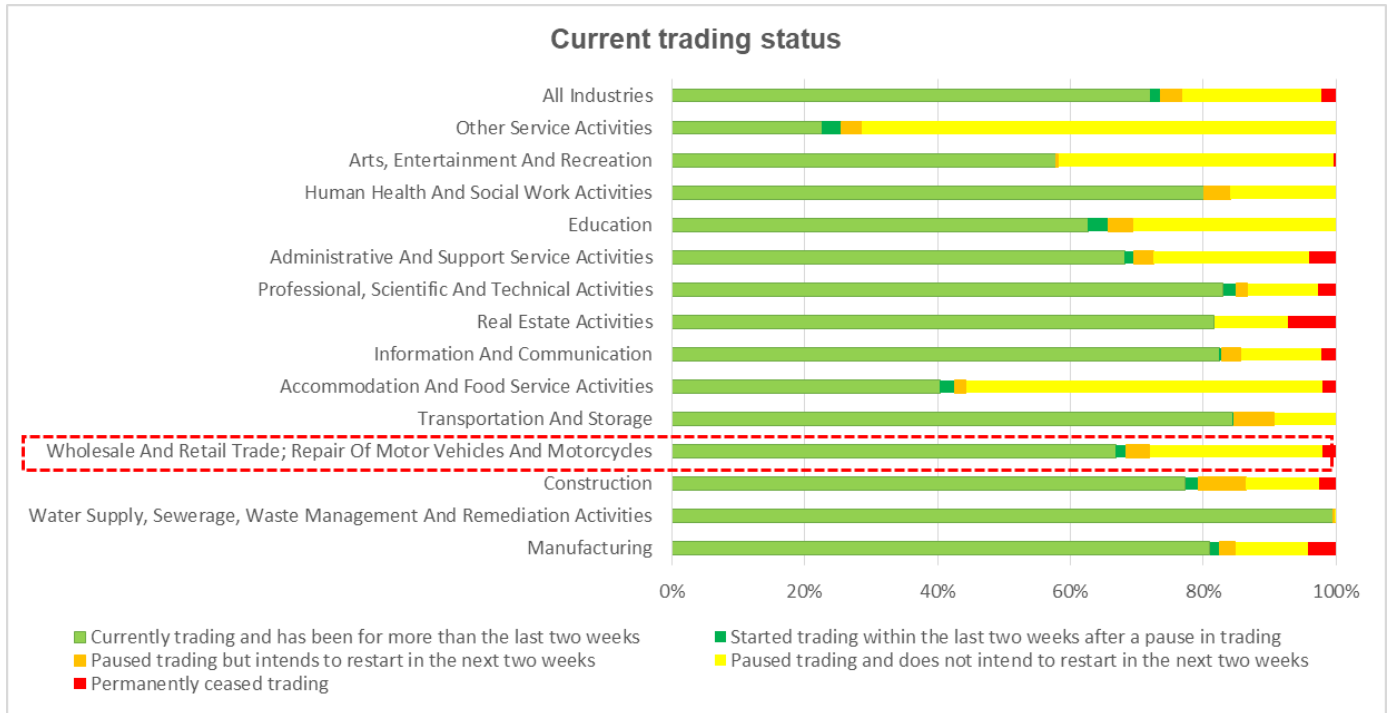
Key take away points

As the first stage on the roadmap to returning from lockdown 3.0 did not change the restrictions placed on the sector, it is probably not surprising that outcomes of the business impact analysis show that there has been little change since last reporting. However, there some signs of some very small green shoots recovery:

- There has been a reduction in the proportion of automotive businesses trading which are reporting a decrease in turnover from 52% to 46%. Also, the proportion that reported their turnover had decreased by more than 50% has also fallen from 12% to 10%.
- The proportion of those who said that their cash reserves would last more than 6 months has increased from 37% to 41%.
- 2% of automotive businesses stated that they are at severe risk of insolvency; this has decreased by 2% since last reporting. 13% stated that they had low or no confidence that their business will survive the next 3 months; this is a decrease of 5% since last reporting, indicating more confidence in a bounce back.
- 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.
- The numbers returning to their usual place of work has increased by 5% in the last reporting and currently 46% 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 3.2% to 2.1%.
- 30% of automotive businesses have temporarily closed or paused trading. Unfortunately, it is being reported that 2% of businesses have permanently ceased trading, which is approximately 1,900 establishments. This remains reflective of last reporting.

Economic Indicators

Trading

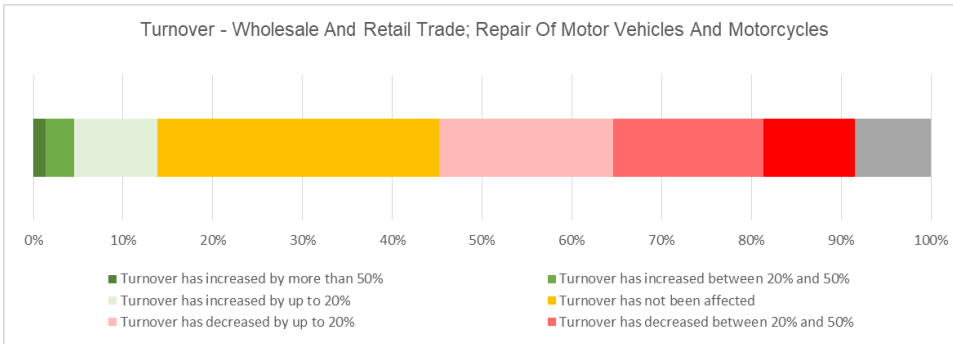


68% of automotive businesses are open and trading. For the past 3 waves (8 weeks) the proportion of businesses open and trading has remained at similar levels as lockdown 3.0 restrictions remain in place.

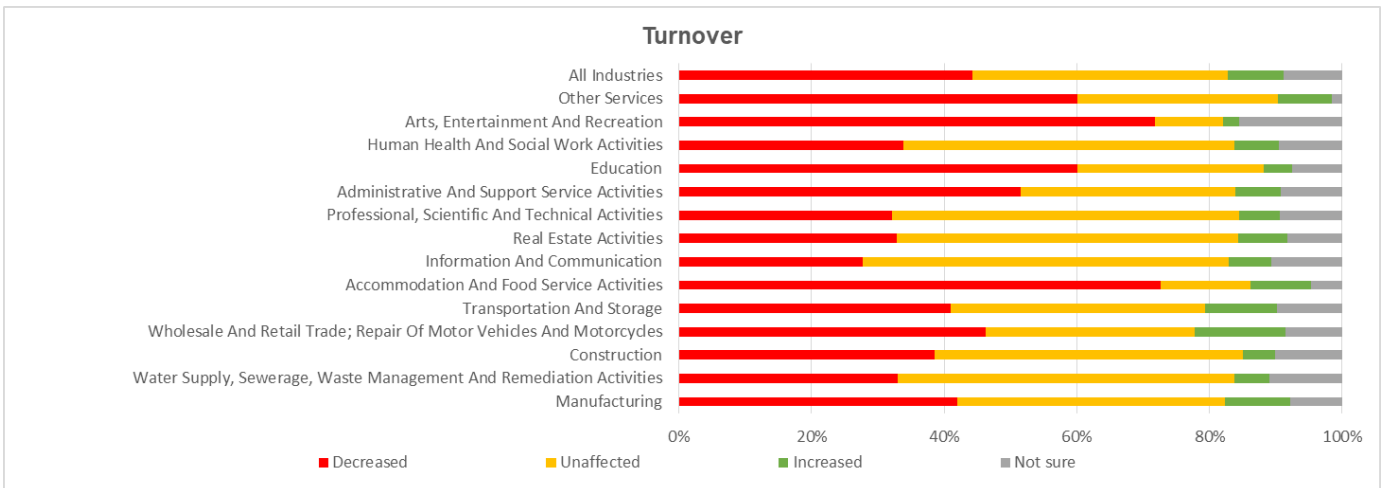
Unfortunately, it is being reported that 2% of businesses have permanently ceased trading - approximately 1,900 establishments. 30% of automotive businesses have temporarily closed or paused trading.

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?

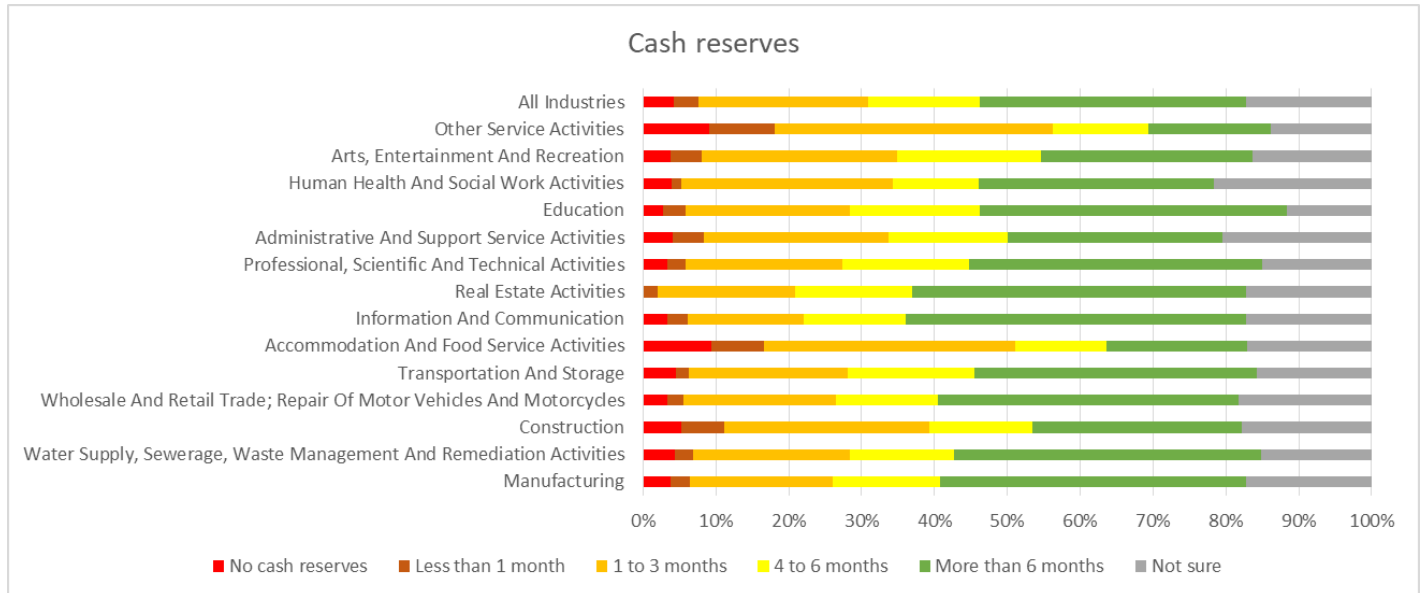


46% of automotive businesses trading are reporting a decrease in turnover. 10% of which are reporting turnover decreases of more than 50%.



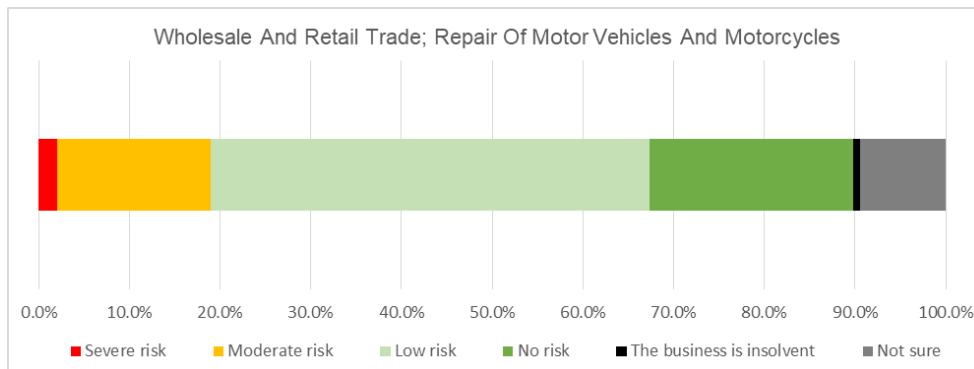
In terms of turnover, the automotive sector is performing well compared to other sectors having the highest % of businesses reporting an increase in turnover in the last 2 weeks (10%). However, this increase is likely due to the other 'retail sectors' included in the 'Wholesale and Retail Trade; Repair of Vehicles and Motorcycles' sector such as supermarkets and online retailers such as Amazon.

Cash reserves



41% 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 5,200 businesses at risk.

Risk of insolvency

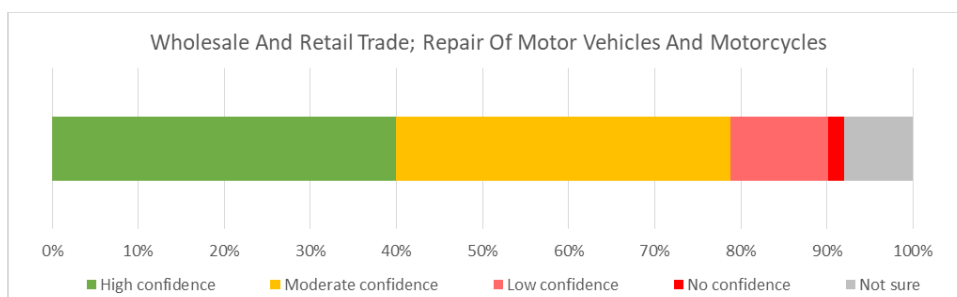


2% of automotive businesses stated that they are at severe risk of insolvency; this has decreased by 2% since last reporting. 1% dated that they were already insolvent.

68% stated there was some risk of insolvency.

Business confidence

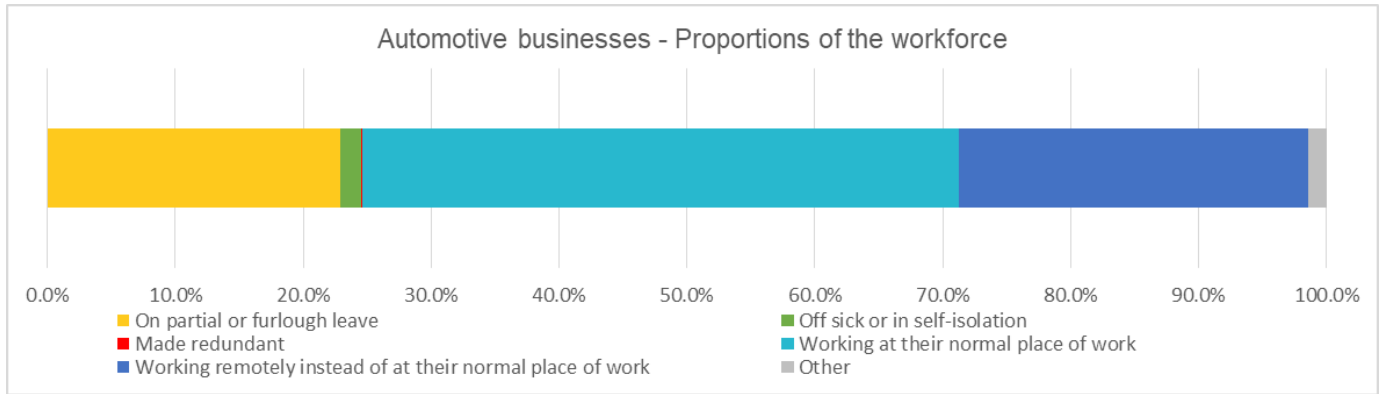
How much confidence does your business have that it will survive the next three months?



13% stated that they had low or no confidence that their business will survive the next 3 months; this is a decrease of 5% since last reporting, indicating more confidence in a bounce back.

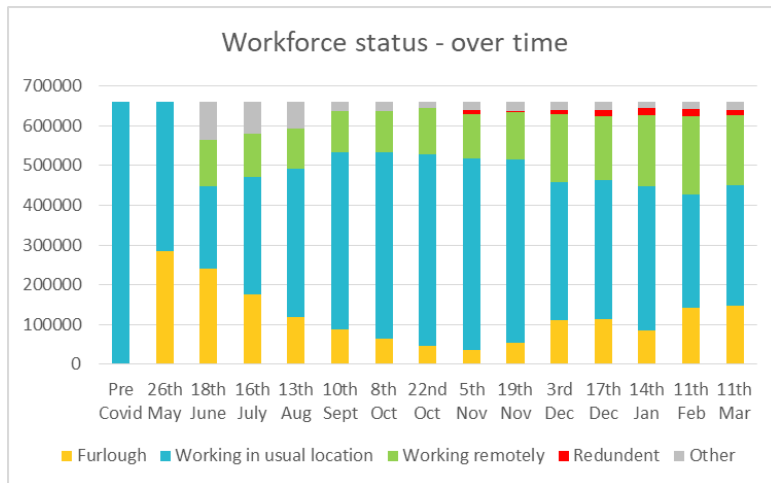
Workforce

Proportions



For automotive businesses still trading, 23% of the workforce are on partial leave or furlough. This proportion has increased by 1% since last reporting. 27% 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

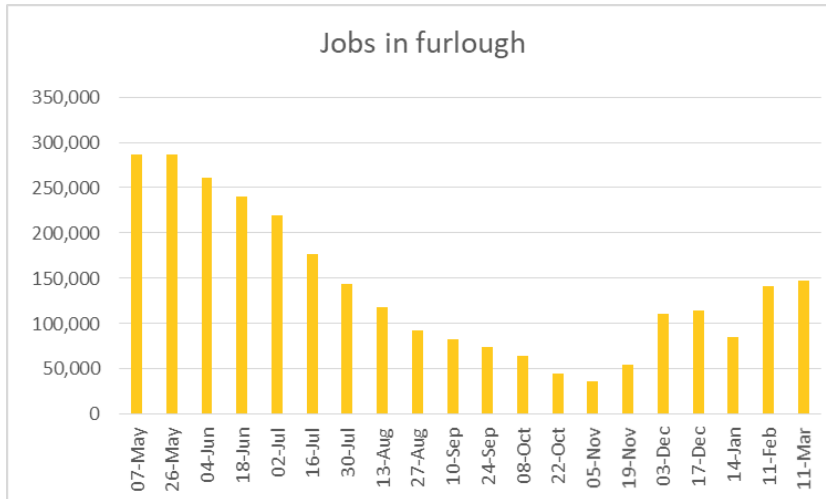


In the sector there are currently:

- 147,997 people on furlough.
- 176,409 people working remotely
- 301,709 people working in their usual location.
- 13,833 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

2.1%

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

Data

- ONS - Business impacts of COVID-19 data released 11th March 2021 [Data relates to the period 22nd February – 7th March 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 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.