



INSTITUTE
OF THE MOTOR
INDUSTRY



COVID-19 Automotive Landscape Report

Release 4



+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 4 incorporates the most recent ONS BIC release dated 18th June.

Summary of findings

The green shoots recovery continue to grow as the industry returns to work:

- 88% of automotive businesses are trading. This has increased each reporting period for the past 8 weeks as the sector attempts to reopen.
- 5.9% of businesses have reopened in the past 2 weeks. This equates to approx. 5,500 businesses, with a further 6.2% (5,900) planning to reopen in the next 2 weeks. This could see 94% of the sector opening and trading in the next 2 weeks.
- The percentage of businesses reporting a decrease in turnover of more than 50% has fallen for the second reporting period. This time by 5%.
- In terms of turnover, the automotive sector is performing well compared to other sectors, having one of the lowest proportions reporting a decrease in turnover in the last 2 weeks and one of the highest increases in turnover.
- 31% of automotive business said that their cash reserves would last more than 6 months. This has increased by 2% since last reporting.
- Approximately 44,000 jobs have returned to work from furlough in the past 2 weeks, with an additional 13,000 planned in the next 2 weeks.
- Less than 1% of businesses are reporting redundancies indicating that government schemes are assisting businesses to retain staff in the short-term.

Returning to work:

- 12,000 jobs have returned from working remotely to the usual working location in the past 2 weeks.
- 94% of businesses returning to work will be introducing social distancing measures.
- 28% will be introducing temperature checks and 4% will be implementing routine COVID-19 testing.

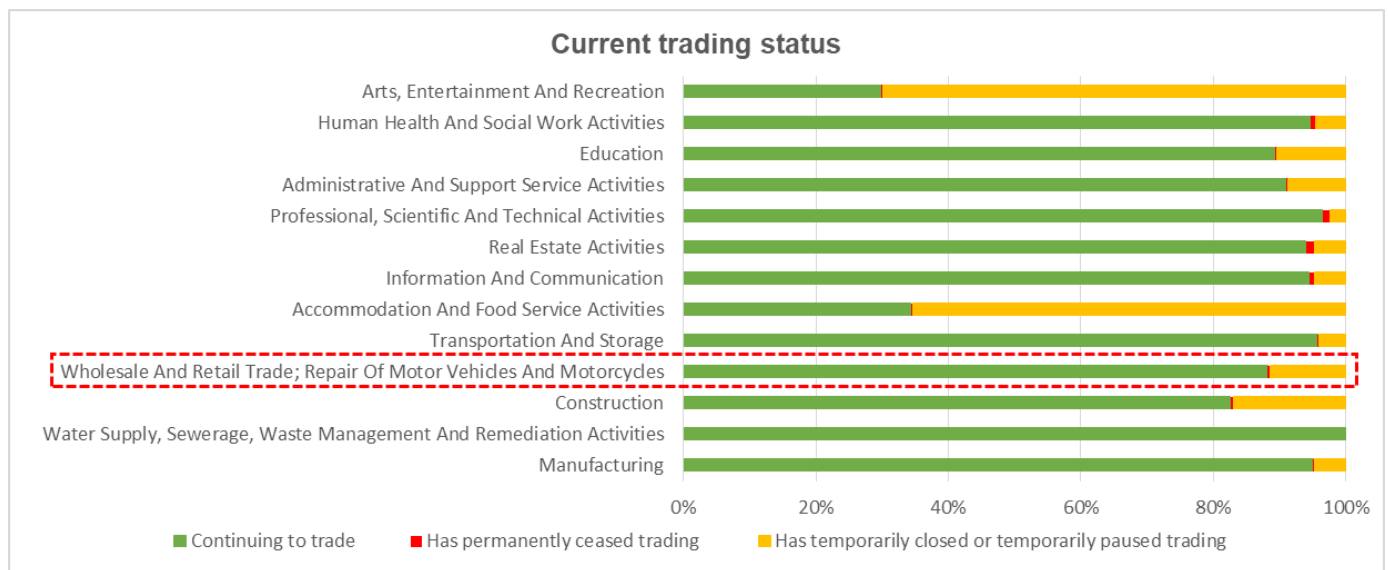
Significant challenges still remain:

- Approximately 240,000 jobs are on furlough.
- Although this has reduced, 28% of automotive businesses who are continuing to trade are reporting turnover has decreased by more than 50%.
- 6.3% of automotive business said that they either had no cash reserves or less than a month, potentially putting 5,300 businesses at risk.
- Approximately 8,500 businesses have received financial assistance from banks or building societies, 80% of which stated that this assistance helped them continue to trade.
- 81% of automotive businesses have accessed the coronavirus job retention scheme.

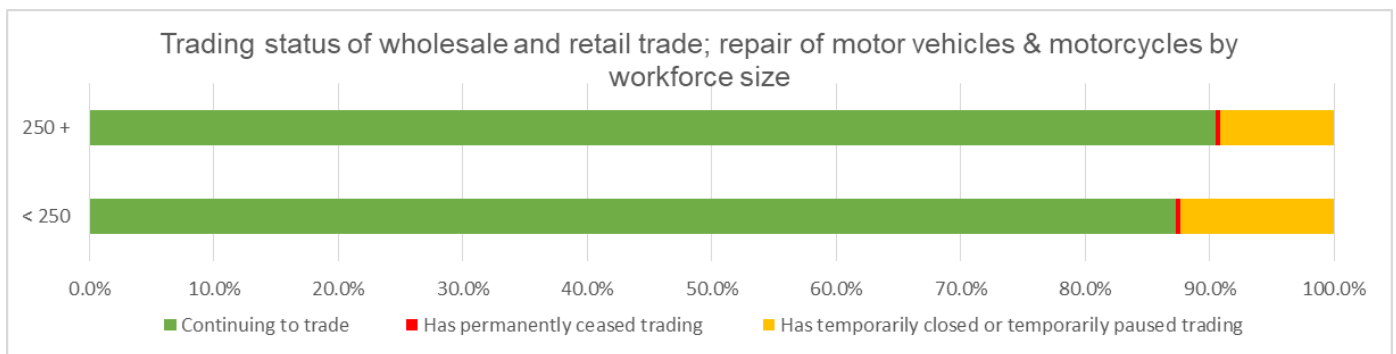
Economic Indicators

The following uses the most recent issue (18th June) 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 effected in the automotive sector, using data from the IMI baseline report 2019.

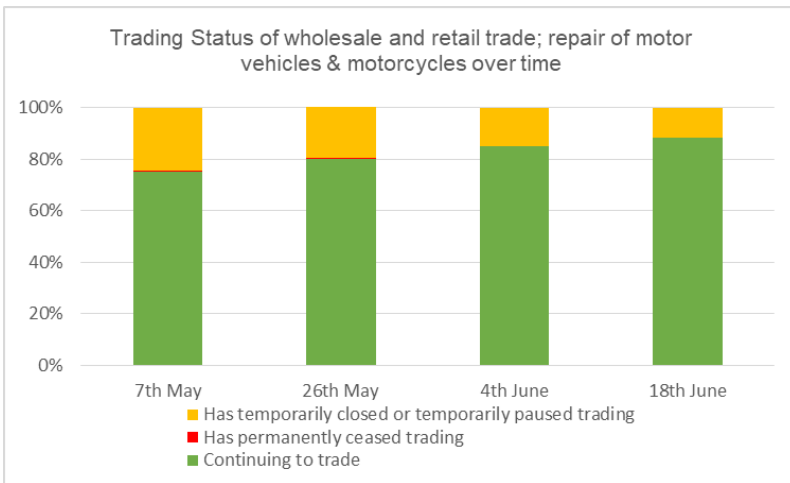
Trading



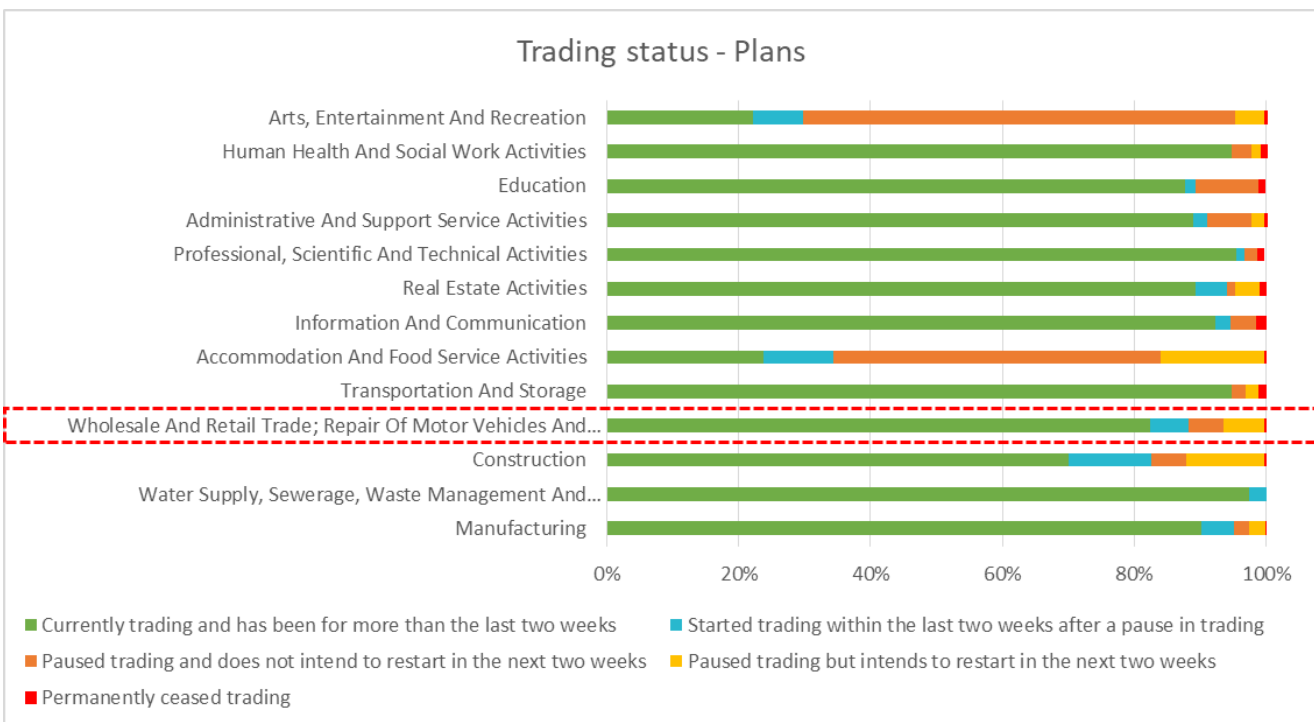
12% of automotive businesses have temporarily closed or paused trading; this equates to approximately 11,000 businesses and 71,000 jobs.



Analysis shows that larger organisations have been able to remain trading. 9.2% of organisations with a workforce of greater than 250 are still temporarily closed compared with 12.4% of those with a workforce of less than 250.



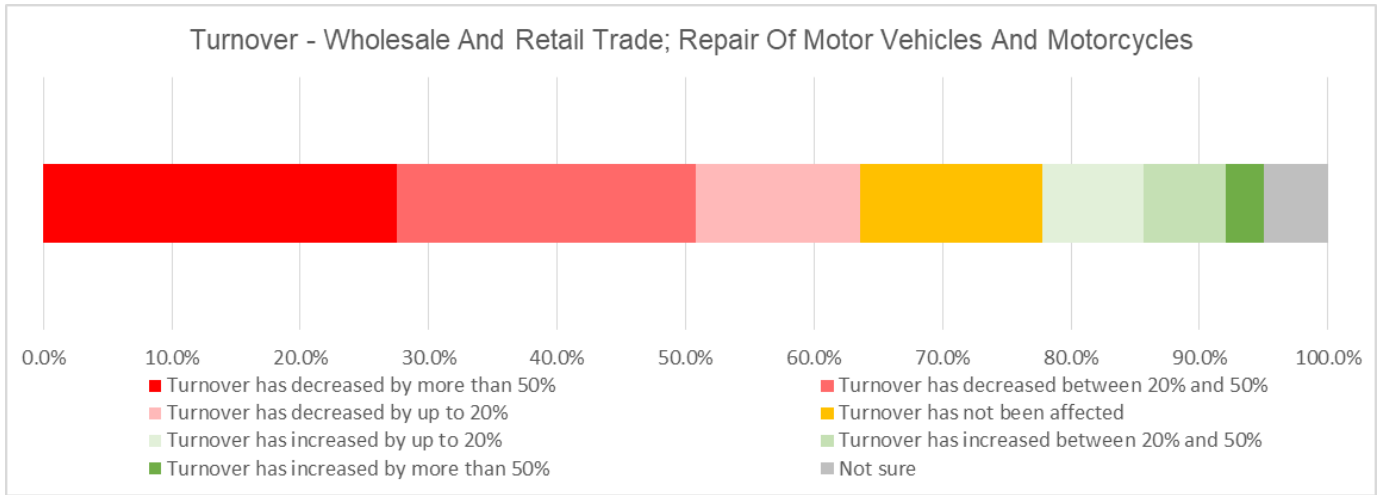
The number of business which have temporarily paused trading has fallen from 15% reported at the last BIC release to 12% as more establishments attempt to reopen.



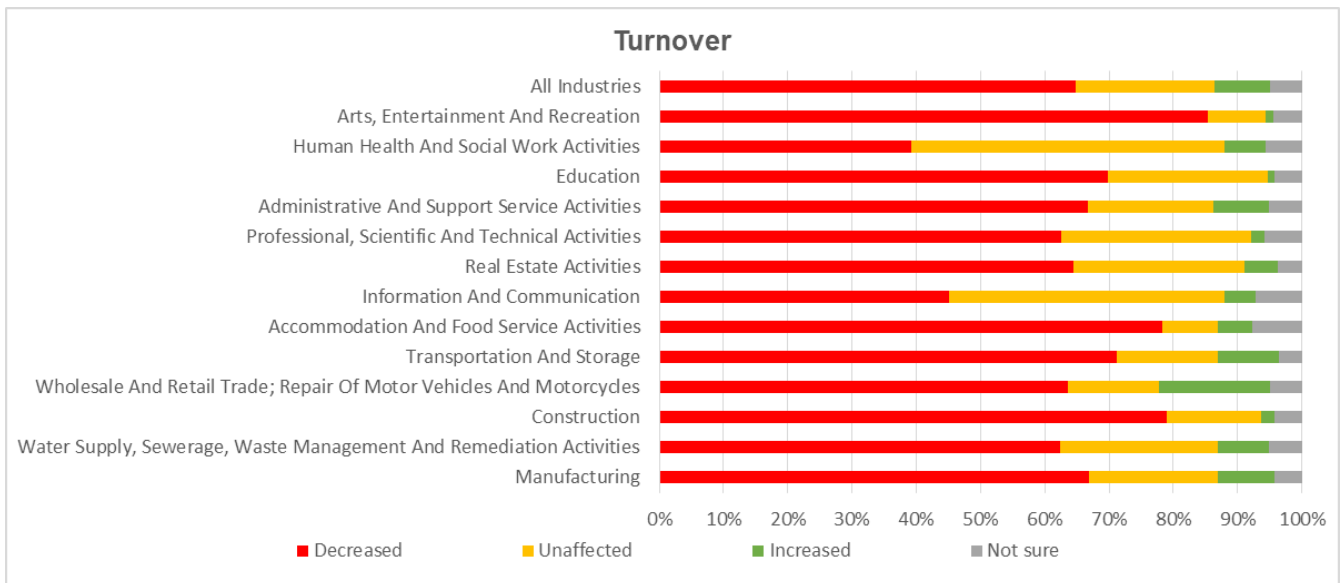
5.9% of businesses have reopened in the past 2 weeks. This equates to approx. 5,500 businesses. A further 6.2% (5,900) are planning to reopen in the next 2 weeks. If these plans succeed, 94% of the sector will be open and trading in the next 2 weeks.

The percentage of businesses who have permanently ceased trading is 0.3% which equates to approximately 300 businesses.

Turnover

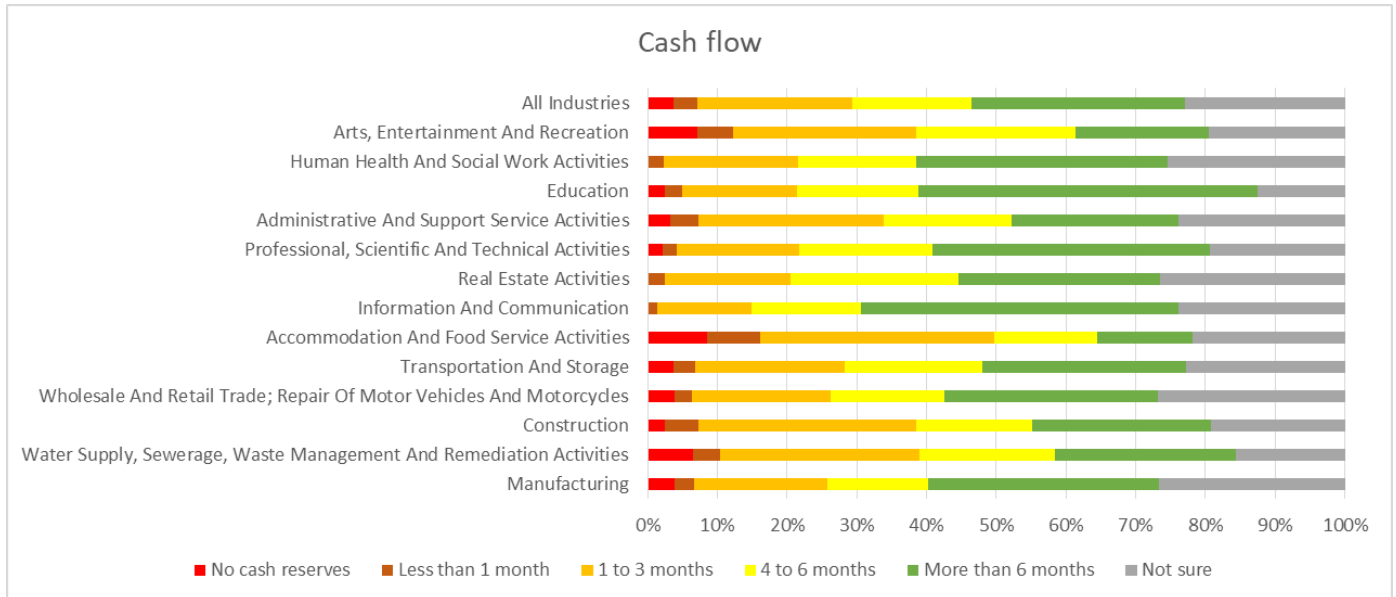


- 28% of automotive businesses who are continuing to trade are reporting turnover has decreased by more than 50%. This has decreased by 5% since last reporting.
- 64% of automotive businesses trading are reporting a decrease in turnover. This is the same level as last reporting.



In terms of turnover, the automotive sector is performing well compared to other sectors, having one of the lowest % reporting a decrease in the last 2 weeks and one of the highest increases in turnover.

Cash flow

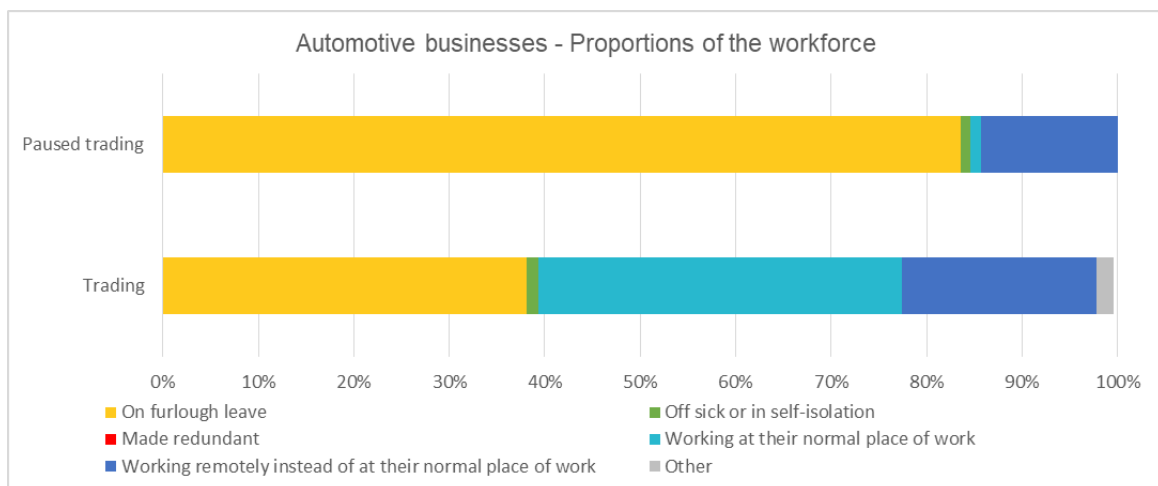


Businesses were asked “How long do you think your enterprise's cash reserves will last?”.

- 31% of automotive business said that their cash reserves would last more than 6 months. This has increased by 2% since last reporting.
- 6.3% of automotive business said that they either had no cash reserves or less than a month, potentially putting 5,300 businesses at risk.
- In terms of cash flow, automotive businesses compare similarly to the all industry average.

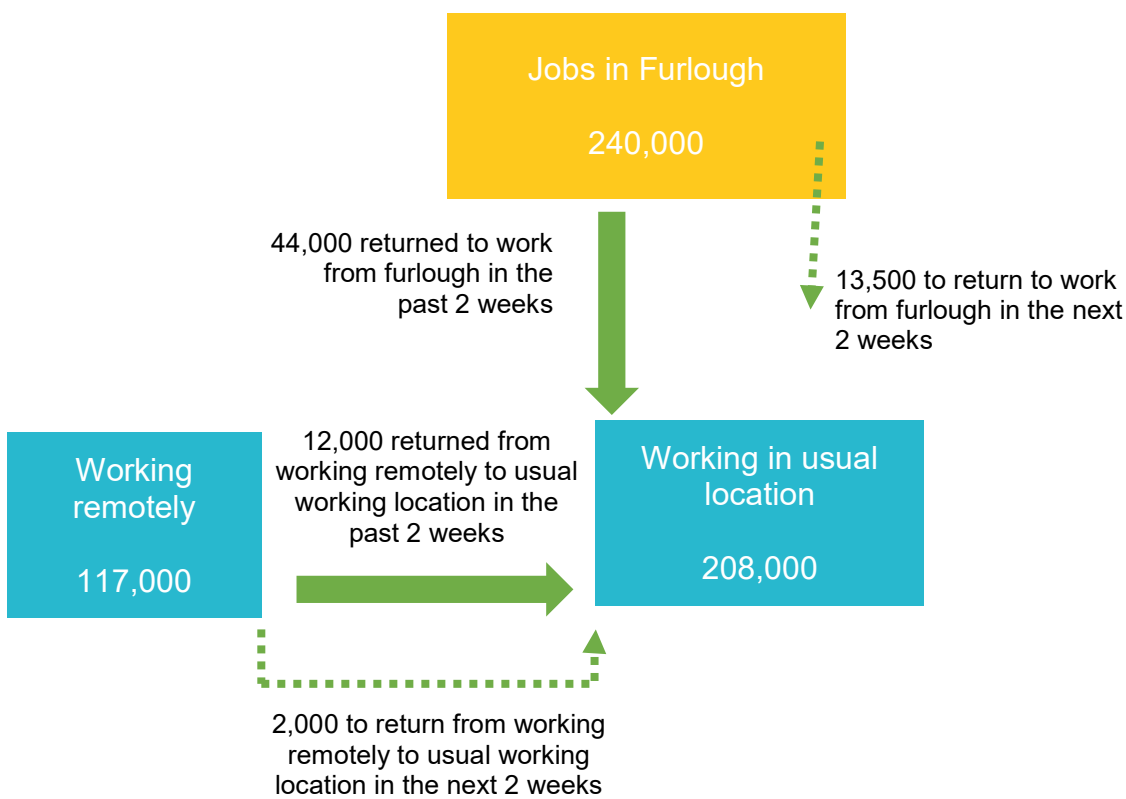
Emerging from lockdown

Workforce

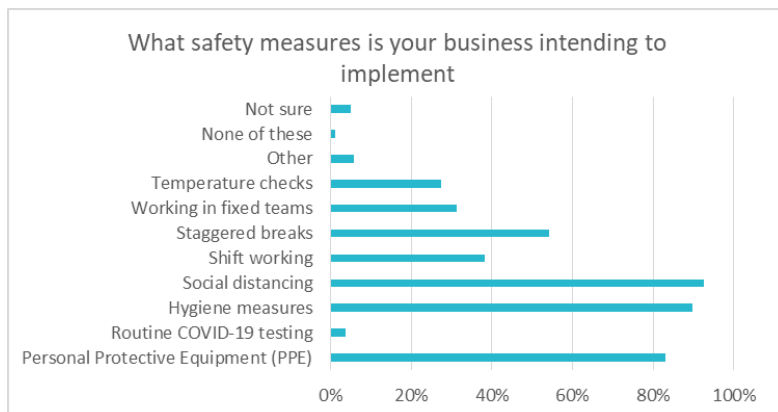


- For automotive businesses still trading, 38% of the workforce are on furlough which is approximately 208,000 jobs.
- 84% of the workforce of those businesses that have paused trading are on furlough. This is approximately 32,000 jobs.
- 7,000 are on sick or in isolation (1%).
- 59% of the automotive trading businesses are working as normal.
- Numbers of redundancies remain extremely low - under 1%.

Furlough



Returning to work

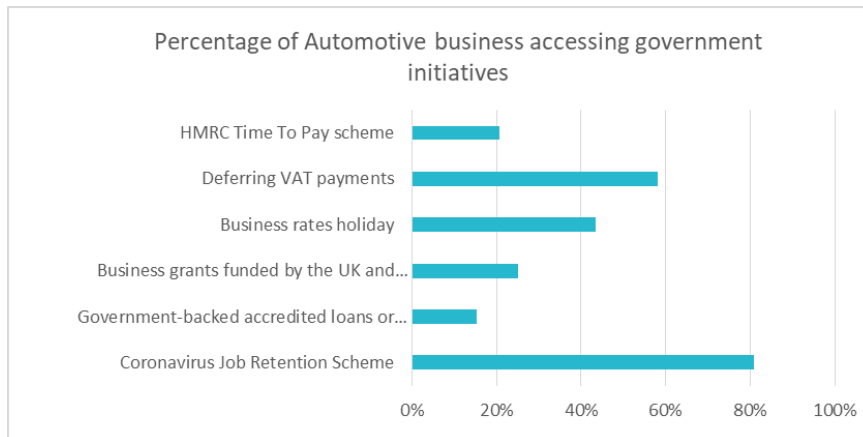


- 93% of businesses returning to work will be introducing social distancing measures.
- 83% will be introducing the wearing of personal protective equipment.
- 27.5% will be introducing temperature checks.
- 3.6% will be implementing routine COVID-19 testing.

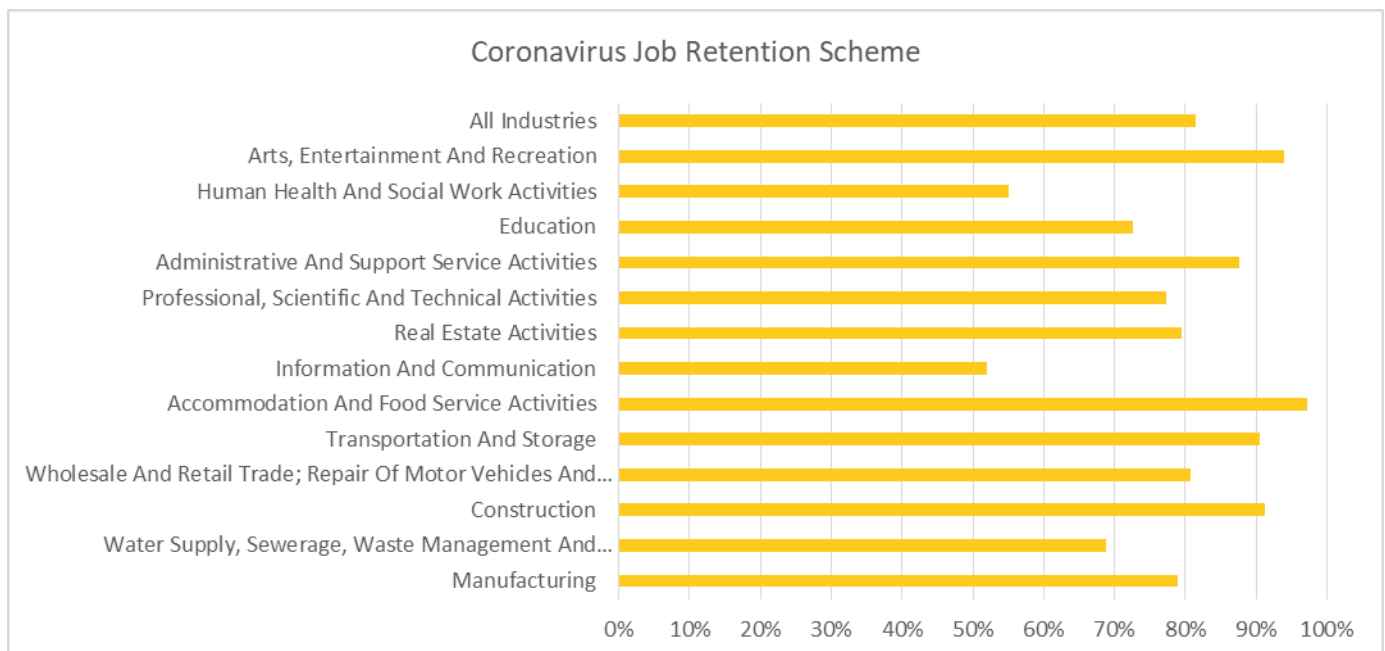
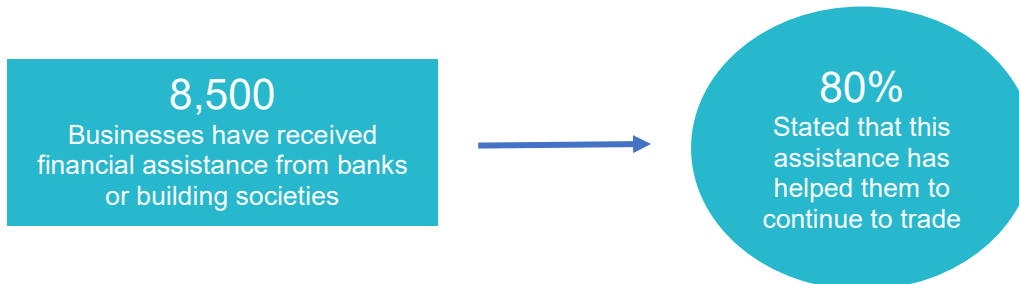
Percentage of surveyed businesses who have not permanently stopped trading

Government Schemes and Assistance

Government Schemes



- The most popular initiative that automotive businesses have accessed during COVID-19 is the job retention scheme (furlough) at 81% engagement. This has increased by a further 1% since last reporting.
- 58% have deferred VAT payments and 44% have taken business rates holidays.



- 81% 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.



Data Sources

- ONS - Business impacts of COVID-19 data released 18th June 2020 [Data relates to the period 18 May 2020 to 31 May 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.