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COVID-19 Automotive Landscape Report

Release 23

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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 23 incorporates the most recent ONS BIC data issued on the 26th August 2021.

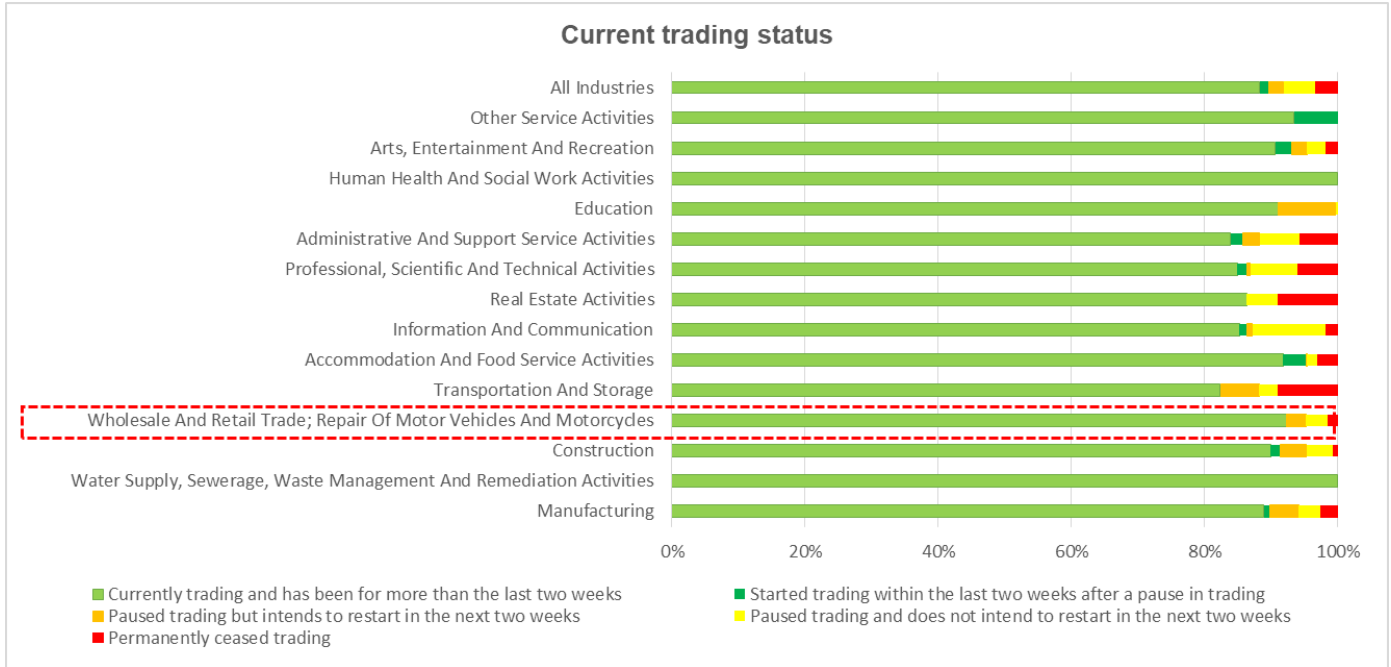
Please note that throughout this report, 'Wholesale and Retail Trade; Repair of Vehicles and Motorcycles' is the nearest proxy to represent the automotive sector. However, the data used for this report does include other sectors which may not be strictly automotive, and it is likely that other 'retail sectors' may have effected some measures disproportionately.

Summary

Key take away points

- The proportion of businesses open and trading is 92%. The number of businesses reporting to have permanently ceased trading remains low at approximately 2%.
- 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 (12%). However, in the education (private sector and higher education businesses only) industry, 54% of businesses reported experiencing a decrease in turnover in the last two weeks compared with normal levels for this time of year, in early August 2021. This has increased from 31% in early April 2021
- Business confidence has significantly improved since last report with just 3% stated that they had low or no confidence that their business will survive the next 3 months. This has decreased since last reporting by 8%.
- The proportion of those on furlough remains at 4%. The proportion returning to their usual place of working has increased from 69% to 72%. 17% of the workforce are working remotely instead of at their normal place of work this has fallen by 8% since last reporting.
- More than half of automotive businesses expect more than 75% of their workforce to return to their normal place of work.
- 2% of automotive businesses stated that they expect to make redundancies in the next 3 months. This is the third highest amount of all the sectors.

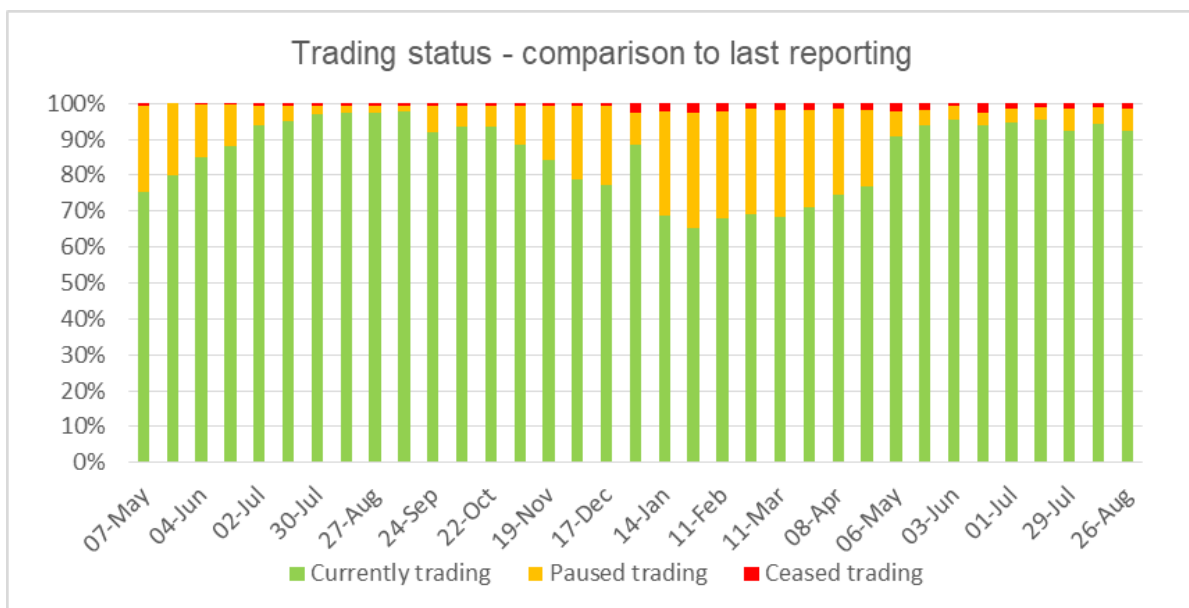
Economic Indicators



92% of automotive businesses are open and trading.

The transportation and storage industry had the lowest percentage of businesses currently trading in mid-August 2021, at 82%. The high percentage of paused and not permanently ceased traders is partly driven by the freight transport by road industry and the unlicensed carriers industry. It has been reported that this industry has been experiencing a shortage of lorry drivers.

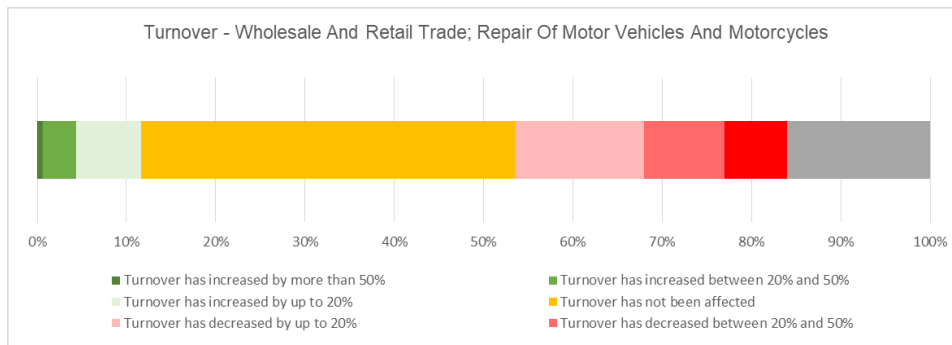
Trading



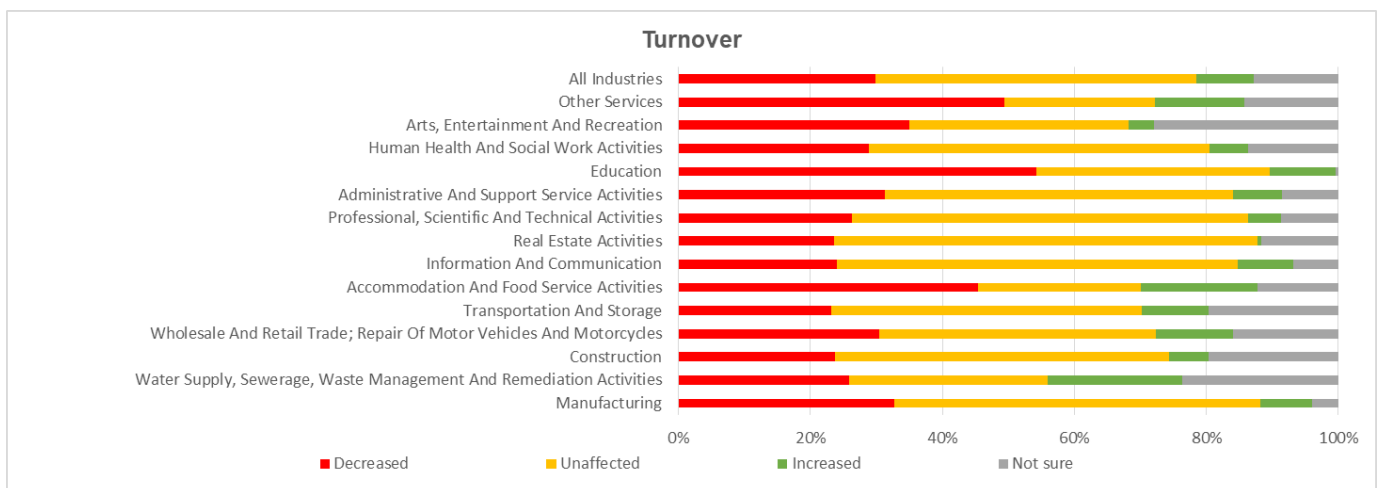
Unfortunately, it is being reported that 2% of businesses have permanently ceased trading - approximately 1,500 establishments. 6% of automotive businesses have temporarily closed or paused trading.

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?

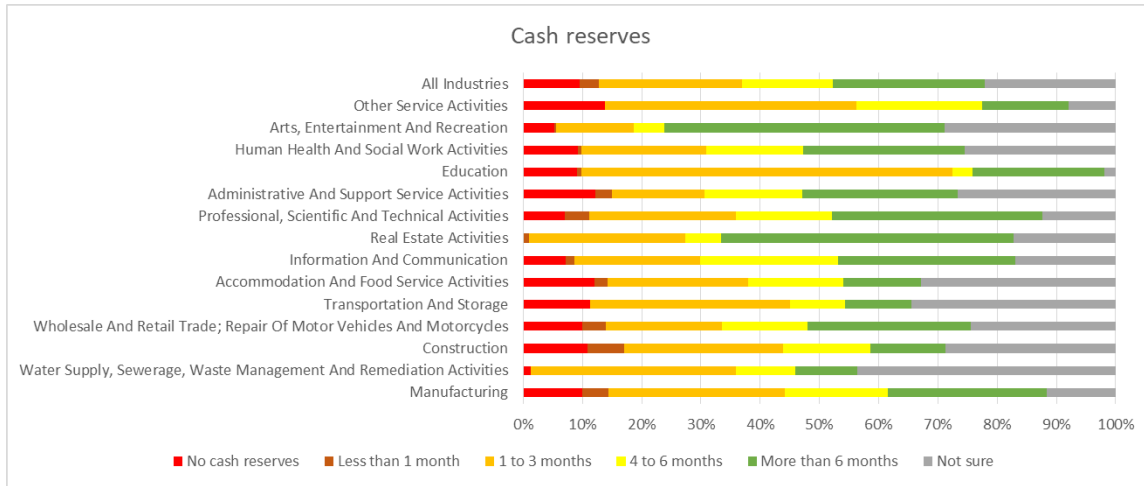


12% of automotive businesses trading are reporting an increase in turnover. 30% are reporting decreases in turnover of which 7% are reporting turnover decreases of more than 50%.



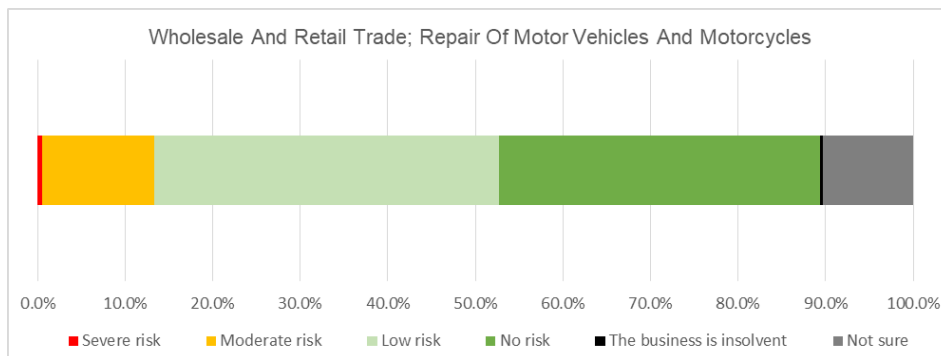
In the education (private sector and higher education businesses only) industry, 54% of businesses reported experiencing a decrease in turnover in the last two weeks compared with normal levels for this time of year, in early August 2021. This has increased from 31% in early April 2021.

Cash reserves



28% of automotive businesses said that their cash reserves would last more than 6 months. 14% of automotive businesses said that they either had no cash reserves or less than a months' worth.

Risk of insolvency

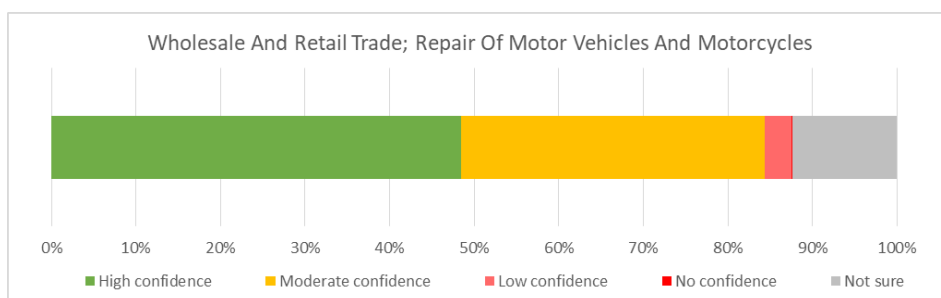


In this reporting, less than 1% of automotive businesses stated being insolvent, however, 1% stated that they were at severe risk of insolvency.

53% stated there was some risk of insolvency.

Business confidence

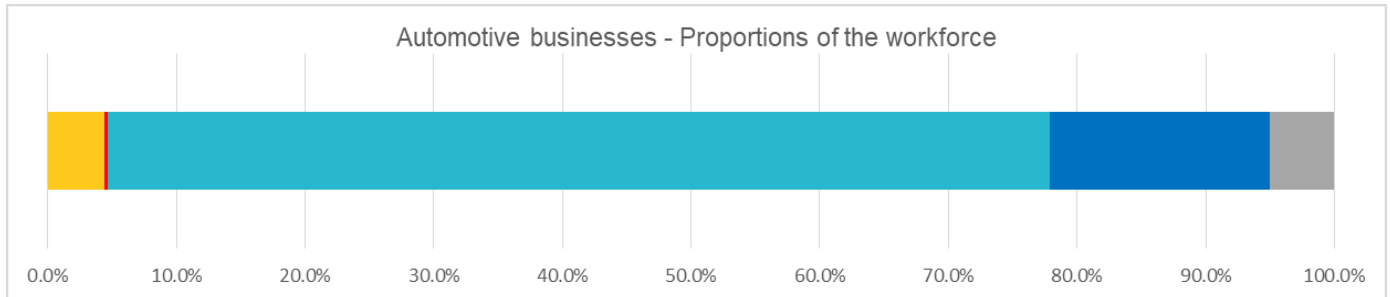
How much confidence does your business have that it will survive the next three months?



Business confidence has significantly improved since last reporting with just 3% stating that they had low or no confidence that their business will survive the next 3 months. This has decreased since last reporting by 8%.

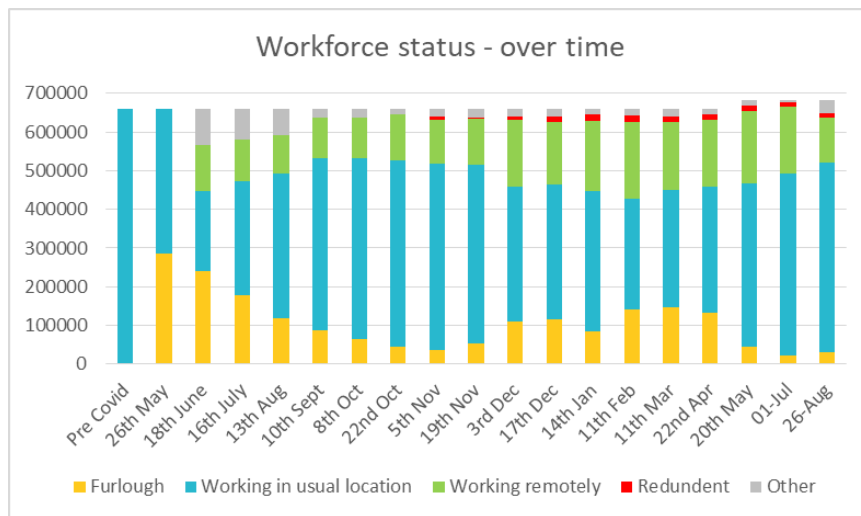
Workforce

Proportions



For automotive businesses still trading, 4% of the workforce are on partial leave or furlough. 17% of the workforce are working remotely instead of at their normal place of work this has fallen by 8% since last reporting.

Workforce over time

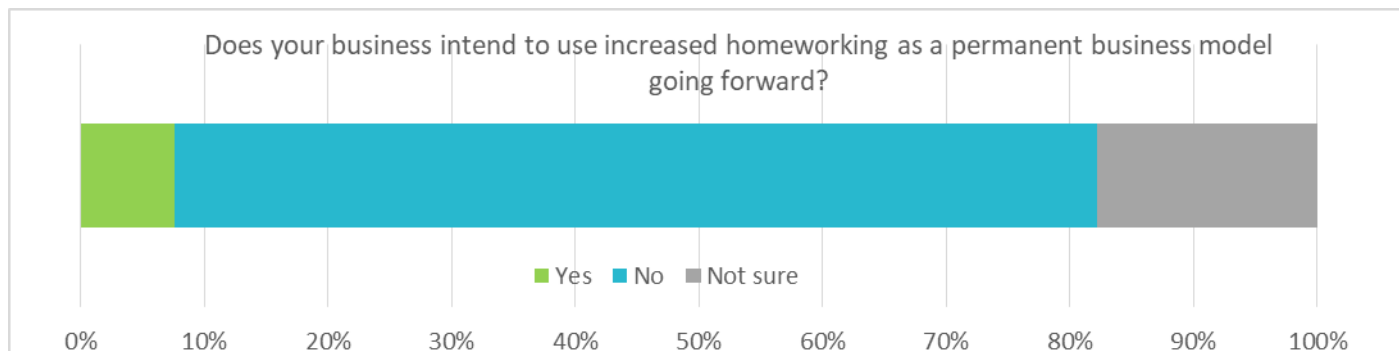


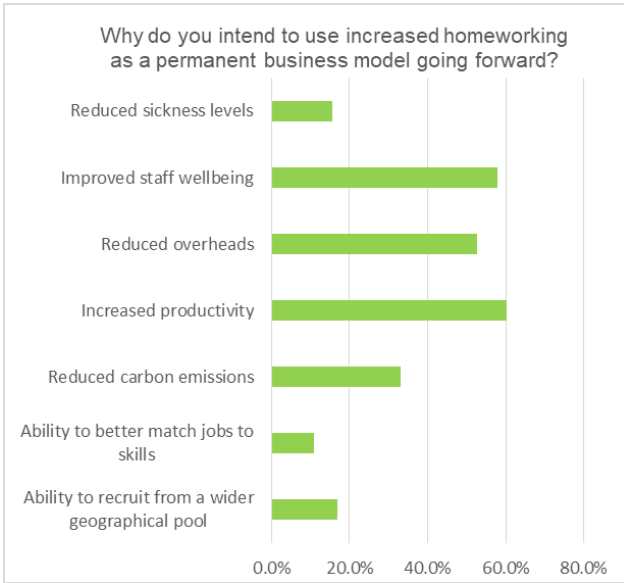
In the sector there are currently:

- 25,600 jobs on furlough
- 114,800 jobs working remotely
- 491,700 jobs working in the usual location
- 13,000 redundancies

Homeworking

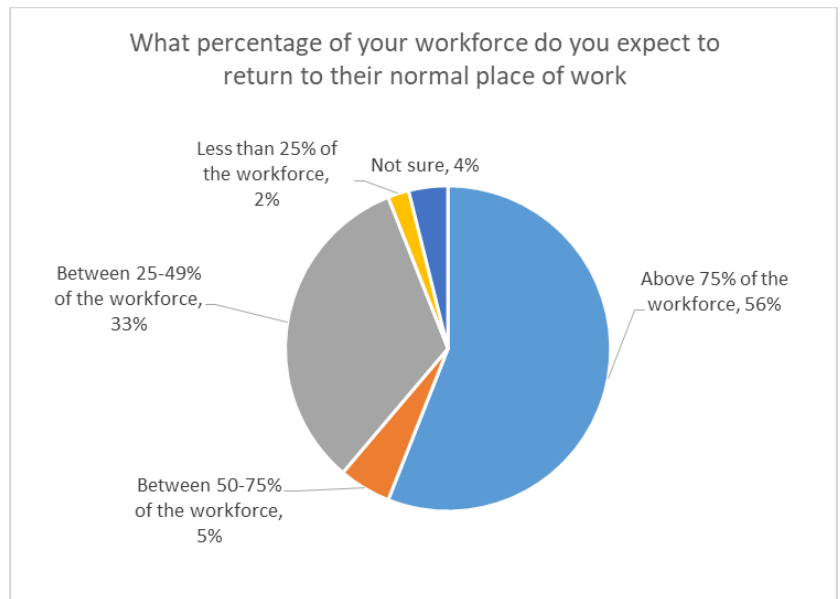
17% (114,800) of automotive workforces are still reporting to be primarily working from home.





8% 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 followed by increased productivity (60%), staff wellbeing (58%) and reduced overheads (53%).

More than half of automotive businesses expect more than 75% of their workforce to return to their normal place of work.



Redundancies



2% of automotive businesses stated that they expect to make redundancies in the next 3 months. This is the third highest amount of all the sectors.

Data

- ONS - Business impacts of COVID-19 data released 26th August [Data relates to the period 9 to 22 August 2021].
- EMSI 2021.1 data [All data sourced from EMSI UK Analyst and Career information taken from EMSI occupation data].