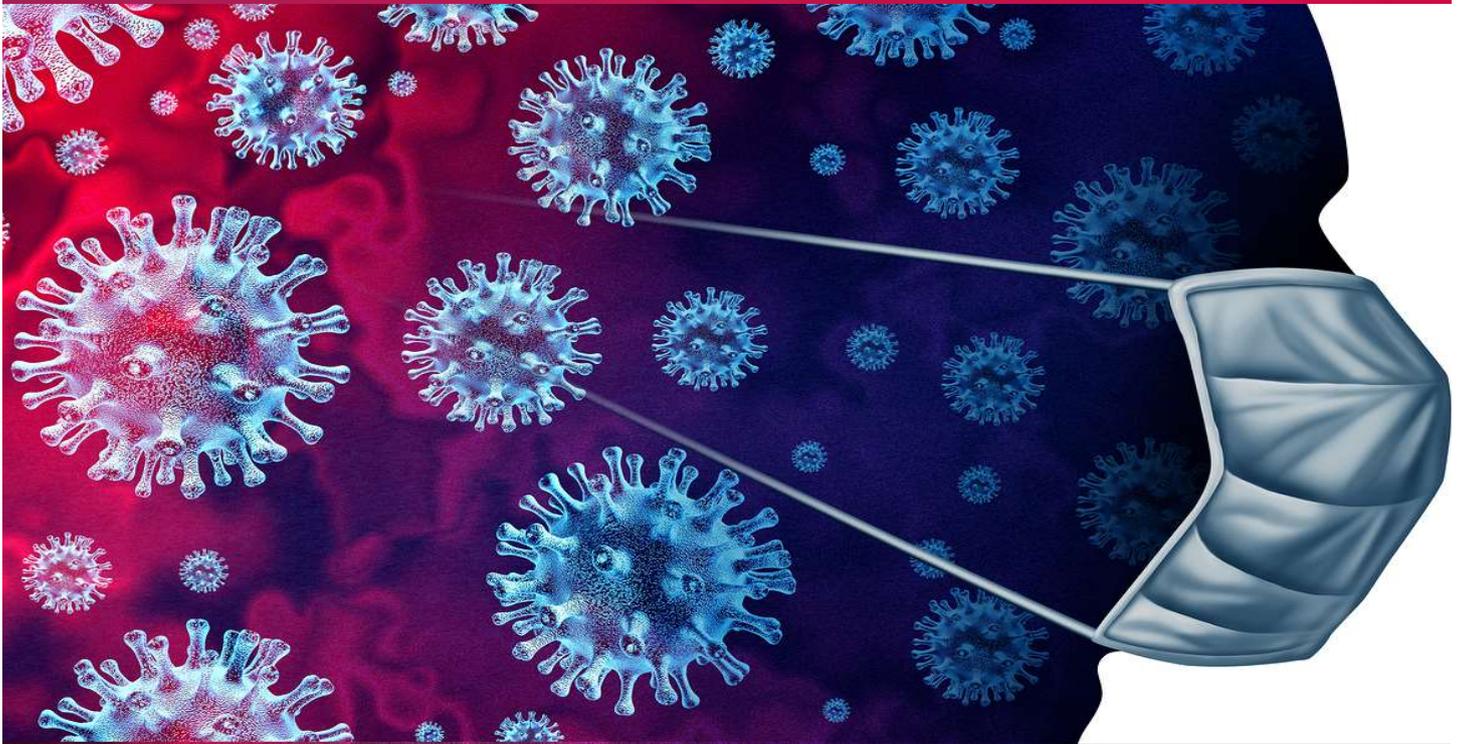


# Eureka!

ILLUMINATING RESEARCH



## Measuring the true impact of COVID-19 on the plumbing and heating sector



**Eureka!**  
ILLUMINATING RESEARCH

A unique cross sector collaboration, devised by Eureka! Research, to understand the challenges faced by small business owners at this unprecedented time. Leading sector brands and associations partnered with Eureka! to deliver the survey to the trade.

**CIPHE**  
Chartered Institute of Plumbing  
and Heating Engineering

**APHC**  
ASSOCIATION OF PLUMBING &  
HEATING CONTRACTORS LIMITED

 **Vaillant**

**Installer**

  
**CORGI**

**Glow•worm**

**BRISTAN**

**HHiC**  
HEATING & HOTWATER  
INDUSTRY COUNCIL

  
**MARK  
VITOW**

**Salamander  
Pumps** 

 **GEBERIT**

**1,115 interviews** completed online  
with owners of plumbing/ heating businesses  
across the UK during early April 2020.





## Exec summary

- We have gathered the views of small business owners and sole traders in the plumbing and heating industry at a time of extraordinary change. The sector is currently operating at about 13% of what it would in normal circumstances, with considerable work being postponed even if it could be carried out within official guidelines
- Eureka! estimate, based on the loss of turnover reported to us, that each day of lockdown currently represents £47m of lost P&H 'business' to the economy
- Installers are rapidly finding new ways of operating, particularly those who feel comfortable offering essential 'emergency' services to householders. Less than half are offering a full emergency call-out service, with many being highly selective about what they respond to
- The majority of businesses are most worried about immediate sources of cashflow and being able to pay themselves and staff in the short term. Larger businesses, in particular, are worried about being paid for work already completed and this could act as a barrier when restrictions are eased. Two thirds of operating businesses are concerned about getting hold of the materials and product they need for jobs
- Operational businesses are on their own 'front line' and are adopting a wide range of strategies to manage health risks. Half say they would consider working for existing customers as the lockdown continues. Despite putting strong measures in place, the risk of infection is a source of natural concern. 3 in 10 business owners cite potential exposure to COVID-19 already and larger businesses in particular are having to deal with staff absenteeism and the associated risks (1 in 7 larger businesses)
- Businesses are utilising a wide range of information sources to keep abreast of COVID-19 developments and to guide them on how and whether to operate. Endorsement for the quality of this information is lukewarm – businesses would appreciate more coherent and consistent information relevant to them
- Although nearly three-quarters intend to use the Government's Furlough (CJRS) or Self Employment Support Scheme, around half of the sector feel the financial measures don't go far enough. Around 19,000 businesses are potentially due to 'fall between the cracks' and will not benefit under current aid measures at all
- Despite the economic climate being fairly optimistic going into this crisis, 4 in 10 P&H businesses are very nervous about business conditions in 6-12 months, particularly sole traders and small businesses
- As the health and economic situation rapidly evolves, we believe it would be expedient to 'check in' with installers again in coming months – this would give us an opportunity to measure changing work practices, support needs, and business recovery



# Economic impact



P&H sector is at **13%** of operational capacity

**97%** report a significant or worse impact on their normal workload



**Turnover hit**

Usual business performance



**£142,000**

Annual turnover

**£560**

Daily equivalent

During COVID-19 lockdown



**£21,600**

Annualised turnover

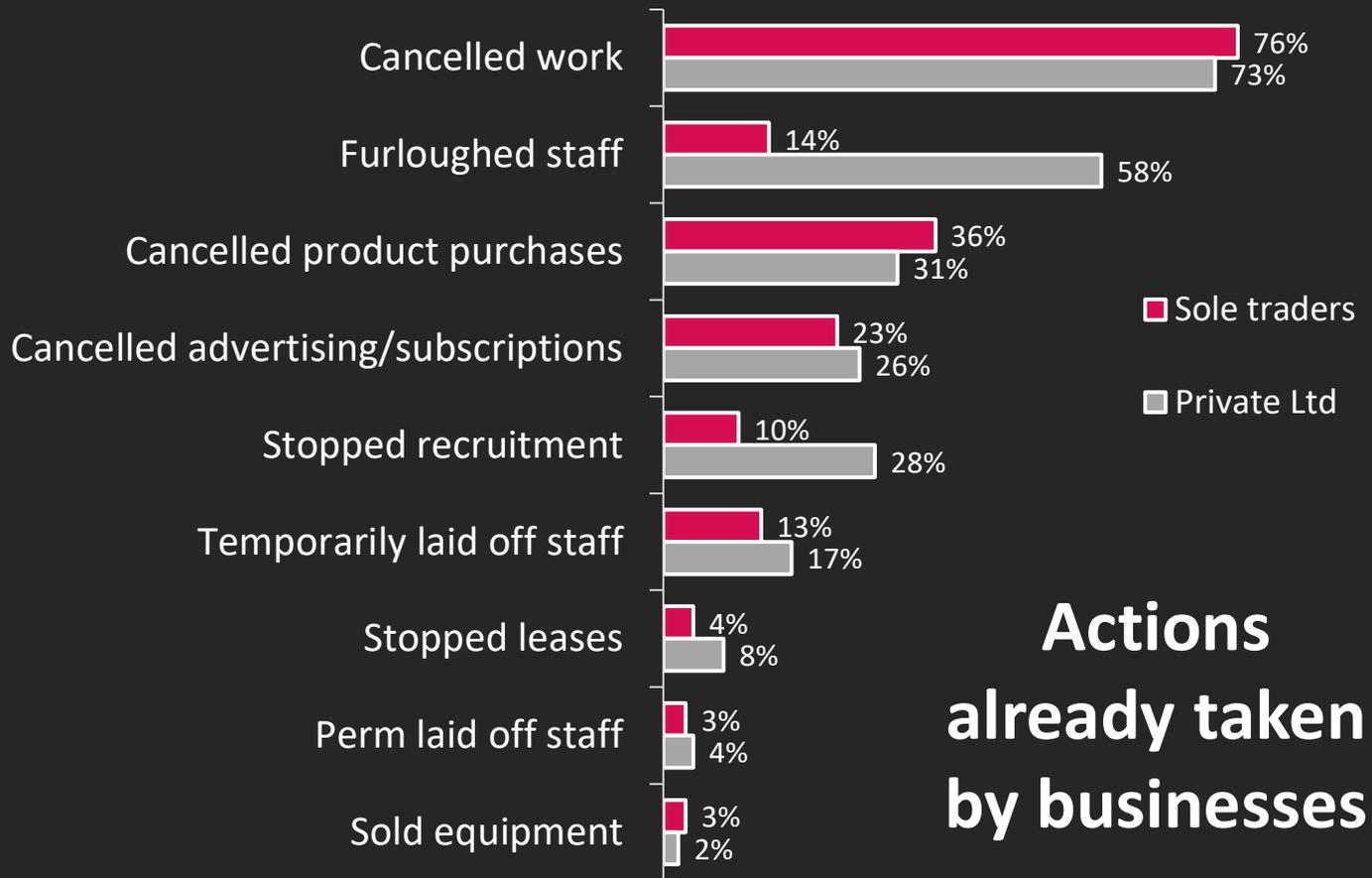
**£85**

Daily equivalent

**£47m lost to the economy per day of lockdown <sup>a</sup>**

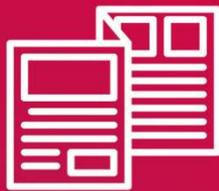


# Business impact



## Actions already taken by businesses

### Ltd Planning



16%

Cancelling subscriptions



13%

Cancelling advertising



12%

Stop leases (e.g. vans)



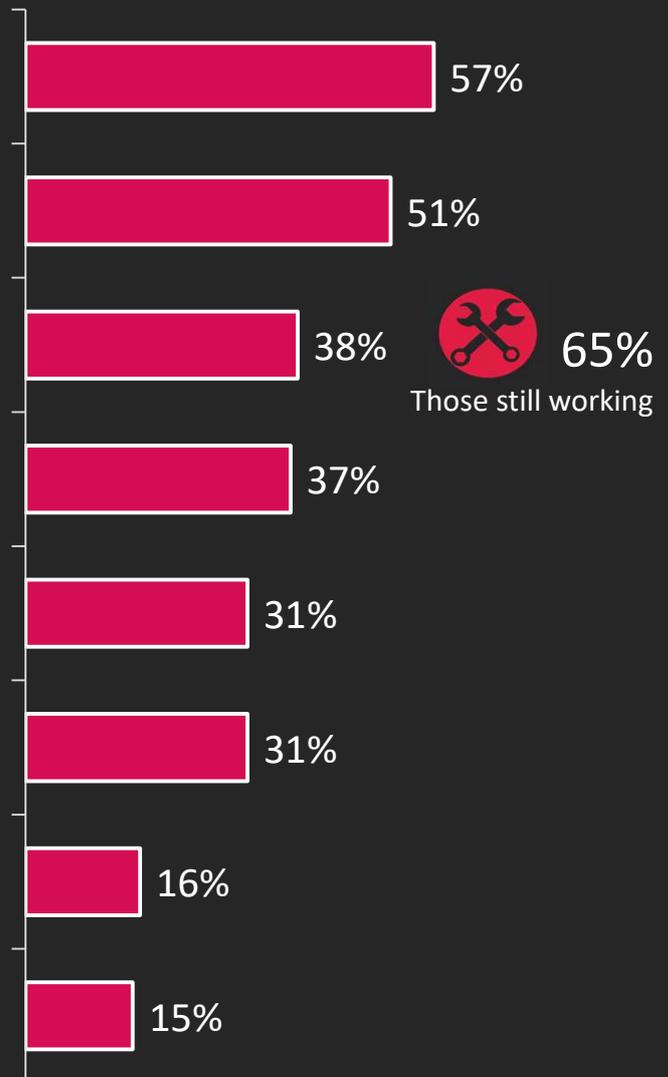
# Business concerns

Almost 6 in 10 cite cashflow as a key concern facing their business today with the ability to pay themselves a close second. For those still attempting to be active, the lack of materials is a key issue to many. Nearly 4 in 10 state that 'Going out of business' is a serious concern



Getting hold of materials/ merchants being open

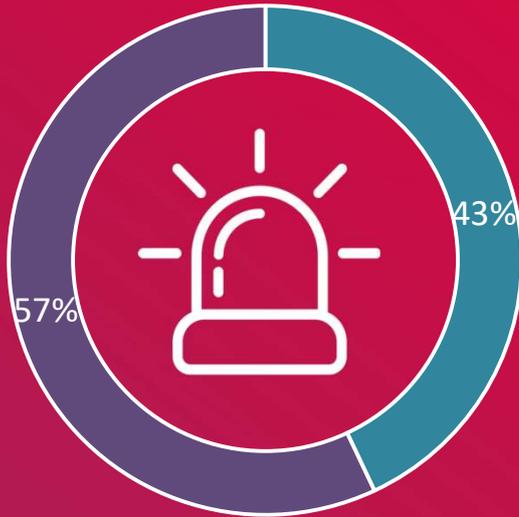
Cashflow  
Paying myself  
Going out of business  
Paying off debts/ loans  
Letting my customers down  
The longer term viability of the Plumbing & Heating sector  
Paying staff





# Emergency work

Just 4 in 10 are offering a 'normal' emergency service. These are the job types considered as 'emergency':



■ Yes, to all customers

■ No, or just to selective customer types



**88%**  
Boiler/  
heating



**39%**  
Quick & easy  
repairs



**76%**  
Leaks/ burst  
pipes

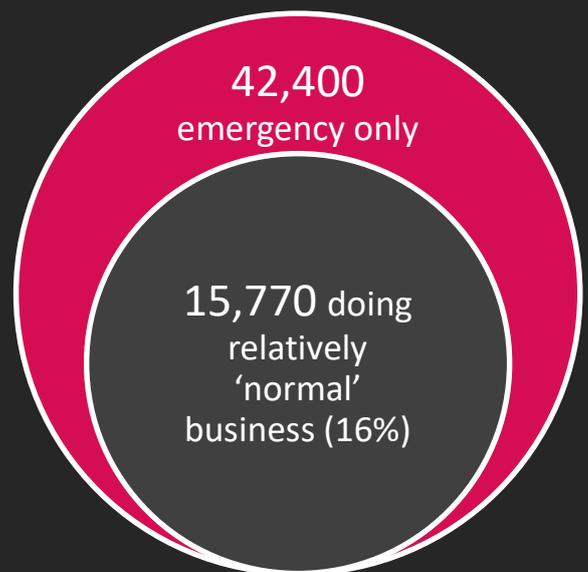


**37%**  
Toilet  
issues

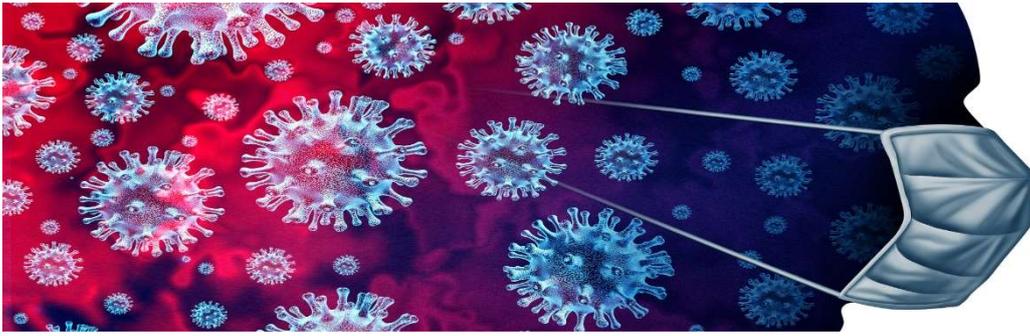


*Fixing householder's DIY mistakes not seen as an emergency (17%)*

This means that 42,400 P&H businesses are still potentially out there delivering vital work to all, where required



*Data suggests that these tend to be younger installers and heating engineers (aged 40 yrs or less)*



## Focus group

*"If you give customers advice over the phone and they flood the house, it would come back on me. And what if I'm actually furloughed?"*

*"It's stuff that needs to be done rather than stuff I'd actually like to do"*

*"It came up at a time when things should be emerging, the Spring, confidence in spending had been going up"*

*"This is unprecedented, think of the credit crash all of a sudden no one had money, this is completely different – I think people still have money and will be able to spend it"*

## Finding a new way of trading

*"If it's non essential the merchants won't sell it to us at the moment ... and definitely Account holders only rather than full retail"*



YouTube - Search 'Eureka Research Ltd'



# Exposure to COVID-19 symptoms



8%

Have had COVID-19 symptoms themselves



17%

Family or friends have



9%

Staff or other tradespeople have



10%

Customers have



# 31%

of Business owners have been exposed to COVID-19 symptoms so far in some way (c. 30,000 biz owners)



# 1 in 5

Concerned about having to work in close proximity

*Exposure is potentially even more of an issue in larger firms who also have to manage staff absenteeism*

**15% of these businesses already report staff having coronavirus symptoms**

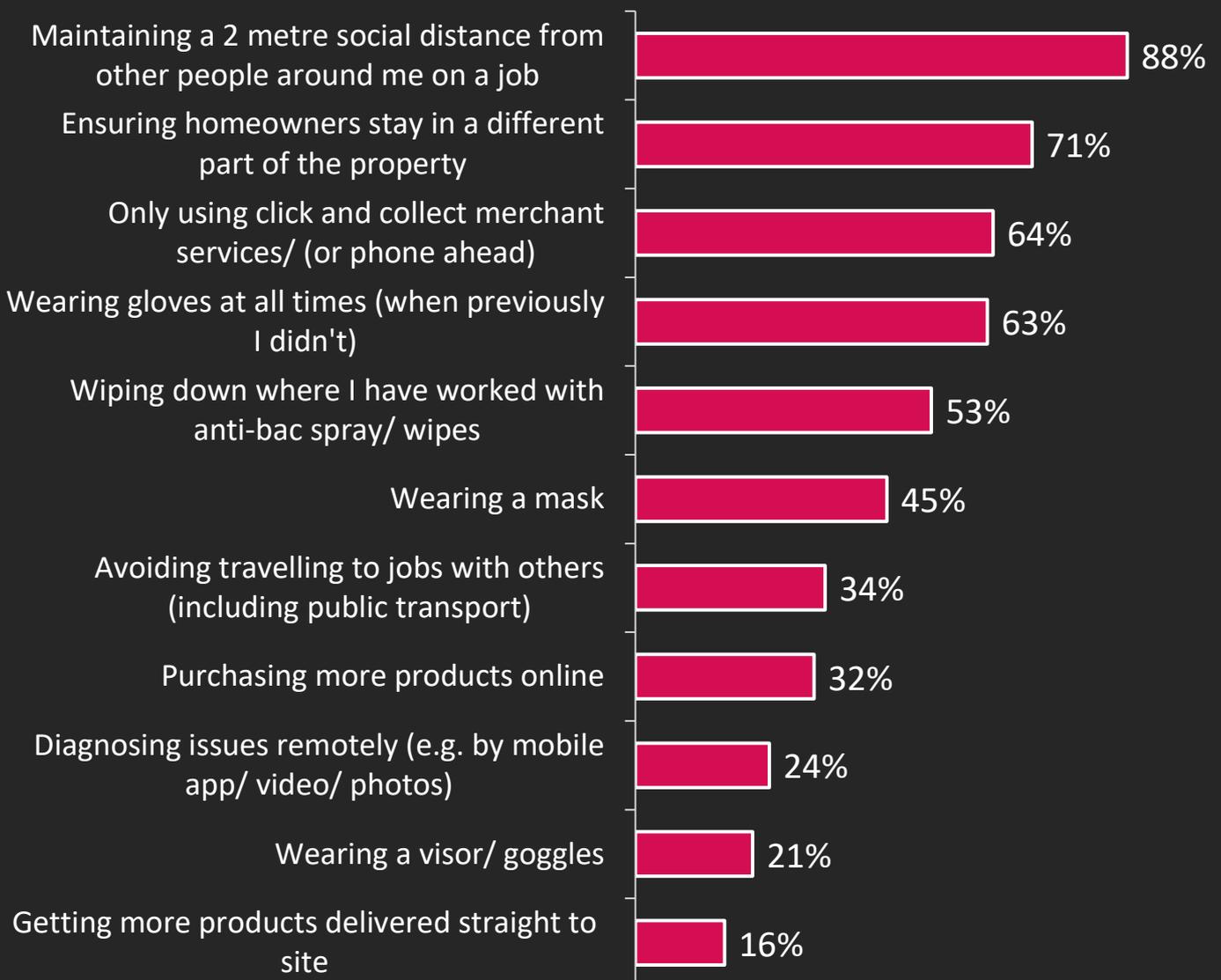


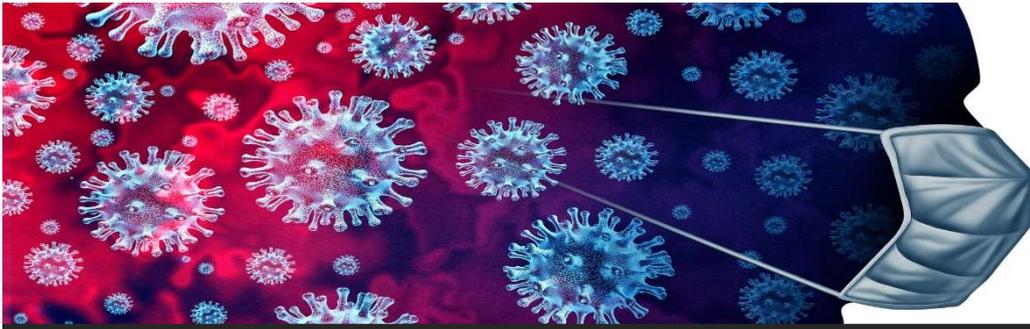
*with a turnover £200k+ report any exposure to COVID-19*



## Workplace adaption

Of those c.16% of businesses still working, there has been a rapid change in working practices, in line with Govt guidelines. Installers on their own 'frontline' also need protective & hygiene products that support best practices on the job

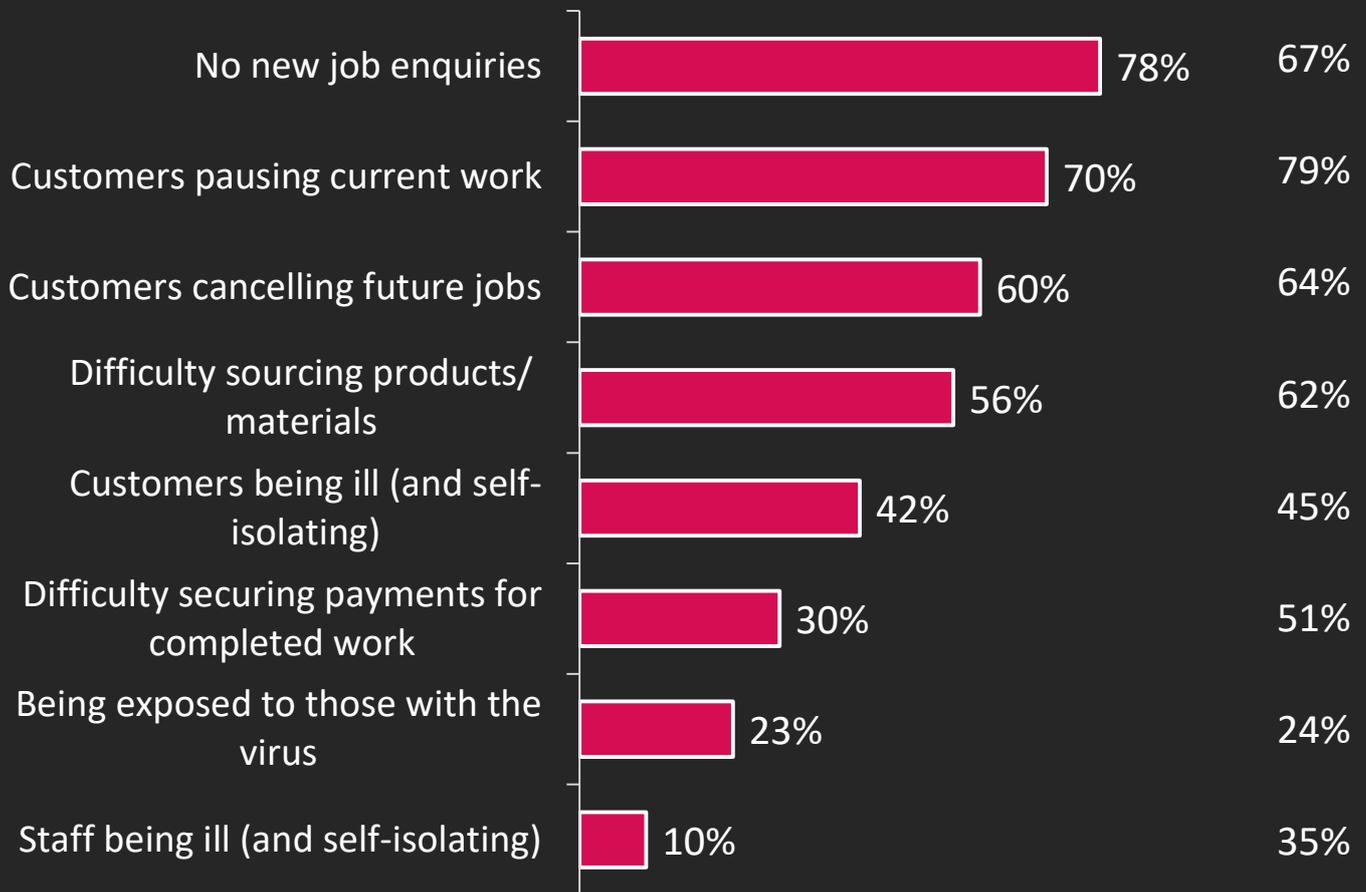




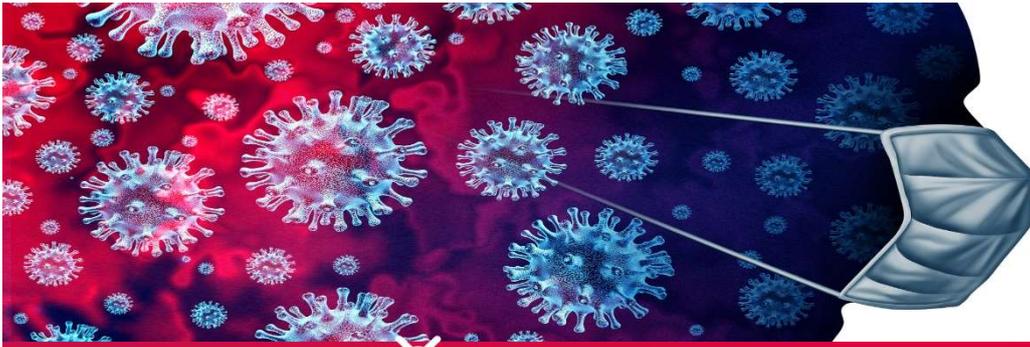
# Real life challenges



Larger firms



*Aside from lack of enquiries and work, business owners also have significant concerns about the supply chain, exposure to the virus and delays in payments (and associated cash flow difficulties)*



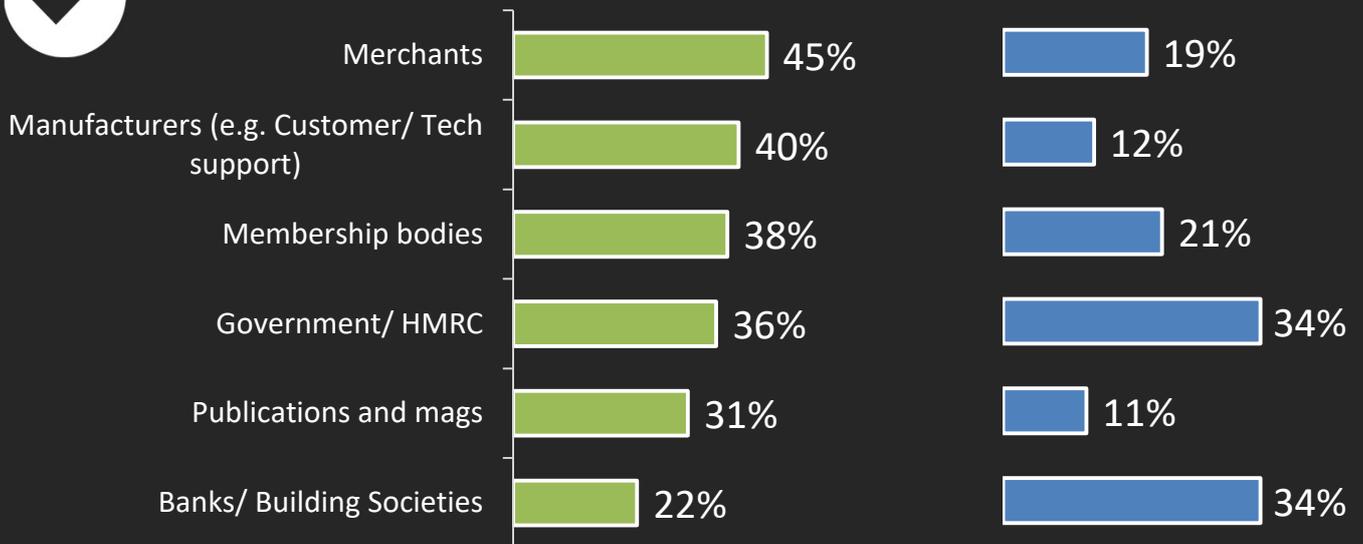
# Being informed

## Sources used for COVID-19 info



Very good/ good support

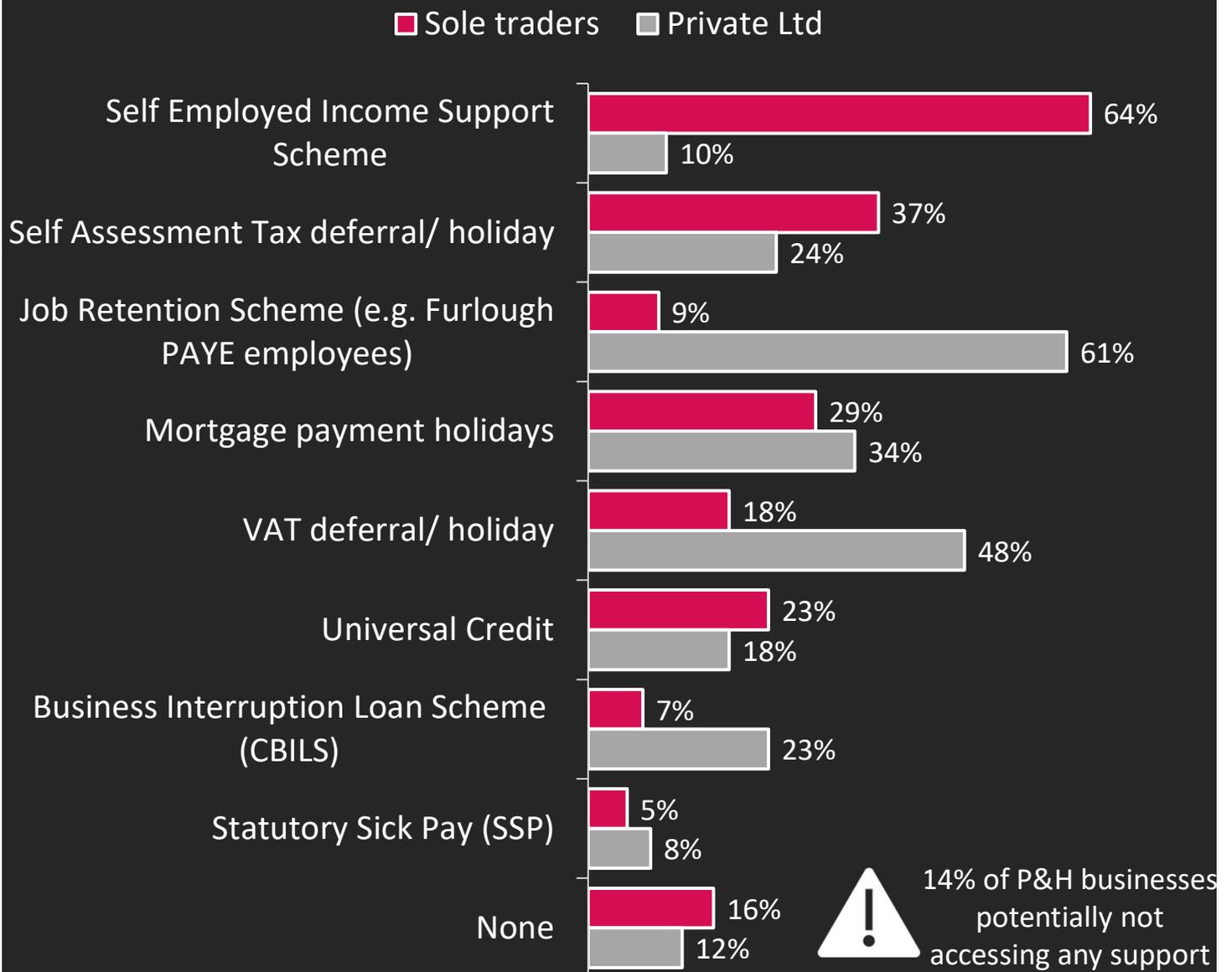
Very poor/ poor support





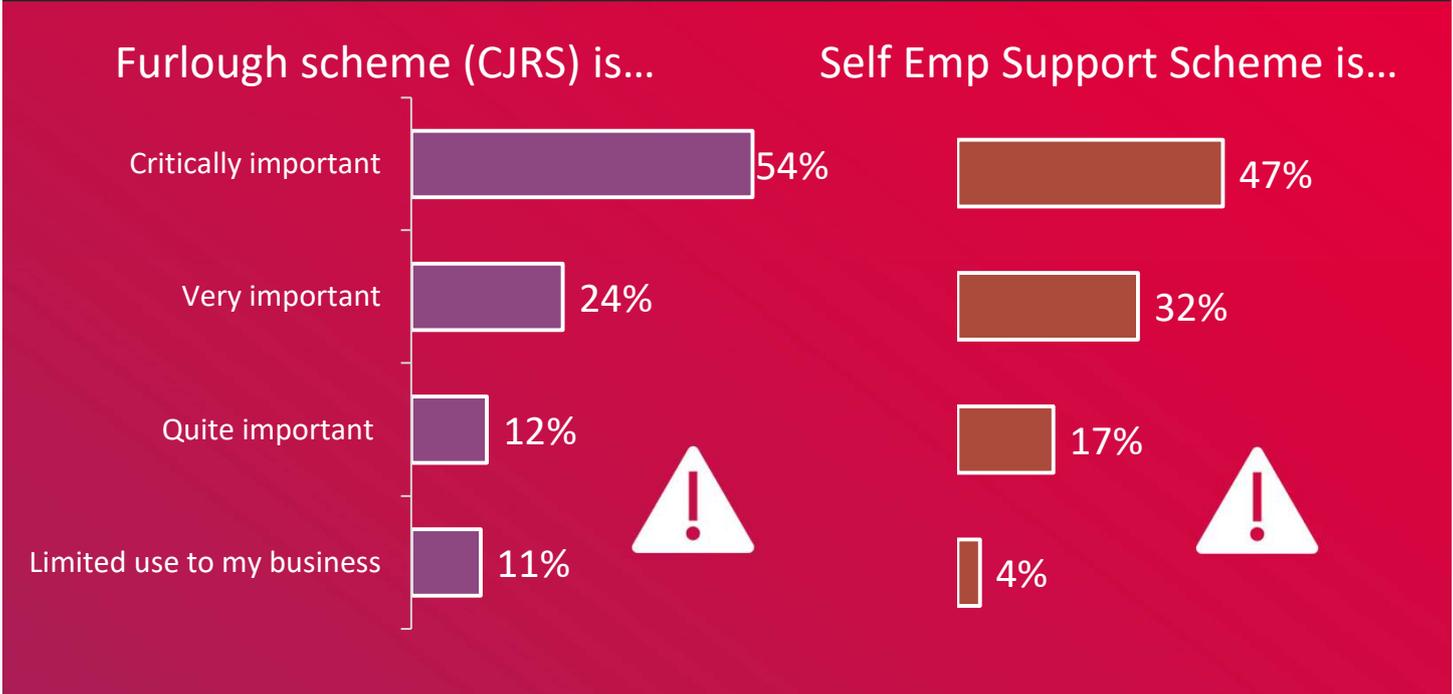
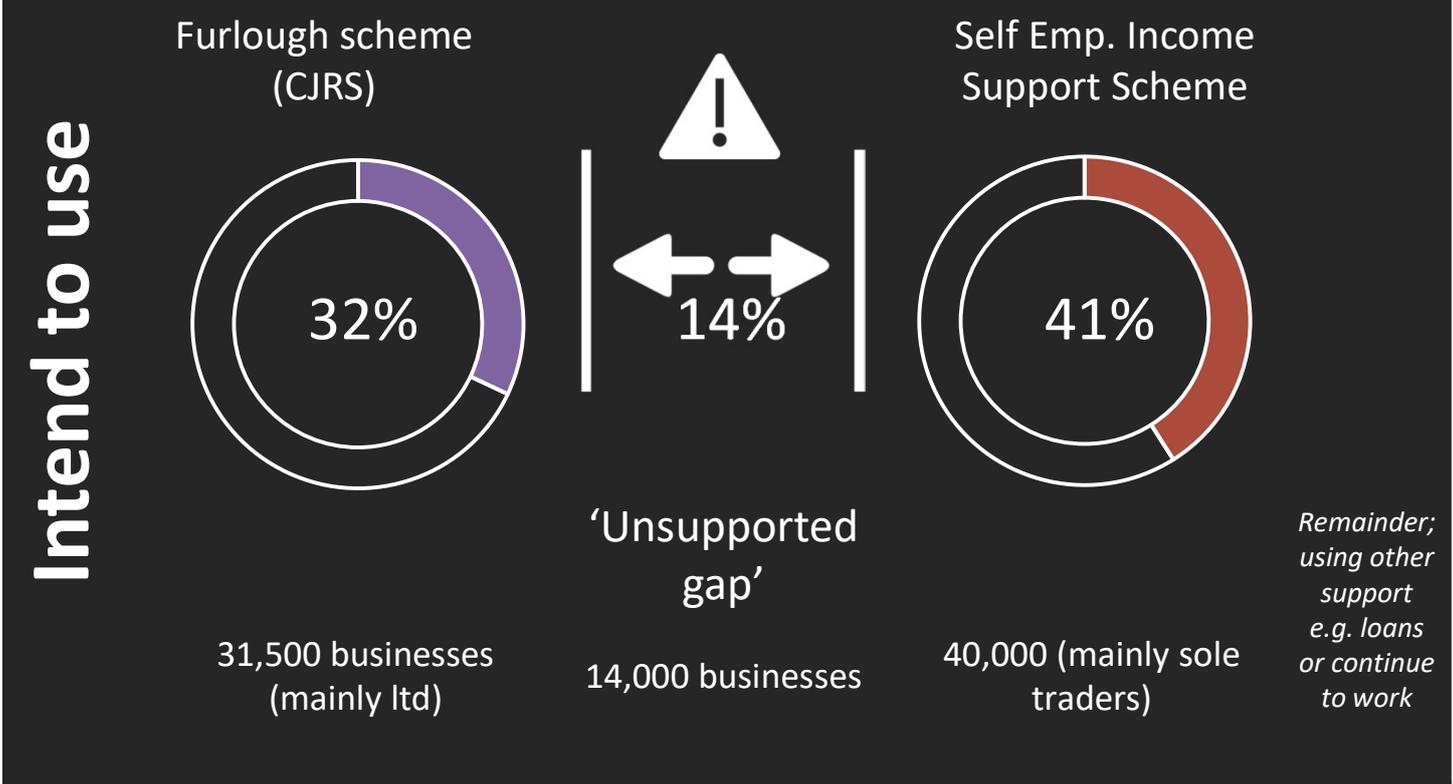
# Financial aid

Payment holidays – for instance VAT and personal tax deferrals – as well as personal mortgages also appear to be high on the radar of the small business owners in this sector



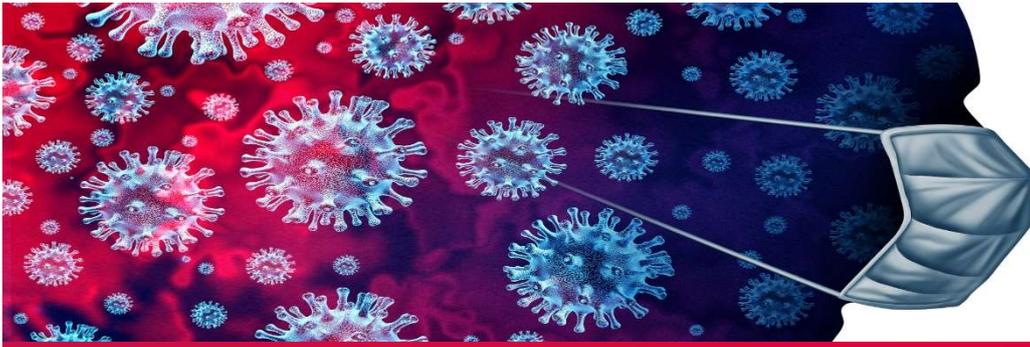


# Financial aid



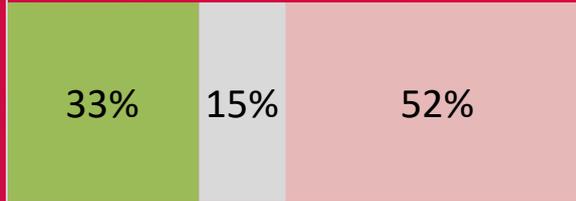
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Q18. Which of the following are you using, or thinking about using, in the near future, if any? Base: 1056  
 Q19. How important to the survival of your business is the Job Retention Scheme (e.g. Furlough PAYE)? Base: 276  
 Q20. How important to the survival of your business is the Self Employed Income Support Scheme? Base: 382

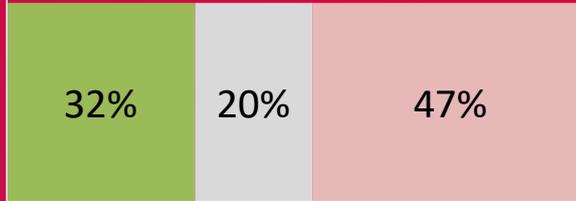


# Financial aid

The range of financial measures announced so far are sufficient to support my business



The range of financial measures announced so far are sufficient to support me personally

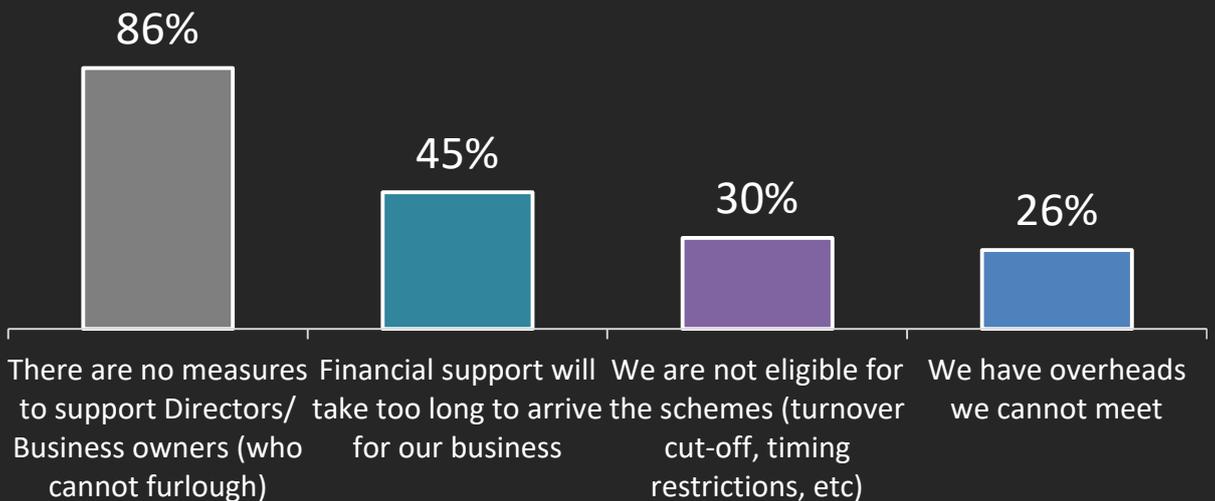


■ Agree ■ Neutral ■ Disagree



*Low level agreement across both measures indicates significant unmet demand for financial support (particularly LTDs)*

## Those who feel unsupported



Equates to 18,700 P&H companies/directors who do not feel they have support forthcoming (19% of total)



# Time during lock-down

77% complete DIY projects at home



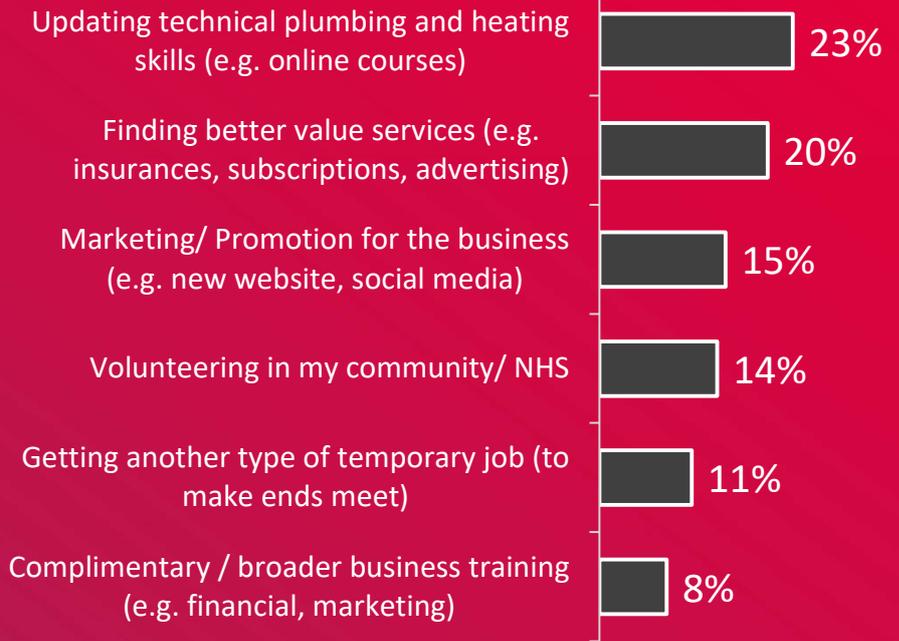
71% support family



65% stocktake, sort out van & storage



## Other activities being planned



Although most business owners seem to be thinking 'short term', nearly **1 in 4** are already interested in using time to update technical knowledge (slightly less for other marketing or related training).

*As lockdown continues, how will the appetite of business owners for self improvement develop?*



## Exit strategies



49%

might consider work for existing customers



38%

quote for jobs remotely (no visit required)



32%

diagnose more issues remotely (video, photo or app)



21%

stay on total lockdown (until lifted)

## Industry support needed

*"With the mortgage and loan breaks, all my business needs is support/training to ensure customers new and old know we are still here"*

*"Quicker support and not waiting until the beginning of June at earliest for support payment"*

*"With the mortgage and loan breaks, all my business needs is support/training to ensure customers new and old know we are still here"*

*"We will need extra help coming out of the lock down to start to pay off suspended debts ie suppliers"*

*"I'm not eligible for the government help as I have earn't just over £50,000 ... We have very little in savings and will probably have to borrow money if possible to get enough to survive. I think the government should have done a sliding scale on the amount they offered self employed"*

*"As the gas and plumbing industry is classed as essential work, I think we should be in line for testing to enable us to make the decision to get back to work and allow us to reassure our clients that it is safe to have us working in their properties"*



# Business confidence



29% confident  
39% very nervous

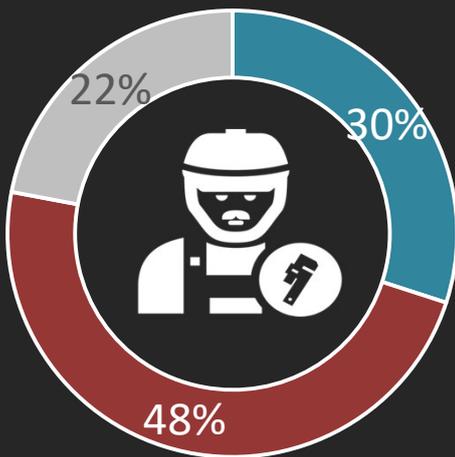
Confidence in your business position in 6-12 months time



**38,500** business owners are very nervous about the future viability of their **Plumbing & Heating business**



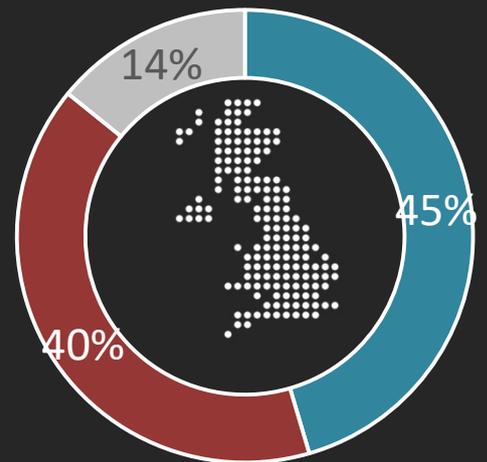
*Smaller businesses most nervous*



■ Even though the Coronavirus outbreak will be tough, Britain will be stronger when it gets through

■ The Coronavirus outbreak will be so tough that Britain will be weaker because of it for years to come

■ Unsure



Source: IPSOS MORI

**P&H business owners are more pessimistic about the long term impact of the Coronavirus crisis on the country when compared with the general public**

**Eureka!**

Q26. Thinking about the future of your business, how confident or nervous are you regarding its position in 6 to 12 months time? Use the scale of 1 to 10, where 1 is very confident and 10 is very nervous. Base: 1026

ILLUMINATING RESEARCH Q27. Thinking about The Coronavirus outbreak, which of these statements comes closest to your view? Base: 1026



## Method

### Qualitative stage



See 'Eureka Research Ltd'  
on YouTube

An online focus group was convened on 31 March 2020 for 75 minutes to discuss the topic and better understand the impact of lockdown on installers

This stage allowed us to further refine our draft questionnaire and pilot test some of our underlying assumptions



### Quantitative stage

Interviewing was undertaken via an online survey platform, developed and hosted by Eureka! Research. Fieldwork was open between 3<sup>rd</sup> April – 16<sup>th</sup> April 2020 and was kindly promoted by partners listed on page 2. We thank them sincerely for their support

The final number of interviews completed was 1,115. A copy of the questionnaire is available by request  
Enquires: [hello@eureka-research.co.uk](mailto:hello@eureka-research.co.uk)



# Technical notes

## Note A

The most detailed measure of businesses in the UK is the Inter Departmental Business Register (IDBR). These official statistics go down to a detailed level (4 digit SIC code system) but only capture business registered for VAT or PAYE. The ONS state that three quarters of all UK private sector businesses are non-employers, and the majority of these are not registered for either VAT or PAYE. An alternative measure which also includes non registered businesses is also published by the Dept of Business, Energy and Industrial Strategy (BEIS) but does not go down to a micro sector level.

IDBR code 4322 : Plumbing; heat and air-conditioning installation: 37,360 enterprises

BIS SIC code 43 : Specialised construction activities: 583,310 businesses / 112,795 employers

IDBR code 43 : 210,430 enterprises (equates to 36% of BIS estimate) – this tallies approximately with the Eureka!

Bristan 2017 survey which found that 42% of respondents were VAT registered

Therefore, IDBR code 4322 : Plumbing; heat and air-conditioning installation: 37,360 enterprises, is actually 103,778 businesses total

Est. sub sector splits: 63% are plumbing, 32% are heating and 5% are ventilation, air conditioning and refrigeration (HVAC) only companies (assumptions based on SummitSkills 2018 estimates)

Therefore, grand total of 65,380 pure plumbing businesses in UK and a further 33,209 are heating related organisations with a strong plumbing focus also

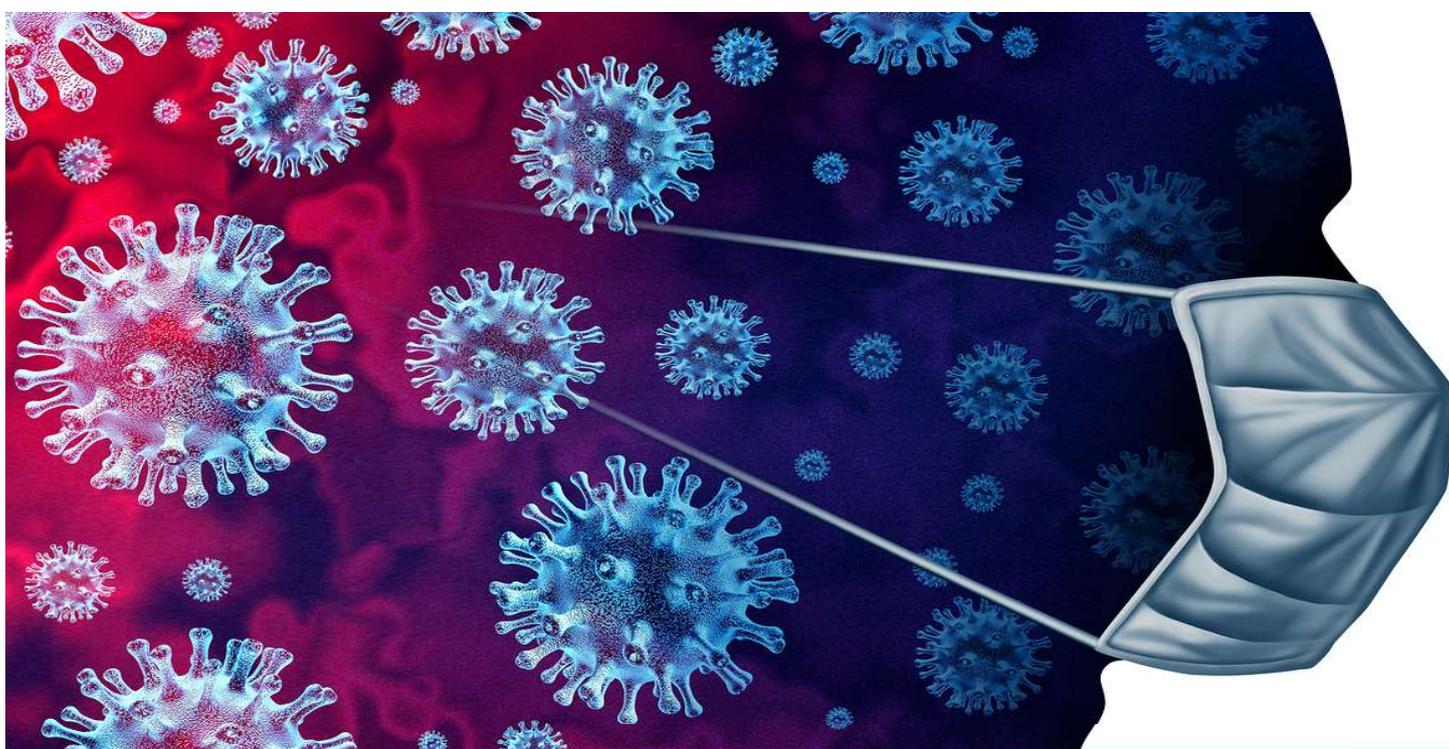
Please note that population estimates here do not include any workers in other SIC codes e.g. general builders (SIC 4120), some of which may also purchase plumbing related product in the course of their work. Above figures are dated as taken on 10 March 2018

The working assumption for 'number of working days' was 254



Richard & Dave (Directors and founders of **Eureka! Research**) and are one of the few market research agencies who focus on the UK plumbing and heating sector.

We've worked with sanitaryware brands, those focused on brassware, shower suppliers, plus heavyweight national merchants, providing us with an enviable knowledge base.



Whether its commercial or residential, architects, M&E's, plumbers, merchants or consumers we've recruited, moderated, interviewed, shopped and drawn valuable insight from all of them.

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