



CLIMMAR Report from the UK

Conference 9th October 2020.

Market Conditions in the UK:

As with all countries Covid 19 has had an impact on our UK economy and we find ourselves falling back into a serious situation where stricter measures are required to try and halt the spread of Covid.

The UK's agricultural and garden machinery businesses have adapted to the Covid situation and when other businesses had to close the land based engineering sector has been allowed to remain open to support farming and the well being of our gardening and DIY nation. We hear of some businesses being 20% up on 2019 with higher on line demand and good sales up to September 2020.

More recently we are getting reports of whole goods shortages and some delays with spare parts which may be a seasonal issue more than a Covid issue. Garden machinery dealers have all done reasonably well and have proved to be very resilient to the changes required to their businesses. The agricultural machinery dealers have been as busy as usual following seasonal patterns but we see a drop in new machinery sales with bench mark tractor sales down on the same period last year to the end of September.

2019 to September tractors over 50hp, 12,512 To September 2020 over 50hp, 9783 This is a drop of 21.8%.

BAGMA Activities:

Most of our activities have focused on providing members and the industry with guidance about various types of legislation that affect retail or dealer business. We have a Corona Virus Hub on our web site and a very active legal team giving advice on furlough, employment issues and health and safety relating to Covid.

We have been active in supporting the industry and sharing advice and guidance as well as promoting BAGMA and the benefits of membership. WE take part in regular dealer and manufacturer video calls.

We have had two of our staff furloughed for over six months but both have now returned to work full time before our government furlough help stops at the end of October.

Membership:

Our membership has held up very well. Lots of late payers and some lost members due to John Deere consolidations but we are fairly consistent at 560 members just a net loss of 9 since the pandemic took hold.

Internal Organisation:

Our parent company furloughed 15 people and have now made 8 redundant. Our whole business has now been consolidated into one building but with many people now working from home with no long-term plan to return to an office-based structure. Some very serious long-term business changes have been made for the company to survive in the long term as a big part of parent company membership is retail based which is suffering badly during the pandemic.

Training:

There has been a lot of disruption to all levels of training since March. Our government has done a lot to ensure that training across all levels and industries has been supported and just announced a programme to provide free training for 18-year olds plus starting in April next year. This is to allow people to re train and people with lesser qualifications to up skill for new jobs. A Major Expansion of post-18 Education and Training.

BAGMA face to face training restarted two months ago but may be affected by stricter lock down rules that may be introduced soon.

Future Concerns:

For the Land Based Engineering dealer-based industry Covid will have an affect but not as serious as some other industries and the independent, adaptable and resilient nature of our members and dealers will ensure they have a future. There may be more opportunity for the industry to recruit new young people.

There is a concern that manufacturers and suppliers of certain products will adapt differently to the current structure of distribution and changes during the pandemic will become permanent in a way that may affect the involvement of dealers as margins become tighter. So, we may see more direct selling activities across a wide range of products.

Shows, exhibitions or fairs will not return for some time and the many will be lost before we can get back to normal. This is already creating the virtual exhibition or demonstration but is not so well received by the traditional dealer network.

As consumers adapt to more online purchasing it may be that visits to dealerships are reduced and the consumer demand becomes better informed and more specific reducing ancillary purchases. Dealers need to understand better their value in the distribution channels and how they can better market their businesses through better use of technology. Dealers, uniquely, are repair and product specialists that have a very important place in the distribution channel both for support and sales.

Ends. BSAGMA, Keith Christian 06/10/2020- CLIMMAR Report from the UK.