

Report to BHC

Like others Covid for us meant heightened demands on our services as members sought guidance on both how to trade and the assistance available to those who couldn't.

BETA surveyed its members at the beginning of April and June to gauge the impacts of COVID 19 on the trade. We focussed on retail and trade (supply sector) as showing the most immediate effects of any slow down or cessation on trade.

Some of the impact was due to confusion around permitted activity – whilst it became clear that feed and bedding merchants were able to trade – with the equine equivalent of toilet roll stockpiling being exhibited through the purchase of feed – there was less clarity about the ability to supply products outside of this. As a trade we quickly started using the unscientific method of the Tesco test ... if it was permissible for Tesco it was permissible to us...

We had some issues with enforcement bodies trying to close down businesses that were legitimately trading but largely managed to work our way through this.

Supply chains have been effected but due to the timings of Covid around the world, any stock we needed had already been landed at the beginning of the pandemic and we will likely see some delays for stock coming in for the Autumn seasons in major supply countries such as India and China.

In the feed and bedding areas production went into overdrive to meet the demand but after a spike in March/April, May has dropped back to more normal patterns of production so most consumers will not have noticed any real impact. Going forward raw material supply seems to have been largely unaffected, the likely area being in additives which are commonly sourced from Germany and China.

Looking at the more specific impact on trading - The immediate impact at the beginning of lockdown was a dramatic effect on turnover.

75% of retailers saw a decrease in sales with only 8% seeing no change)

The supply sector was more robust with 58% of trade member companies that saw a drop in turnover and nearly 16% seeing no change to immediate business turnover.

In terms of size of fluctuation this also varied widely – anything from 100%, ie. a total halt in business to a 15% drop, compared to increases ranging from 5 – 70%. The scale of drop in business taken across all companies averaged out at 49.87% whilst the average pick up in business was 26.56%, albeit based on comparisons with March 2019 which had not been one of the best in past year's trading.

Now into the third month we are better able to see the impact across the sector with the retailers seeing most change to their way of working. Trade stands have moved online whilst most bricks and mortar have like the high street moved to click and collect and local deliveries.

By the end of May the proportion of retailers seeing a downturn in turnover had escalated to over 80%, with 14% seeing an increase. The proportion of decrease ranged widely but averaged out at 60%. ON the supply side fewer companies saw a dip (68%) and where there was a downturn the scale was less (around 30%). Many of the mfg and supply sector were able to keep producing for stock and in part looked to export to pick up some of the gap in the market here.

Broadly speaking 25% of retailers either closed fully or in part over the period. Nearly a third have moved to both trading online and in the shop, whilst a further ¼ have moved to online only which is

an increase over precovid. This also meant many of the services offered on yards such as saddle fitting, nutritionists also ceased.

The supply sector largely continued where possible with over half (56%) continuing to trade with very few shutting doors entirely.

54 % of retailers and 71% of suppliers have furloughed staff often at high levels – ie over 80% but by the beginning of June nearly half had brought some or all back.

Now post 15 June and with retailing in Scotland due to start on 29th, we are settling into the “new” normal in the trade. Most suppliers are back as are retailers, albeit with changes in operations and services. Saddle fitters, feed advisers and deliveries on yards are largely back, many with long waiting lists as the volume they can cope with being reduced due to the necessity of social distancing and hygiene measures. Many have previsit protocols as well so please bear with them.

We have done new protocols for hat and body protector fitting to enable retailers to offer this service though many are offering appointment only fitting and have changed the methodology used. We have seen high demand for this since riding has increased and competition dates have been published.

Long term impact will be wide ranging.

Most immediately we will see some redundancies but interestingly the outlook from all is relatively positive for their business, so hopefully these will not be as great as initially thought.

We will see changes in buying patterns as many are concerned about seasonal stock not shifting and many retailers will avoid forward ordering as much as they have been urged to do by suppliers.

Suppliers too are looking at different ways of working, with less interest in reps attending stores and more interest in presenting product ranges virtually. They will be expected to hold more stock so retailers can source just in time.

We can also see consideration being given to focussing more mfr in the UK on a number of fronts.

There is also a degree of wait and see in terms of sales and methods used. Online has broadly speaking leapt forward 3 years in 3 months – it will be interesting to see whether it will maintain its position or whether there will be a desire to return to shops having not had that choice open to them. Consumers will see some changes in the next month or so as retailers get back into a new way of working – as throughout the retail sector, with caution around trying on clothing due to uncertainty about need/length of quarantine thereafter.