

## **Electrical Wholesale market prospects are positive following Covid-19 pandemic**



The electrical wholesale market contracted by 16% in 2020, due to the disruption to construction output caused by the Covid-19 pandemic but forecasts are looking positive as the market is expected to return to modest growth in 2021.

The performance of the electrical wholesalers' market is intrinsically linked to the performance of the construction sector, with the majority of its products required in new build and RMI activities. Covid-19 led to a significant curtailment of construction activity and electrical wholesalers' business operation. As trading gradually returned to more normal conditions in the latter part of 2020, supply shortages were experienced in many key product areas, leading to price rises.

Electrical wholesalers are the main channel for the distribution of electrical products as they are the principal source of supply for contractors and installers, especially smaller ones, as well as distributing to panel builders and OEMs.

The number of electrical wholesalers establishing e-commerce operations will increase and will no longer be confined mainly to larger national and regional chains. However, trade counters will continue to be the main focus of business for most smaller regional and local wholesalers for the near future at least. This will be accompanied by further growth in digitisation of business processes. Together with greater usage of e-commerce, larger wholesalers will find that more efficient stock

management processes, with enhanced logistics systems for moving products from central distribution centres, will lessen reliance on an extensive branch network.

There will be an increasing focus on higher value, specialised products, for example through products aimed at the industrial automation sector. Other growing product sectors markets are likely to include home automation and building management systems, electric vehicle charging products and renewable energy products, such as those associated with heat pumps.

Abdul Tantouch, Market Research Analyst at AMA Research comments “following the substantial downturn caused by the Covid-19 pandemic, only modest improvement is forecast for 2021, before economic recovery drives more robust growth from 2022. Though construction output growth will drive advance in the electrical wholesale market, market value is constrained by intense price competition, especially from online channels, with wholesalers focusing on high value product areas, such as home and industrial automation, as well as value added services, to maintain and improve profitability.”

The electrical products market will remain highly competitive with increasing competition from non-specialist and online retail channels. Margins are expected to remain tight in most product areas, and wholesalers will seek to increase profitability through growth of high-value or niche product markets or development of added value services.

#### **Editors Note:**

The information was taken from the [Electrical Wholesale Market Report – UK 2021-2025](#) by AMA Research, which is available to purchase now at [www.amaresearch.co.uk](http://www.amaresearch.co.uk) or by calling 01242 235724.

Please include our web address on any press release or article published. If you would like to receive more information on the report, or would like to speak to the Editor, then please contact:

Roshni Cornock

AMA Research

t: +44 (0) 1242 235724

e: [roshnipatel@amaresearch.co.uk](mailto:roshnipatel@amaresearch.co.uk)

#### **About AMA Research**

AMA Research is a leading provider of market research and consultancy services with over 30 years' experience within the construction and home improvement markets. For more information, go to [www.amaresearch.co.uk](http://www.amaresearch.co.uk) or follow us on Twitter [@AMAResearch](https://twitter.com/AMAResearch) for all the latest building and construction market news.

Since 2017, AMA Research has been part of [Barbour ABI](#), a leading provider of construction intelligence services. Barbour ABI is part of UBM, which in June 2018 combined with Informa PLC to become a leading B2B information services group and the largest B2B Events organiser in the world. To learn more and for the latest news and information, visit [www.ubm.com](http://www.ubm.com) and [www.informa.com](http://www.informa.com).