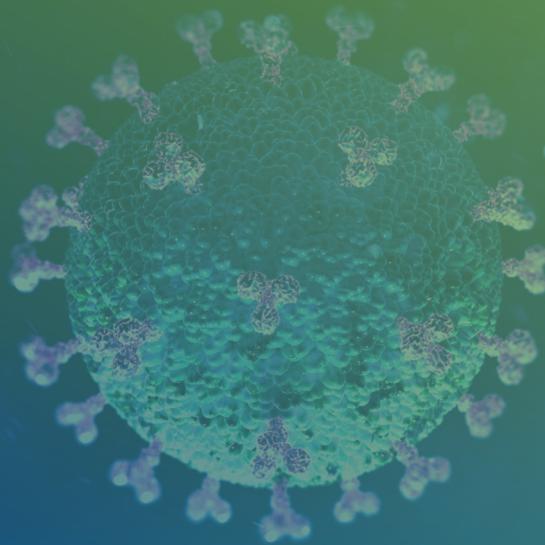


COVID-19

Survey – Impact on independent spare parts distributors

17 June 2020



Foreword

The COVID-19 had a fast and disruptive impact on the European Union, its people and its companies. The unprecedented human impact is closely followed by an important economic and social shockwave, which magnitude can be compared with the 2007 financial crisis, if not more. Necessary lockdown measures had a huge and immediate impact on the consumption of households, which could be reinforced in the near future with the job losses. SMEs, with limited liquidities, are particularly at risk.

The “automotive use” (aftermarket service providers of repair/maintenance, sale of parts/accessories/fluids, car rental/leasing, dealers, etc) brings together half a million companies, most of them SMEs, and over 4,3 million employees, which is a million more than the entire automotive manufacturing industry¹. As such, it is an essential ecosystem contributing to the fitness of the entire European Union’s economy. In order to better understand the impact of COVID-19 on such a crucial sector, the European Commission has requested European trade associations to provide figures and proposals. In order to do so, FIGIEFA, the European trade association representing independent automotive spare parts distributors (50.000 outlets operated by 30.000 companies and over 350.000 employees) has launched an online survey for its sector, and made proposals with other stakeholders for a swift recovery of the entire independent automotive aftermarket². The present document is a summary of the online survey.

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¹ GEAR 2030 Final Report

² [For a resilient automotive aftermarket ensuring sustainable European mobility. 12 measures for the recovery and post-COVID-19 period](#)

Methodology

FIGIEFA has conducted a survey open to independent automotive spare parts distributors to assess the impact of COVID-19 on their operations and their needs to recover.

The questions of this survey have been drafted by the FIGIEFA Secretariat and validated by the Board. The questions covered three topics:

- Impact of the COVID-19 crisis on business
- Impact of the COVID-19 crisis on jobs
- Public measures to tackle the COVID-19 crisis

The online form to contribute to the survey was disseminated by FIGIEFA national associations to their member companies. Respondents could fill the online form between the 15th of April and the 22nd of May 2020.

With the aim to avoid reluctance to answer to business-sensitive questions, the entire process was fully anonymised, guaranteeing optimal confidentiality to the respondents.

In order to provide flexibility and to encourage participation and focus on the questions felt as the most important by the respondents, it was not compulsory to answer to all questions. As a consequence, totals might not reach 100% for all questions.

This report brings together the most relevant figures.

Profile of respondents

408 individual companies participated, of all sizes and nationalities.

Almost 80% (326) of them are SMEs according to the definition used by the European Union³. Only five respondents employ more than 5.000 employees. 75 companies have an annual turnover of more than €50 million.

95,83% (391) of the respondents are EU-based companies, from almost all Member States⁴, the remaining coming from neighbouring countries⁵ with which the European Union has intense and integrated trade relations.

Unsurprisingly, a large share of the contributions come from the three most affected countries, in which the confinement conditions were the higher due to the magnitude of the public health crisis: 68,38% (279) of the answers come from France, Italy or Spain.

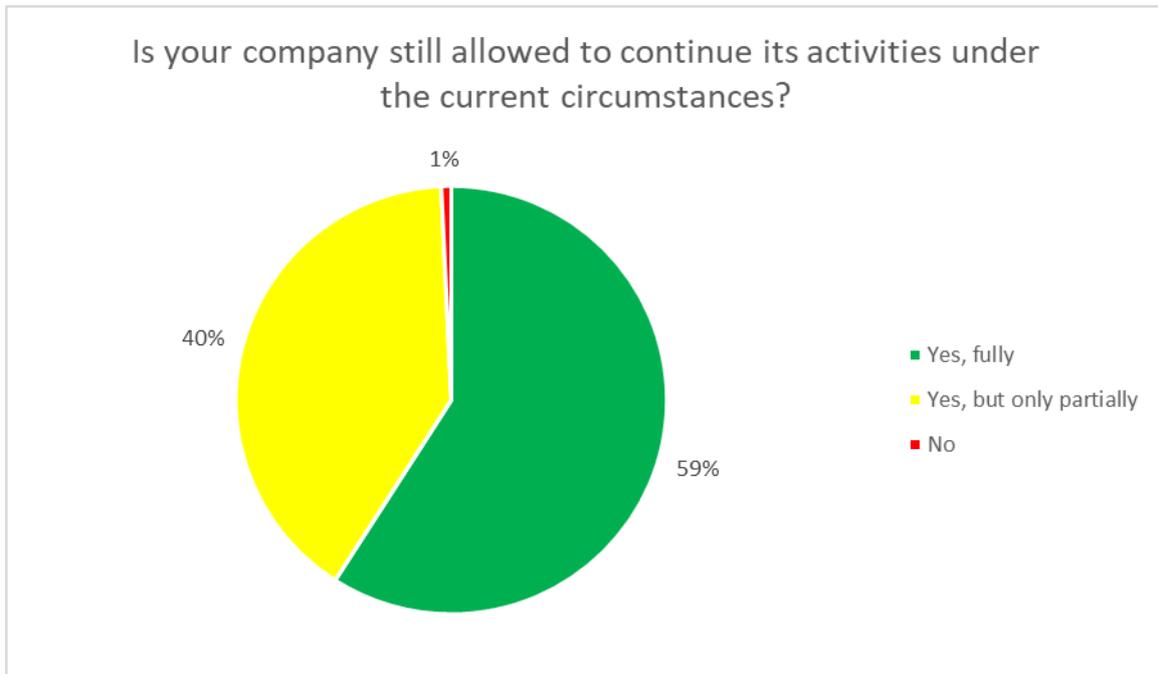
**408 contributions
from all over Europe,
including 80% of SMEs.**

³ EU definition of SMEs: less than 250 employees and less than €50 million of turnover

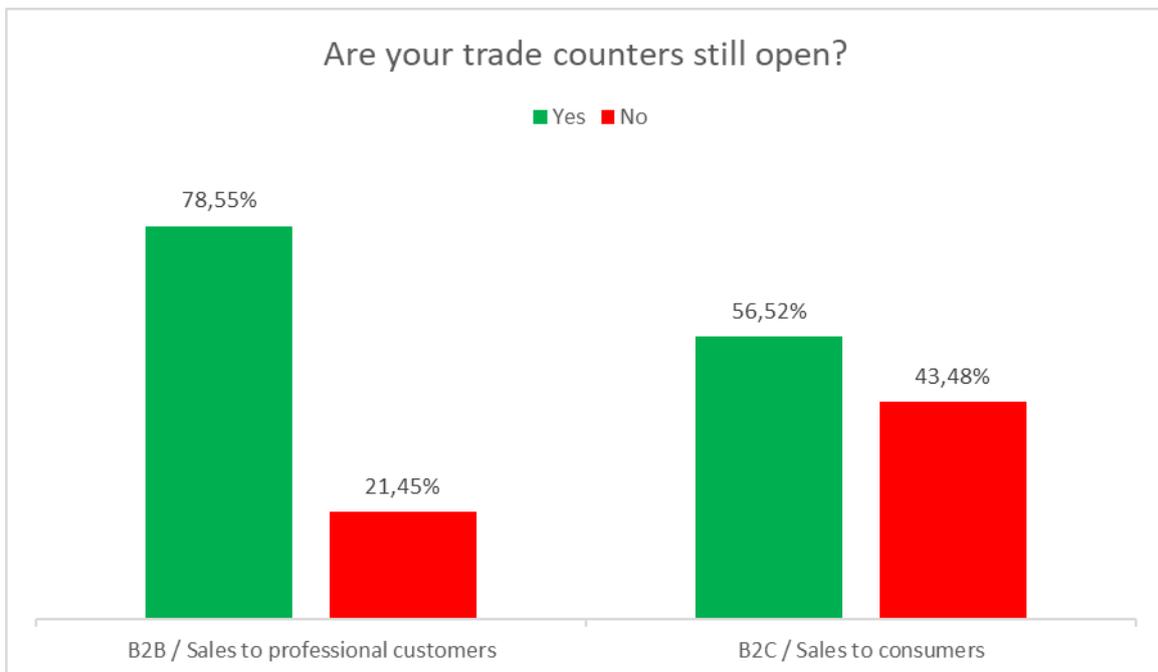
⁴ Answers were received for all Member States, except Malta

⁵ Iceland, Norway, Switzerland, Turkey, Ukraine, United Kingdom

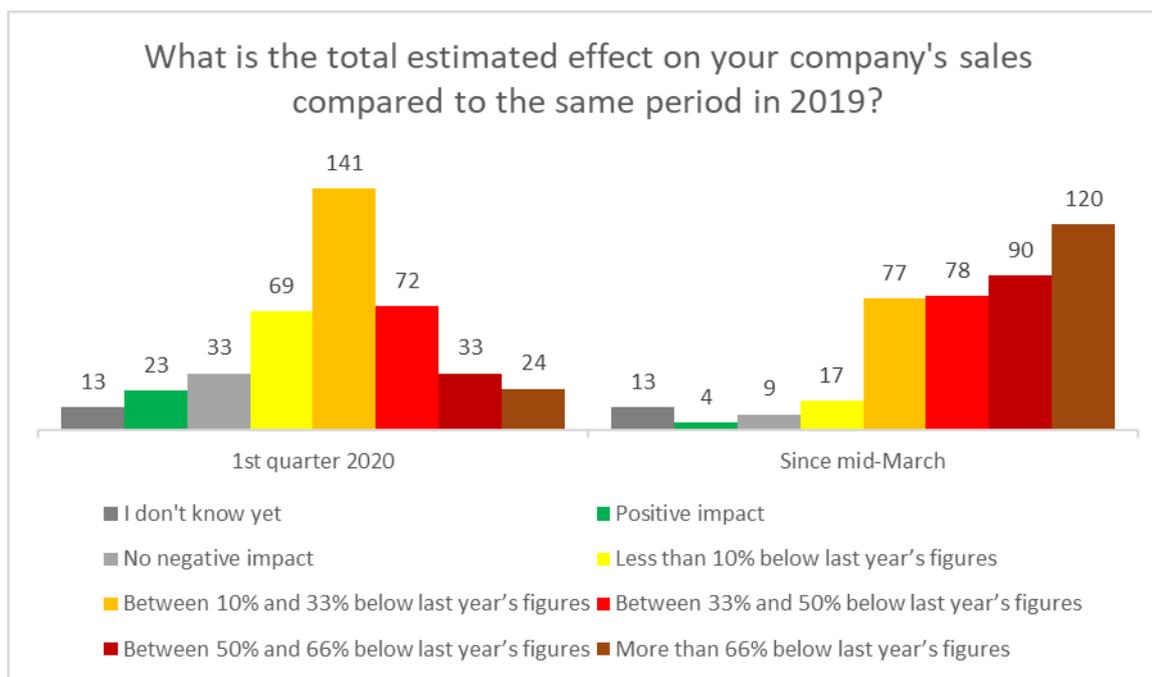
Impact of the COVID-19 crisis on business



Almost 60% (241) of the companies of the sector were allowed to maintain their business activity without any kind of restriction, and very few (only 3) were forced to completely shut down. The remaining 40% (164) of the companies could pursue their activities, but with limitations of different nature and magnitude, depending on the cases and countries.



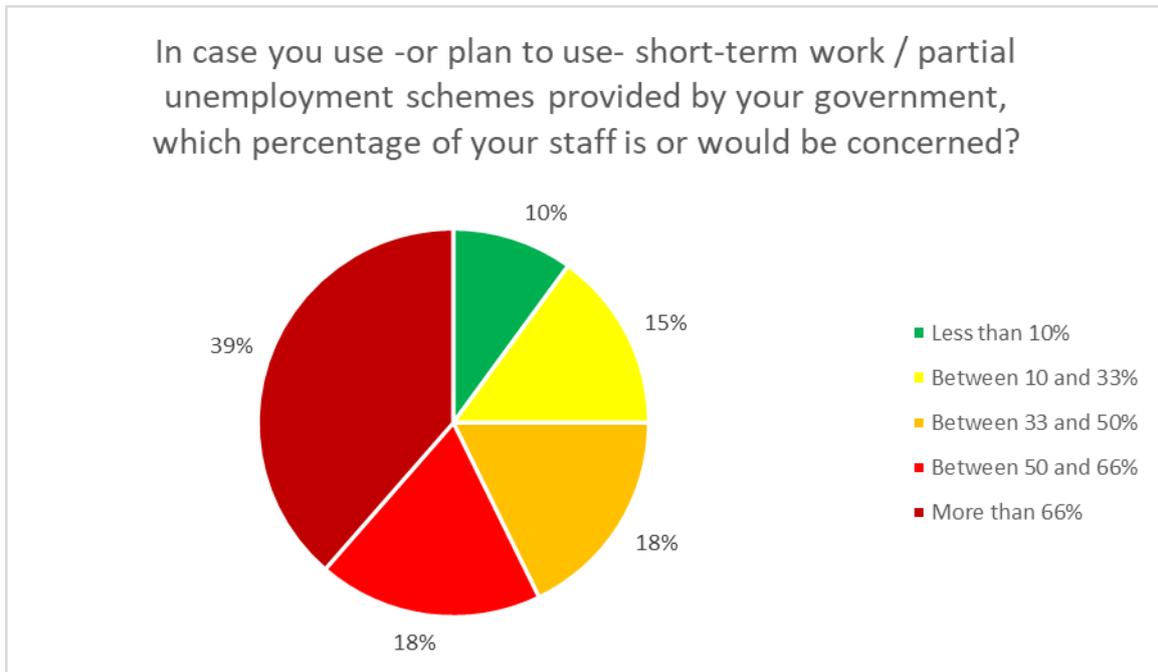
Whether for B2B or B2C operations, most of the companies could keep their trade counters open. In particular, almost 80% of the B2B counters remained open. However, almost 45% of the B2C trade counters had to be closed, due to confinement measures often including restriction to the shopping of individual, private consumers.



Despite most businesses being allowed to pursue their activities, even if with limitations in several cases/countries, there has been a massive drop in the sales. This drop has dramatically accelerated from mid-March, once confinement measures have been generalised in many countries, paralysing de facto the economy. While 13% of companies reported no loss for the first quarter, they are only 3% left in this situation from mid-March. The same way, more than half of the respondents reported a loss of less than one third for the first quarter, while over half of the respondents reported a loss of more than 50% since mid-March, with a staggering almost 30% of respondents facing a decline of more than two thirds.

Despite the right to continue business, sales have fallen dramatically, especially since mid-March.

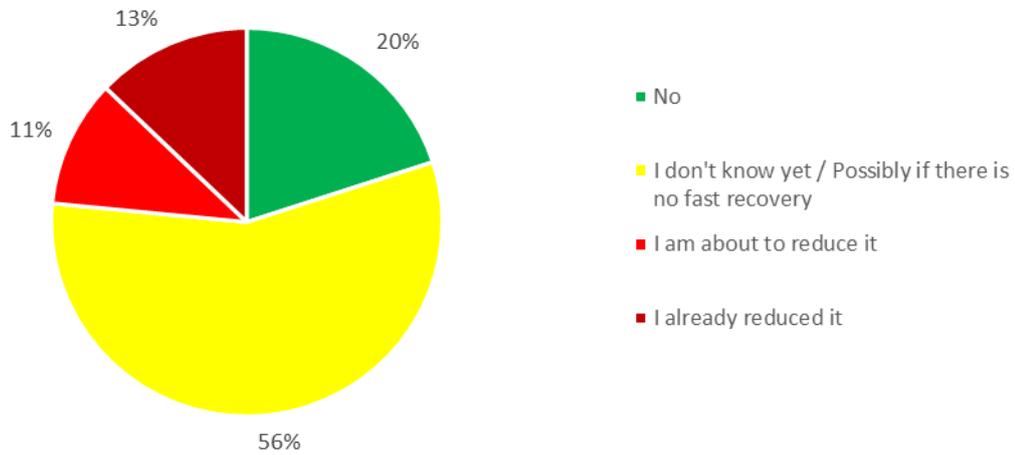
Impact of the COVID-19 crisis on jobs



Eligible companies tend to use schemes for partial unemployment to a large extent, when such schemes are created by public authorities. Only one out of ten of the eligible respondents intends to apply it to less than 10% of its employees, while over three quarters of them will implement it for more than a third of their teams, and even more than one out of two to the majority of its employees. They are a crucial elements for reducing costs when economic activity is slowing down, while preserving employment levels on the long term. This is why almost 85% of the companies are opting to use such schemes up to a certain level, when they do exist.

Over three quarter of eligible companies have used partial unemployment schemes for more than a third of their employees.

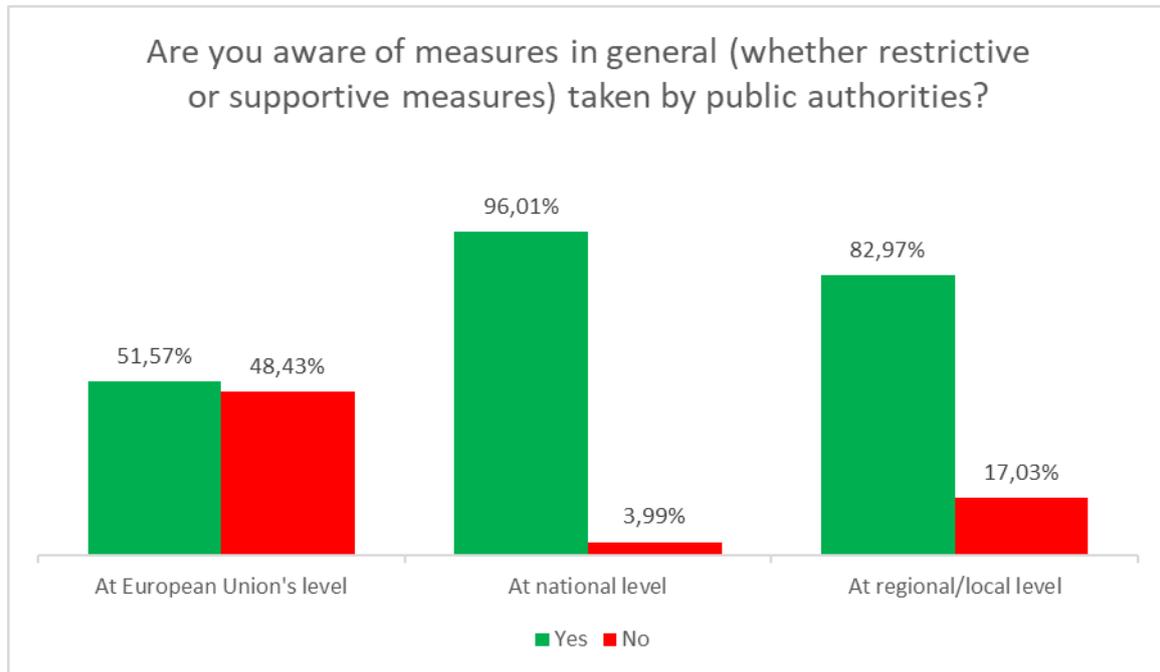
Are you planning to reduce the number of employees in your company due to the current situation or the likely prolonged crisis?



Only a fifth of respondents are confident that they will not reduce employment levels in the short to mid-term. Nearly a quarter of the respondents has already plans to reduce the number of jobs, and sometimes already implemented the decision. The most worrying is that more than half cannot yet forecast future developments in terms of employment and will have to make the decision depending on the evolution in the upcoming days and weeks. If the losses from the beginning of the year are not rapidly covered by a compensating increase of activities, many of them might be forced to reduce employment.

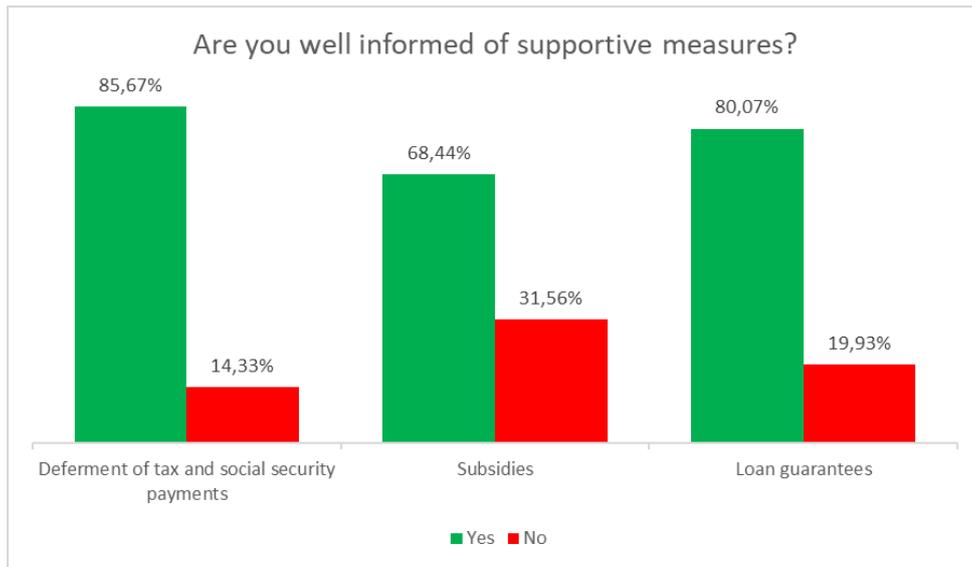
More than half of the respondents are not sure today if they will be able to keep employment to pre-crisis levels, especially if there is no swift recovery.

Public measures to tackle the COVID-19 crisis

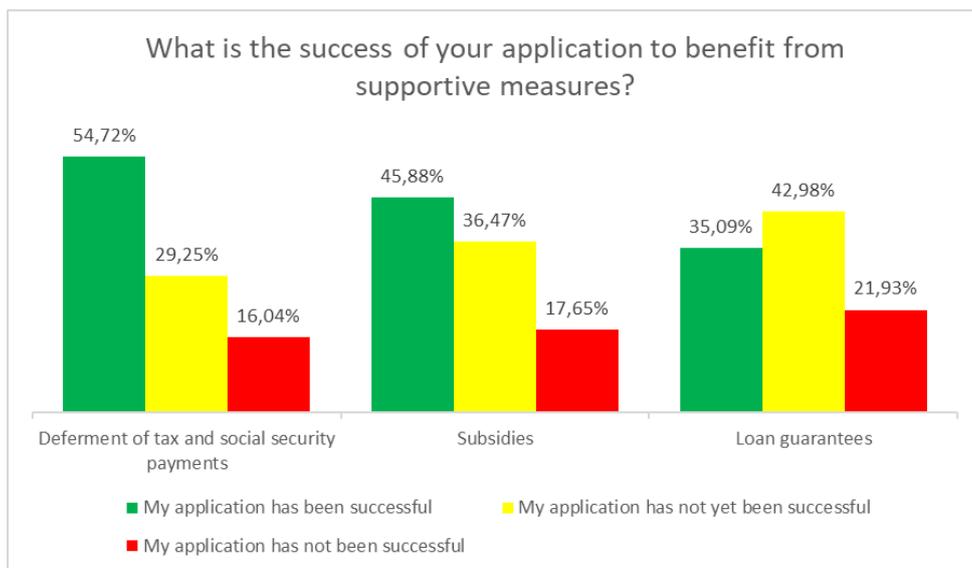


Interestingly, a vast majority of respondents is informed of measures taken at national, regional and local levels, whether they are restrictive measures (e.g. confinement) or supportive (e.g. financial support). However, almost 50% of the companies are not aware of any of the actions taken at the European Union's level. This illustrates the overall lack of information of companies on European Union's activities, as well as the predominance and prevalence of national measures. This might result from European Union's supportive measures being channelled through the national schemes of Member States.

Hardly half of the respondents are aware of EU measures, while almost all of them know about national ones.



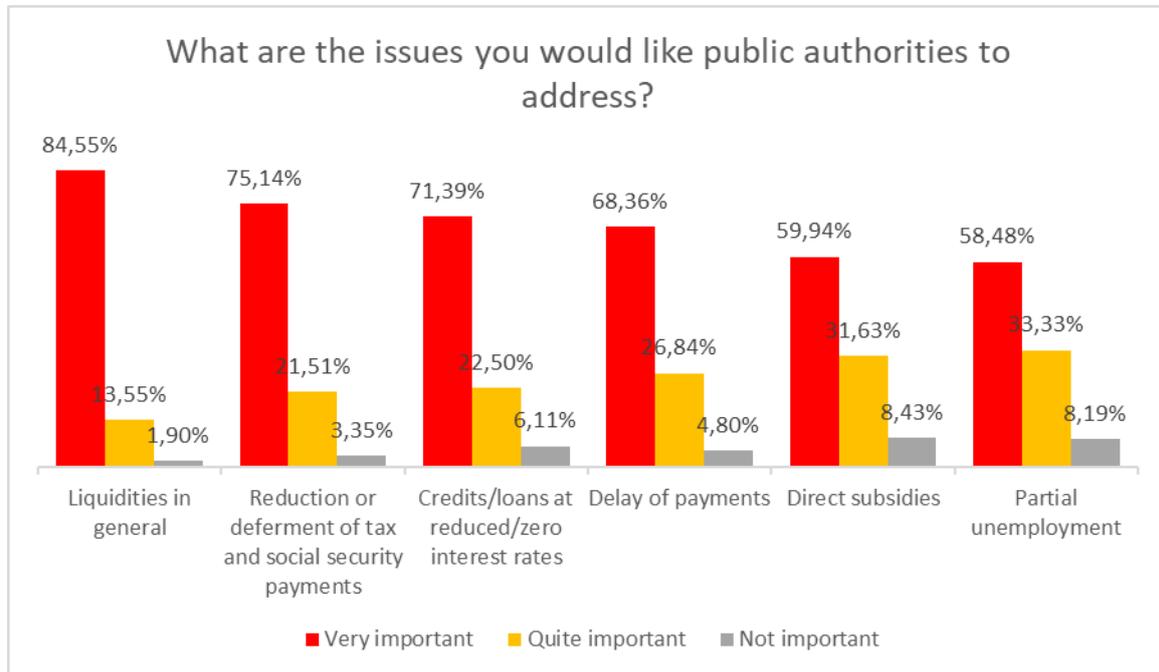
Many experts have warned at an early stage that companies, and especially SMEs, would have to face liquidity issues. In order to avoid a global collapse of the economic value chains, public authorities have therefore implemented several measures aimed at easing the access of companies to liquidities. Companies have been informed of such measure. For example, over four out of five of the respondents indicated they felt well informed about measures such as loan guarantees and deferment of tax and social security payments.



However, the success rate of candidates to such measures is still rather low. Most of the requests for a deferment of tax and social payments have received a positive feedback, but close to a third of them are still waiting for an answer. The worse situation is for the loan guarantees, which involve not only public authorities, but also financial institutions such as banks. It results in additional processing delays, and most of the applicants still didn't get an answer, or a negative one. While the rapidity to put in place such measures has to be acknowledged and welcomed, it is crucial to speed-up the processes. Companies of the sector are mainly SMEs with limited cashflow. Any delay can simply cause the closing down of the business.

Facilitating access to liquidities is essential, but implementation measures are too slow.

Companies' needs and expectations



Liquidities remain, by far, the first concern of the respondents. The rapid decline of demand, without certainties for the future, gives a negative perspective to the companies of the sector, most of them being SMEs with very limited available liquidities. This is why so many companies are interested in concrete measures helping them to lower the risk on the short- to long-term, with openness for different kind of measures, such as the reduction or the deferment of tax and social security payments or loan facilities.

When requested to elaborate further on what they would expect from public authorities, and especially at European Union's level, companies identified three main areas of actions:

Ensuring sufficient liquidities

- Reducing VAT rate for repair services and products
- Facilitating 0-rate loans
- Adapting taxation to the actual activity
- Acting against late payment
- Providing subsidies for companies and incentives for consumers

Lifting barriers to the activities of the independent automotive aftermarket

- Ending vehicle manufacturers' monopoly on captive parts
- Guaranteeing access to in-vehicle data
- Ensuring the same access to repair and maintenance information and spare parts identification for the independent aftermarket and vehicle manufacturers' networks
- Ensuring legislative certainty by continuing and upgrading the Motor Vehicle Block Exemption Regulation
- Not supporting the forced rejuvenation of the car park

Coordinating public actions

- Reopening borders, especially within the European Union
- Harmonising taxation
- Coordinating measures for the re-opening of businesses (avoiding unfair intra-EU competition)

Conclusion

The COVID-19 has already had, on the short-term, an immensely negative impact also on the automotive aftermarket sector. Sales of repairs services and spare parts have dropped dramatically. Companies and jobs are at risk and could easily disappear without appropriate, fast and consequent supportive measures decided by public authorities.

Needed measures must cover short- to long-term objectives. It is not only about going through the conjunctural drop of demand. It must also attenuate the economic and social impact by making sure that companies and jobs will survive in the coming months and years. It is also a unique opportunity to better take into account the added value of the independent automotive aftermarket for road mobility, and to guarantee to our rich ecosystem to thrive. A large coalition representing several segments of the independent automotive aftermarket has issued a guidance document⁶ to this respect, with detailed and concrete proposals.

An Irish respondent concluded the questionnaire by writing: “I am a fighter, we will fight”. This is a good summary. Our companies are willing to overcome the crisis and to continue providing the essential services to individuals, companies and public services relying on road transportation for their daily activities. But to do this, we will need the right equipment: measures to protect us from the economic slow-down, and framework measures to allow us to remain competitive by offering multi-brand innovative services and solutions to consumers, wherever they are in Europe.

**“I am a fighter,
we will fight”
(Irish respondent)**

⁶ [For a resilient automotive aftermarket ensuring sustainable European mobility. 12 measures for the recovery and post-COVID-19 period](#)

FIGIEFA

Founded in 1957 and based in Brussels, FIGIEFA is the European federation representing the political interests of independent distributors of automotive spare parts towards European Union's and United Nations' institutions. It brings together 20 national associations, as well as leading market players.

Independent distributors of automotive spare parts

Through a dense network of over 50.000 outlets operated by 30.000 companies, most of them SMEs, and over 350.000 employees, European independent distributors of automotive spare parts deliver innovative and competitive solutions for safe, smart, sustainable and affordable road mobility all over Europe. They are a key component of the wider European automotive aftermarket's ecosystem, composed of 500.000 companies and 4,3 million employees maintaining in perfect condition the 300 million vehicles on European roads.

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