German-British Business Outlook  Spring 2020

Coronavirus Special

PartnerForYourSuccess
Summary:
As all other businesses, those within the German-British business community are also massively affected by the coronavirus pandemic. Currently, companies are looking to reduce costs and/or staffing levels, but the majority can only do this at a pace which is substantially slower than the reduction in activities/turnover experienced. Therefore, a substantial hit to the bottom line will be unavoidable.

However, 80% expect their business operations in the United Kingdom to recover within 6 months following the end of the pandemic. They are less optimistic about the UK economy overall, for which they expect a significantly longer road to recovery.
The survey and its participants:

60 online interviews between **27 March and 01 April 2020** with companies from the German-British business community which have operations in the UK
Over 80% of the German-British business community is severely or more than severely affected by the coronavirus pandemic, while only 10% see no effects or even an increase in activity.
What are the biggest effects on your business as a result of the coronavirus pandemic?
(Multiple answers possible)

- A decline in demand/cancellation of orders: 42%
- Travel restrictions: 58%
- Cancellation of trade fairs/events: 43%
- Lack of supplies (goods/services): 60%
- Postponing/canceling of investments: 37%
- Logistics problems in the supply chain: 28%
- Interruption of your own production lines: 18%
- Liquidity constraints: 22%
- Less demand for products and services: 20%
- Other: 17%

A decline in demand/cancellation of orders, travel restrictions/cancellation of trade fairs/events and cancelled investments are having the biggest effect on business.
What changes to your turnover do you expect as a result of the coronavirus pandemic in 2020?

Roughly 80% of the German-British business community expect a decrease of more than 10% in this year’s turnover with nearly 30% of businesses expecting a decline of more than 50%.
Are you able to adjust your cost base to mitigate the effects of the coronavirus pandemic?

Roughly 70% of businesses are able to decrease their costs base, but overall the rate is far lower than the expected decrease in turnover, suggesting huge hits to the bottom line.
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What are the effects of the coronavirus pandemic on your medium-term investment plans?

The vast majority (70%) of companies in the German-British business community have put all of their investments plans on hold.
Nearly 80% of the German-British business community expect their operations to recover within three to six months after the end of the pandemic.
Even though 80% of companies of the German-British business community expect to recover within 6 months, 70% expect the recovery of British economy to take longer than that.
Over the coming months, do you expect to or have you already reduced staff numbers?

- Yes, reduction by more than 10%: 22%
- Yes, reduction by between 0 and 10%: 17%
- No reduction planned: 43%
- No, expect increase in staffing numbers: 3%
- Assessment currently not possible: 15%

Most businesses stay loyal to their employees as only 40% of companies of the German-British business community expect to reduce staff numbers, while over 46% expect to keep on staff or even increase numbers.
Apart from the coronavirus pandemic, what are the biggest concerns for your operations in the UK in the medium term? (Multiple answers possible)

Once the coronavirus pandemic is over, the Brexit risk of additional trade barriers is still on the mind of the German-British business community.