

## Impact of Covid-19 restrictions on the UK Acoustics industry – provisional survey results

### Introduction & background

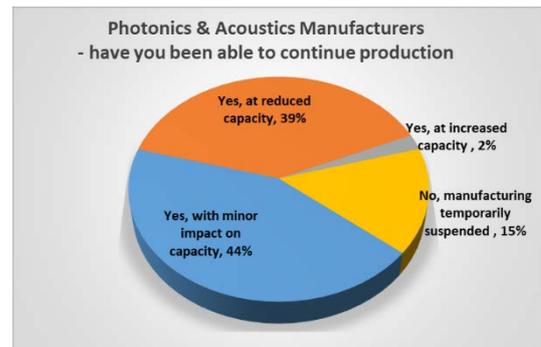
The Coronavirus Covid-19 global pandemic has resulted in unprecedented restrictions on businesses and public life in the UK and internationally. Government, its agencies, the trade press and business all need to understand the impact on industry. To avoid single point anecdotes and provide a factually and representative based understanding of the pandemic impact, a short survey of the acoustics and photonics industries was distributed to both communities from the 23 April 2020.

The following is an analysis of the initial 200 responses received over the first 14 days of the survey to 4 May 2020.

### Business Impact

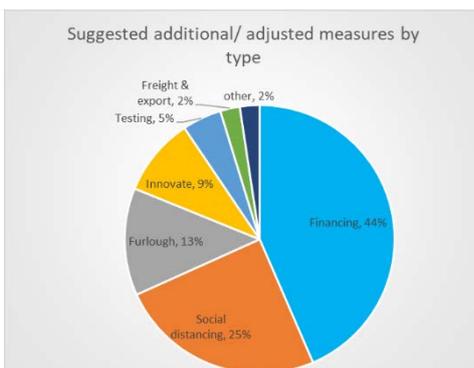
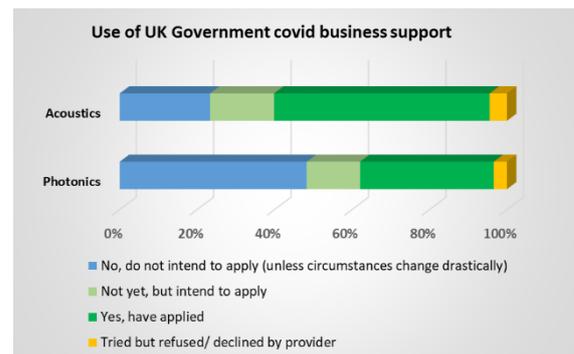
Based on overall responses 85% of manufacturing organisations have been able to continue production, with half of these organisation reporting only a minor impact on capacity. The reported manufacturing impact is fractionally higher in acoustics than photonics (78% vs 89% in full or partial production) but not significantly so.

The impact has been more severe among those providing high value services, particularly in acoustics where one third of firms report more than a 50% drop in short-term turnover (vs 6% in photonics services firms). The source of the difference cannot be definitively identified, but survey comments indicate the acoustics services industry has been more significantly impacted by restrictions to the construction and entertainment industries.



### Use of emergency support measures

Whilst 70% of respondents indicated they had, or intend, to make use of the Government emergency business support measures, the resilience of the industry is illustrated by one quarter of acoustics organisations indicating they have no intention to apply for support. Only a very small fraction of respondents (<1 in 20) indicated they had had difficulties accessing support.



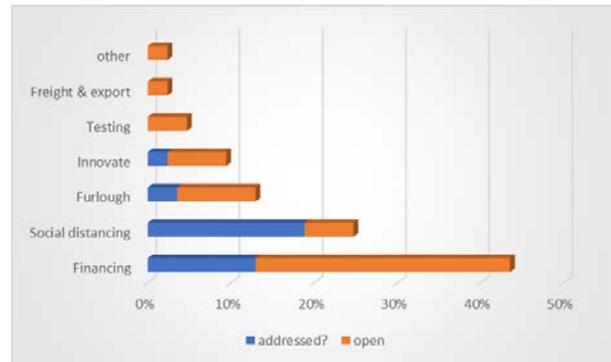
### Additional measures

Analysis of suggestions for additional support measures shows the majority of requests concern access to finance of various forms from loans to tax relief. A significant proportion of those commenting requested changes in the staff furlough scheme, most commonly an adjustment to allow for partial, part-time, furlough of staff. A significant number of requests were also made for clarification on the social distancing rules for businesses.

With the government's updated 'Stay Alert' and return to work guidance issued on 11 May comments on suggestions for modified measures have been reviewed to assess which have been addressed. Overall, one third of suggestions made in response to the survey have been at least partially

addressed. The degree to which recommendations have been met is acknowledged as subjective, e.g. partial furlough from August may not fit all requests.

No significant differences in requests made by the acoustics and photonics industries were notable, with the exception of the higher number of acoustics organisation seeking clarification about return to work of the construction industry.



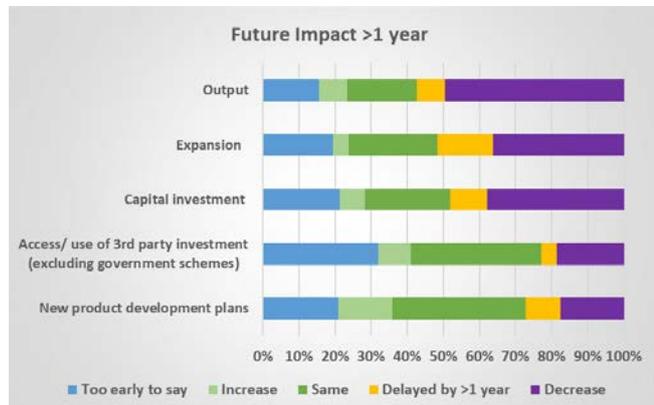
### Locus of impact

Across photonics and acoustics organisation of all types it is the impact on the order pipeline that is causing greatest concern. A significant lengthening of the sales cycle, difficulty closing new orders and order cancellations being the top three difficulties cited by most organisations. However, when considering only manufacturing organisations, one third indicate their biggest or second biggest challenge has been the importing of key parts and components.

### Future impact

Looking to the future, the general prevalence of uncertainty is supported by ~20% of respondents saying it is too early to predict what the pandemic impact will be like in a years time.

Where people did express an opinion ~30% currently predict business activity and investment will return or even increase over pre-pandemic levels in a years time, with 50% predicting their output will less.



The potential for the pandemic disruption to foster new innovations is supported by one half of all respondents predicting new product development plans will remain the same or increase, with this forecast being slightly higher for photonics (61%) vs acoustics organisations (48%).

### Getting back to the new normal

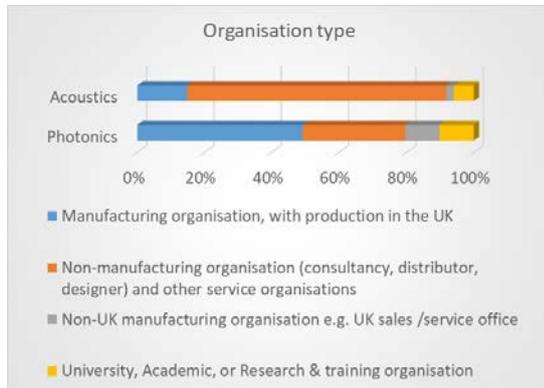
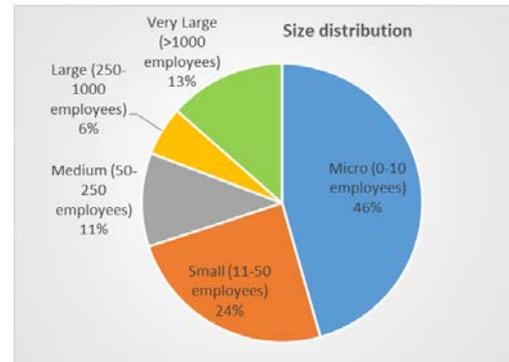
Aside from the obvious lifting of stay-at-home social distancing restrictions more than half of photonics and acoustics organisations report the ability to have face-to-face meetings and access to customers will be important in getting back to pre-virus business levels.

Notably, the removal of European and intercontinental travel restrictions is much more important to photonics and acoustics manufacturing organisations, than service based ones. Nevertheless, nine out of ten respondents still predict a significant increase in remote/home working and the use of virtual remote meetings in the longer term.

### Survey representation and limitations

Survey responses were received from a cross-section of company sizes reflective of the acoustics and photonics industry. Two thirds of respondents identified with the acoustics industry and one third with photonics. There was no significant difference in the size distribution of companies between the industries. The small number (4%) of respondents from other industries were excluded from the analysis.

Manufacturing organisations made up one quarter of overall responses. However, the distribution was not even between acoustics and photonics. Service based organisations made up three quarters of responses from acoustics vs only one third of responses from photonics. The survey was predominantly targeted at industry, with questions acknowledged as less relevant to research and academics organisations, who correspondingly made up only 7% of overall responses.



An additional question was added during the survey to verify the organisation's location- 97% of respondents were from the UK. Non-UK responses have been excluded from this analysis.

No individual or organisation identifiable information was gathered during the survey to simplify data compliance and keep the survey as short as possible. Therefore, it is possible responses include multiple responses from the same organisation. However, the cross-section of responses indicates this has not

introduced significant errors.

Survey inputs may also have been influenced by the variable impact of pandemic measures on individuals, with those with more time likely to respond and those with less time, whether due to dynamically managing family and work from home and/or keeping business operations running, less likely to respond. Furloughing measures also mean some potential respondents are not collecting or able to respond to work related communications. No attempt has been made to account for such factors.

### Survey leverage

The results of the survey have been fed into multiple government departments who have been notably grateful the inputs and will be using some of the summary data.

### Additional and future responses

The survey remains open for additional inputs -

[https://forms.office.com/Pages/ResponsePage.aspx?id=Z7LDbgU-706uII\\_DMh92Z-Se9H7FSLhLvk2ZJZKpFnBUQjJNQU5IWjc2M0NFNFILN1RINElaQU1RTi4u](https://forms.office.com/Pages/ResponsePage.aspx?id=Z7LDbgU-706uII_DMh92Z-Se9H7FSLhLvk2ZJZKpFnBUQjJNQU5IWjc2M0NFNFILN1RINElaQU1RTi4u)

Updated analysis will be released if statistically significant additional responses are received.

An additional survey is planned for the early Autumn to gather updates on the ongoing and perceived future impact.

Compiled by Dr John Lincoln, Harlin Ltd, in collaboration with the Photonics Leadership Group, 13 May 2020.