



2020

FedEx Brexit customer survey

OUR CUSTOMERS' VIEWS AS THE END OF
THE TRANSITION PERIOD APPROACHES

Many businesses still feel unprepared for changes to the UK/EU trading relationship, but our latest research shows that the majority are planning to trade as normal next year – whatever scenario they face.





About the survey

We polled a total of 166 customers across 7 markets in September 2020. 91% ship to other European markets, 61% ship worldwide. 50% of the sample have fewer than 50 employees with 37% having between 50-249 employees.



Trevor Hoyle

Senior Vice President
Ground Operations Europe
FedEx Express

Executive summary

As the Brexit transition period draws to a close, there is still a great deal of uncertainty for European businesses to contend with.

Most important is the lack of clarity over how trade between the UK and EU will function from 2021, and the fact that many of our respondents still feel unprepared. And while talks over a Free Trade Agreement remain open, among the customers we surveyed there isn't a lot of confidence that one will be agreed. Half (49%) expect negotiations to conclude without a deal, with only 30% confident that an FTA will be in place by the end of the transition period.

But our survey also shows that customers' plans are largely unaffected by the potential for trade to be conducted on World Trade Organisation (WTO) terms. It's clear that there's a strong feeling among a sizeable number of customers that an FTA would have a positive influence on their businesses – and that not agreeing one would have a negative influence – but by and large they are not letting the uncertainty affect their plans.

“Our survey has shown some very interesting results, particularly around our customers' mindsets as we head towards 2021,” says Trevor Hoyle, Senior Vice President Ground Operations Europe, FedEx Express. “Fewer than two-thirds of our customers feel prepared for the end of the transition period, yet most – to their great credit – are still planning to trade as usual next year.”



15%

of respondents
say their business
is very prepared
for the end of the
transition period

“

Preparing for 2021: more work for SMEs to do

Our survey revealed that just 15% of our SME customers feel their business is very prepared for the end of the transition period, with a further 45% feeling fairly prepared. So, while in some ways it's positive that almost two-thirds feel they have achieved a degree of preparation, it's also an indication of the work that still needs to be done before every SME feels ready to tackle 2021 with confidence.

To illustrate that point further, almost a third (30%) of businesses surveyed said they feel unprepared, and a further 10% don't know whether they are adequately prepared or not.

And when drilling down deeper into the survey's results, it can be seen that just 1 in 10 businesses (11%) say they are very knowledgeable about the new shipping requirements that would be in place for GB/EU trade if the transition period ends without a Free Trade Agreement.

This is a particular concern, as many of those requirements will be necessary regardless of whether there is an FTA in place or not.

On a brighter note, 42% say they feel fairly knowledgeable about the new shipping requirements if a trade deal isn't agreed. Yet with 37% saying they are not very or at all knowledgeable, it's clear there is still much to do for many businesses before the end of the year.

“It's essential that all businesses are fully prepared for the changes to GB/EU shipping processes that will come into force next year,” says Trevor. “We've been producing a range of materials to help our customers do just that, and we're encouraging everybody to take the necessary steps so they fully understand what will be required from January 1.”

SME demand for priority services is expected to increase

A number of businesses are looking to make faster connections with their customers next year, regardless of the trading scenario they face, by increasing their use of priority services.

This is particularly true in the event of a trade agreement not being reached, when 16% of businesses say they will consider upgrading from economy to express. But more than 1 in 10 (12%) say they would consider doing the same even if a deal is agreed.

“The increase in demand for express services that has been signalled by our customers could be an indication of expected delays at borders, as a new era of trading begins and a greater volume of customs declarations is needed,” says Trevor. “We’ve prepared extensively for the new regulations, and it’s worth noting that our express services are not expected to see any delays following the end of the transition period.”

SMEs expect a boost if an FTA is agreed

Our survey shows that many SMEs expect the outcome of the trade negotiations to have a direct impact on their business. And there’s a very clear distinction between the impact expected from an FTA and that expected from trading on WTO terms.

If there is an agreement, 42% of customers expect it to have a positive effect on their business, while 33% expect a neutral impact. Only 13% expect an FTA to be detrimental to their business.

In contrast, just over half (51%) of customers expect trading on WTO terms to have a negative impact on their business. A further 28% feel it will be neutral, while just 7% expect a positive impact on their business.

Yet regardless of whether there is a deal or not, business ambitions seem unlikely to be affected. Most of the customers surveyed expect to trade as normal whatever the outcome of the negotiations (78% with an FTA, 71% with WTO terms).



42%

of customers expect an FTA to have a positive effect on their business





It's vital to build the knowledge required to ensure your business is ready to trade across the GB/EU border

“

Next steps for your business

Our survey revealed a number of fascinating findings, and positives can be taken from the fact that many of our customers expect to trade as normal next year no matter what the outcome of the trade negotiations is.

But perhaps most importantly – with the end of the transition period drawing closer – it also shows a clear gap between how prepared businesses need to be going into 2021, and the level many are currently at.

It's vital to build the knowledge required to ensure your business is ready to trade across the GB/EU border, and through the survey our customers told us they wanted to have more information on areas such as shipping, documentation and customs.

We can help. Our Transition Toolkit is being regularly updated and contains a range of materials that outline how shipping processes could change from January 1, 2021, and what you'll need to do to maintain seamless cross-border exports and imports.

To explore the toolkit for yourself, visit [fedex.com/Brexit](https://www.fedex.com/Brexit)