

Western Europe: 2021 offers hope to businesses rocked by pandemic

Atradius Payment Practices Barometer





Survey results for Western Europe

The Atradius Payment Practices Barometer is an annual survey that assesses business payment behaviour throughout the world. The survey explores a range of topics including payment terms, payment delays, credit sales and DSO (Days Sales Outstanding).

The survey provides us with the opportunity to hear directly from businesses and, this year, gives us insight into how businesses are coping with the COVID-19 pandemic and global recession.

In this report, you will find the survey results for Western Europe.



Andreas Tesch, Chief Market Officer of Atradius, commented on the report:



The Covid-19 pandemic has triggered an economic crisis of global magnitude, whose final costs in terms of bankruptcies and unemployment are yet to be fully determined, and will likely take years to recover from. Global GDP is forecast to contract by more than 4% this year, and world trade by about 15%. Without exception, every country polled in Europe reported an increase in late payments which corresponds to an average two-thirds increase on pre-pandemic figures for the whole region. With the recent spike in coronavirus cases this fall, we can expect things to get worse before they get better. The businesses we've surveyed around the world have been making adjustments in the way they sell their products and services and collect payment for them in an effort to adapt and grow.

The contrast between this year's Atradius Payment Practices Barometer survey results and last year's provides a stark reminder of how unexpected challenges can affect accounts receivable. Actions taken by individual governments to provide fiscal support and changes to insolvency rules to protect businesses from going bankrupt are key, but don't completely counteract the impact of the crisis. Flexibility and contingency planning by businesses are also vital. It is inspiring to see how many organisations are using credit creatively to drive business, support customers and build trade. Looking forward to 2021, it is encouraging to see how many businesses remain optimistic about the future.



Key takeaways

Increased business caution leads to a drop in the use of trade credit

Trade credit is, on average, used in 55% of B2B sales across the region, lower than the 60% average seen in last year's pre-pandemic sales.

Payment terms lengthen by an average of 12 days

Where businesses did offer trade credit, many chose to increase the payment terms they offered in a bid to increase competitiveness and support customer liquidity issues.

Overdue invoices and write-offs increase dramatically

Overdue invoices rise by two-thirds on pre-pandemic figures, and write-offs more than triple from 2% to 7% of total invoice value.

94% of businesses in Europe report lengthening DSO

Late payments throughout Western Europe have led to a significant increase in DSO, although for the majority of businesses (57%) the increase is less than 10%.

Despite pandemic challenges, a modest majority is cautiously upbeat

A small majority of businesses in Western Europe anticipate growth in their domestic markets next year. On balance, more businesses in the region are optimistic about the global economy and international trade.



Despite negativity across a range of key performance indicators, businesses in Western Europe maintain hope in 2021

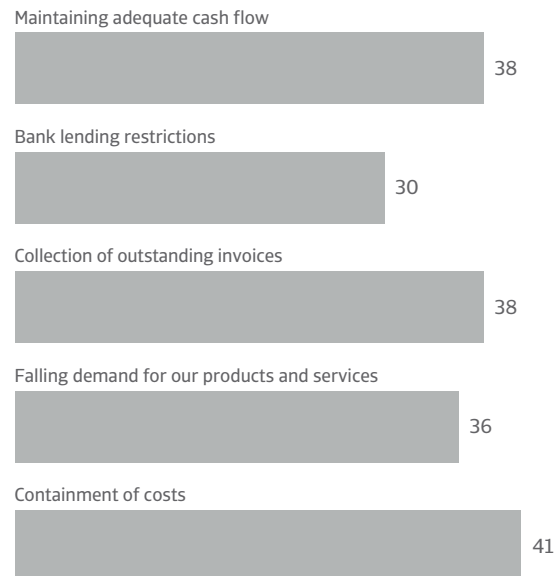
For many businesses, 2020 has been the most challenging year experienced for some time. Global GDP is set to contract by 4.5% year-on-year and insolvencies are forecast to increase by 26%, which would make this a bigger downturn than the 2008/2009 recession. That said the impact of the recession varies across companies, sectors and regions. The countries with the strongest GDP contractions are those that enacted the most stringent pandemic lockdowns. In Western Europe, this includes France, Italy and Spain. Meanwhile, the UK has had to face a double uncertainty with the challenges presented by both the pandemic and Brexit. It's not all bad news. Many economies have been buoyed by governmental fiscal policies including tax breaks, social assistance and freezes on insolvency proceedings.

This year's Payments Practices Barometer survey was conducted during the pandemic downturn. Where appropriate, we have benchmarked the results against last year's survey. Unsurprisingly, the results show many indicators of businesses in distress, including an increase in late payments and a reduction in risk exposures as trade credit drops. However, there are also signs of businesses fighting back, using trade credit to encourage sales and even support the liquidity of customers struggling with their own cash flows.

In addition to taking the payments pulse of the region, we also took the opportunity to ask Western European businesses how they viewed the future. Encouragingly, this was not as bleak as the pandemic experience may have led us to predict. A modest majority leaned towards optimism in each of the three areas we asked about: the domestic economy, global economy and international trade. We will know more as 2021 unfolds, but there is hope for now, for the businesses in Western Europe.



Western Europe: top 5 challenges to business profitability in 2021



Sample: all interviewed companies
Source: Atradius Payment Practices Barometer – November 2020

Main survey results for Western Europe

■ Businesses offer trade credit in a bid to attract domestic sales

As the effects of pandemic lockdowns began to be felt throughout the region, many businesses in Western Europe turned to trade credit in a bid to encourage sales on the domestic market. This was seen most often in France (reported by 72% of the businesses we polled), the UK (65%), Ireland and Italy (both 61%), and reported by an average of 53% of businesses across the region. 29% of respondents to our survey told us they offered trade credit to remain competitive (most frequently cited in Germany 41%), while 19% extended trade credit to B2B customers to provide liquidity support to them as they were in financial distress (highest in Germany and Sweden, both at 32%).

37% of the businesses surveyed reported an increase in the total value of B2B sales transacted on credit during the pandemic compared to before the pandemic. 51% reported no change, and 12% reported a decrease. Among the businesses that reported an increase in B2B credit sales, the growth overall was 32%. Trade credit is currently extended in 55% of all B2B sales across the region. This is lower than last year's 60%, but it is higher than the 50% reported in neighbouring Eastern Europe.



Prior to the pandemic downturn, 40% of businesses in Western Europe relied on financial statements to assess customer creditworthiness. However, after the onset of the recession, we saw an interesting shift in this trend with businesses increasingly engaging directly with customers and prospects to gather information for credit assessments. About 40% of the businesses we spoke to across the region said they sourced credit information directly from their customers (i.e. matching the pre-pandemic levels for financial statements). This approach appears to be a pan-European phenomenon.

Atradius Payment Practices Barometer – November 2020

39% of the survey respondents in Western Europe granted requests for trade credit from their SME customers and 35% from large enterprises. Where requests for trade credit were refused, 44% were from SMEs. On average, request refusals occurred on nearly 28% of the total B2B sales value (lower than the total value of accepted requests). The most frequent reasons given for turning down credit requests were high economic risk in the customer's country (reported by 30% of the businesses polled), deterioration of customer creditworthiness (26%) and deterioration of customer payment behaviour (24%).

■ **Longer payment terms used to grow sales and support customer liquidity**

Most of the businesses surveyed in Western Europe reported setting payment terms of 30 days or less, on average (66% of respondents). This was followed by 16% of businesses that reported terms of 31 to 60 days and 8% from 61 to 90 days. 11% told us that they set payment terms of 90 days or more. In total, there is a 46-day average for payment terms in the region, a significant increase on last year's 34-day average.

Overall, just under half of all businesses extended longer payment terms, and a similar amount kept them the same. 48% of businesses told us that they did not alter their payment terms during the pandemic, and 47% of-

ferred longer terms. At the country level, longer terms were most often offered in Spain (as reported by 58% of businesses), France (57%) and Greece (52%). 5% of businesses in the region decreased payment terms. Businesses told us that the main reason for granting longer terms was to encourage domestic sales during the pandemic (as reported by 32% of businesses polled in Western Europe). 23% of businesses said they granted longer terms in order to provide short-term finance to customers, and 20% said they did so to encourage foreign sales during the pandemic. Looking ahead, the majority of survey respondents said they would continue to offer longer payment terms during 2021 to encourage domestic sales (32%, representing no change in the proportion of businesses planning to use this approach). More businesses plan to offer trade credit to encourage foreign sales next year (23%) with fewer planning to use it as a form of short-term finance for customers (20%).

Perhaps the clearest message coming from the results on payment terms in Western Europe is that trade credit seems to have developed a much bigger role during the pandemic than before. Businesses are exploiting its key features as a source of short-term working capital, as well as a trade enabler and facilitator. Looking ahead, this pivotal role looks set to continue for several months, if not longer.

■ **Overdue invoices increase by two-thirds and write-offs surge**

The total value of overdue invoices rose dramatically during the pandemic. Last year the total value of B2B invoices reported by businesses in Western Europe was 29%. This year, following several months of pandemic lockdowns, the value of overdue invoices reached 47%. This corresponds to a year-on-year average increase of 62%.

Every metric shows the payment practices of businesses throughout Western Europe deteriorated significantly during the pandemic. Before the pandemic, 69% of the total value of B2B invoices was paid on time; after the pandemic began, this dropped to 46%. Last year, just 2% of total invoice value was written off. One year later, and in the midst of the pandemic, this has risen to a 7% write-off rate. It is also worth keeping an eye on the amount of invoices that are long overdue in the region. Currently, this is 7% (up from 5% last year). Research has shown that the longer an invoice remains overdue, the less likely it is to be paid.

The lower efficiency in collection of long outstanding receivables of high value during the recession can be seen in the lengthening of DSO. This was the case for 94% of businesses in Western Europe. In particular, 37% of the region's respondents told us their DSO had increased by more than 10%. This was the case for almost half (49%) of businesses in the Netherlands. For 57% of businesses in Western Europe, the increase was more modest. Only 7% of respondents recorded a decrease in DSO. The average pandemic DSO for Western Europe stands at 98 days, largely similar to Eastern Europe, where the pandemic figure is 103 days.

■ **Cash flow crises cause businesses to delay paying suppliers**

43% of businesses throughout Western Europe reported withholding payment to suppliers as they grappled with liquidity issues caused by the sudden pandemic downturn. Perhaps inevitably, more than a third of businesses (37%) also told us that they were forced to increase the amount of time, costs and resources spent chasing unpaid invoices. By the time of our survey, recession had hit Western Europe, as can be seen in reduced productivity levels, with 28% of businesses telling us that they had laid-off staff, and 26% that they enacted hiring freezes.

■ **Buyer-supplier communication improves during credit assessments**

Prior to the pandemic downturn, 40% of businesses in Western Europe relied on financial statements to assess customer creditworthiness. However, after the onset of the recession, we saw an interesting shift in this trend with businesses increasingly engaging directly with

customers and prospects to gather information for credit assessments. About 40% of the businesses we spoke to across the region said they sourced credit information directly from their customers (i.e. matching the pre-pandemic levels for financial statements). This approach was reported most in France, by 51% of respondents, and appears to be a pan-European phenomenon.

The drivers behind this change in direction could include both push and pull factors. Businesses may be pushed to source information directly from their customers in instances where the speed of the downturn may have affected the availability of up-to-date information. In addition, businesses may be pulled closer to their customers as they engage in a greater degree of two-way dialogue over how to negotiate pandemic challenges such as supply chain issues. In addition, many businesses seeking supplier trade credit may be more proactive about providing financial information than in pre-pandemic times.

■ **Cash flow health is key indicator in assessing credit**

Once credit information is obtained, businesses in Western Europe told us that they prioritise evaluating customer cash flow levels, as well as their financial flexibility. In particular, this involves the customer's ability to access funds to meet its financial obligations in a timely manner. Looking forward to 2021, businesses told us that they plan to continue to focus on these areas most when assessing creditworthiness, although 47% said they felt their customers' creditworthiness would improve in 2021. Interestingly, their peers in Eastern Europe appeared to have a greater sense of optimism, with 52% telling us that they expected their customers' creditworthiness to improve next year. 22% of Western Europe's businesses expect to see a downturn in their customers' creditworthiness.

■ **More businesses opt for self-insurance than anything else**

In response to the recession, businesses in Western Europe most frequently began to protect their accounts receivable with self-insurance. Prior to the recession 56% of businesses said they self-insured.

Following the onset of the economic downturn this percentage has risen to 82% of respondents. Businesses already using outstanding payment reminders told us that they did so more often after the downturn (38%). The same is true for the 34% of businesses that increased their use of credit insurance after the onset of the pandemic. Despite the inherent risks of self-insurance, more businesses told us they planned to use this credit management tool next year than any other. This was reported by 56% of the businesses we polled in Western Europe and 66% of businesses in Eastern Europe.

■ **Most businesses report a pandemic pinch**

The pandemic has undoubtedly impacted businesses throughout the world. In Western Europe, the greatest impact was on business revenue (reported by just over half of our survey respondents, at 51%). Sales volumes and cash flows were also pinched (as reported by 45% and 38% respectively). The impacts appear to have been felt most keenly in Greece, where 69% of businesses told us the pandemic had an impact on revenue, 64% reported an impact on sales volume and 55% an impact on cash flow.

The picture was not entirely negative, however. 29% of businesses reported a positive impact on the cost of capital, and 28% saw improvements in profitability. Respondents in the Netherlands led Western Europe's results with 51% and 55% for each respectively. In addition, 40% of the businesses polled in Western Europe reported no impact on the cost of capital. This may be due to measures taken by governments to support their economies during the pandemic.

■ **Greatest challenge faced by businesses in 2021: containing costs**

When looking to 2021, the greatest concern for businesses in Western Europe is cost containment. This was reported by 41% of the businesses we spoke to across the region. The collection of outstanding invoices is a worry for 38% of businesses, along with maintaining adequate cash flow and a fall in demand, which was quoted by 38% and 36% respectively. At a country level, Belgium led Western Europe with the most concerns about cost containment. This was listed by 28% of businesses. 20% of businesses in the Netherlands told us that collecting outstanding invoices would be a challenge next year. Cash flow concerns were listed by 27% in Germany, France and Spain. 35% of businesses in Sweden reported concerns about a potential fall in demand.

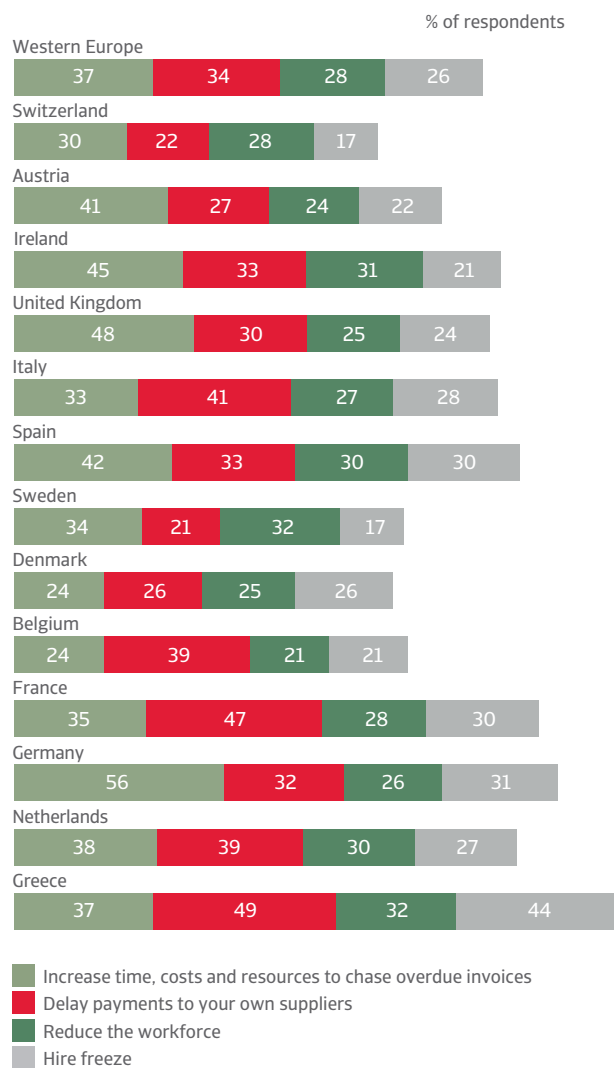
■ **Region-wide opinion: improvements will be seen in domestic and global economies and international trade**

The majority of businesses in Western Europe believe their domestic economies will improve over the next six months. This was reported by an average of 57% of respondents across the region and peaked in Germany with 70% of the survey's respondents expressing this opinion. Conversely, just an average of 27% of respondents across Western Europe told us they believe their domestic economy will deteriorate over the same timeframe. This was highest in Greece at 40%.

When asked for their views on the outlook for the global economy, 45% of respondents in the region said they think it will improve (reported by 50% in Germany and Italy). A lower percentage believe the global economy will deteriorate next year (35% in the region and 45% in Spain).

As for the outlook on international trade, 49% of businesses in Western Europe believe it will improve, and 32% believe it will worsen. Optimism is highest in Ireland, with 55% expecting to see improvement. At the other end of the scale is Austria, where 43% believe international trade will deteriorate next year.

Western Europe: top 4 measures to manage liquidity issues due to the impact of the pandemic



Sample: all interviewed companies
 Source: Atradius Payment Practices Barometer – November 2020

Western Europe: impact of the COVID 19-induced economic crisis on industries

The following information features the aggregate survey results for the agri-food, chemicals, consumer durables and steel/metals industries for the majority of the countries surveyed in Western Europe. Results for other industries, including construction/construction materials, ICT/electronics, machines, paper, textile transport and services can be found in individual Payment Practices Barometer country reports.



AGRI-FOOD

Late payments and cash flow

- Late payments in the Western European agri-food industry affected nearly 50% of the total value of B2B invoices (significantly higher than last year's 27%). Of all the countries surveyed in Western Europe, the Netherlands recorded the highest percentage of overdue invoices at 54%.
- 57% of the industry reported average increases in DSO of up to 10% (highest in the UK with 76%). DSO increases of more than 10% were reported by 35% of businesses across Western Europe and by 40% in both Belgium and Ireland (the highest percentage of the countries we polled). Currently, DSO stands at a 108-day average. By country, DSO is highest in the Netherlands averaging 156 days.
- 52% of the industry at the regional level told us that the recession had affected their revenue (the highest percentage was in Greece with 64% of respondents). 37% of respondents across the region cited a negative impact on cash flow. This was highest in Greece, where 58% of the industry said the recession caused cash flow issues.
- 45% of industry respondents reported delaying payments to their suppliers, (highest in France with 60%). 37% of businesses in the region told us they increased the amount of time and resources spent on chasing unpaid invoices (most often in Ireland with 57%).

Approach to credit quality assessments

- In a break from their pre-pandemic approach to credit checks, 45% of survey respondents began to obtain credit information directly from their customers more often (58% in the UK). This data, along with the customers' financial statements and bank references, are now the most commonly used sources of creditworthiness assessments in the industry and are likely to remain in place for the coming months.

- Businesses reported equal priority is given to evaluating the customers' debt capacity, financial flexibility and ability to generate cash. Over the coming months, industry respondents intend to focus on these key indicators more often.

Approach to credit management

- A majority of respondents told us they started to use self-insurance during the pandemic (reported by 51% across the region, with the most in France at 70%). Following the start of the pandemic, payment guarantees were requested by 31% of respondents across the region (with the most in Ireland at 47%). 60% of the region's businesses reported that, over the coming months, self-insurance will be a key feature of their credit management policies moving forward. This was reported most in Ireland at 72%, Spain at 67% and Denmark at 66%.
- 54% of respondents said they believe their B2B customers' creditworthiness will improve over the coming months, (highest in the UK at 70%). 16% of the region expect it to get worse (highest in Italy at 23%).
- 44% of the industry considers the greatest challenge to profitability in 2021 to be maintaining adequate cash flow and efficient collection of outstanding invoices (highest in France at 58%). This is followed by falling demand (described by 43% in the region, including 63% in France) and containment of costs (42% at regional level, highest in the Netherlands at 56%).



2021 industry outlook

- 57% believe their domestic economies will improve next year and 27% expect them to get worse. The most optimistic are respondents from Italy (where 67% anticipate improvement). The most pessimistic are from Spain (where 43% expect deterioration). 47% expect the global economy to improve (highest in the UK at 56%) and 49% expect to see improvements in international trade (highest in the UK at 60%). At the other end of the scale 33% expect a decline in the global economy (highest in Spain at 45) and 30% expect deterioration in international trade (highest in Spain at 47%).



Late payments and cash flow

- The total value of late payments in the Western European chemicals industry rose by 20% during the pandemic, from 29% in our poll last year to 49% this year. At the country level, the percentage of overdue invoices in the industry was highest in Germany and Spain both at 58%.
- Average DSO increases of up to 10% were reported by 55% of businesses (highest in Italy at 73%). Increases of more than 10% were reported by 38% of the sector (highest in Spain at 53%). Currently, DSO stands at an 83-day average (91 days in Eastern Europe). At country level, DSO in the industry is highest in Belgium, averaging 143 days.



- 53% of survey respondents told us the recession had affected their revenue, while nearly 40% of reported an adverse impact on cash flow. At country level, revenue and cash flow in the Greek chemicals industry were the most negatively impacted, with 68% of respondents reporting a negative impact on revenue and 48% on cash flow.
- Nearly 40% of the region's chemicals businesses told us they had to increase the amount of time and resources spent chasing unpaid invoices (highest in Germany where 56% reported this). 33% of respondents in the region told us they needed to delay payments to suppliers (the highest was Spain at 44%).

Approach to credit quality assessments

- After the onset of the pandemic, respondents from Western Europe's chemicals industry changed the way they approached credit checks and began to obtain credit information directly from their customers more often. This was reported by 38% of businesses in the region and 66% of businesses in Spain. The sector told us that over the coming months, they intend to keep on sourcing credit information directly from customers, including financial statements and bank references (reported by nearly 40% of respondents in the region in each case, highest in Germany at 55% and Spain at 44%).
- Western European chemicals businesses told us they give priority to evaluating their customers' payment histories and financial flexibility (that is their customers' ability to source funds relative to their capital needs). They also said that they would place a stronger focus on both of these areas over the coming months.

Approach to credit management

- Following the onset of the recession, the industry employed a wider range of tools and techniques than they did before the pandemic. Self-insurance was most commonly adopted (49% in the region with the most in Sweden with 78%). 23% of the region told us they sped up their debt collection process during the pandemic (most in Italy at 35%). Looking ahead, most businesses plan to continue their focus on self-insurance. (55% of the region; highest number in Spain at 66%).
- 49% of the region believe their B2B customers' credit-worthiness will improve over the coming months, (highest in Spain and Greece, both at 66%). 22% of the region expect it to get worse, with the most in Austria at 46%.
- According to industry respondents, the greatest challenge to profitability in 2021 would be maintaining adequate cash flow. (Regional average: 41%, most in Germany at 51%). Potential difficulties in containing costs were described by 39% of chemicals businesses in the region, highest in Greece with 48%.

2021 industry outlook

- 58% of businesses polled region expect their domestic economies to improve. 29% expect them to get worse over the coming months. The most optimistic are respondents from Germany (76%), while the most pessimistic are those from both Spain and Sweden (39% each). 43% of the region expressed confidence in the recovery of the global economy (57% in Germany) and 45% in international trade (53% in each Germany and Greece). However 39% of the region expects the global economy to deteriorate (highest in Austria at 60%) and 37% are equally negative about international trade (56% in Austria).



CONSUMER
DURABLES

Late payments and cash flow

- During the pandemic, the total value of overdue B2B invoices has more than doubled in the Western European consumer durables industry, rising from 25% last year to 51% this year. (Highest in the UK at 63%).
- Average DSO increases of up to 10% were reported by 51% of the region (highest in Belgium at 71%). 38% of respondents reported DSO increases of more than 10% (highest in the UK at 55%). This year, DSO in the region's industry averages 61 days. DSO is highest in the UK, with 62% reporting DSO of more than 90 days, leading to a 140-day average for the country.
- 50% of survey respondents told us that the recession had affected their revenue, while 42% reported a negative impact on cash flow. At the country level, the former was cited by 75% of businesses in Greece and the latter by 69% also in Greece.

- 40% of respondents increased the amount of time, costs and resources they spent on chasing unpaid invoices. 32% of businesses laid off staff and delayed payments to suppliers. The latter was reported by 60% of businesses in Greece, while 43% of businesses in Denmark reduced the size of their workforces.

Approach to credit quality assessments

- 39% of consumer durables businesses throughout Western Europe (59% in the Netherlands) sourced credit information directly from customers more frequently following the onset of the pandemic. Looking ahead, businesses tell us they will continue with this approach in addition to reviewing customer financial statements (44% of respondents in the region, highest in the Netherlands at 53%) and bank references (40% in the region, highest in the Netherlands at 62%).
- Survey respondents focus on evaluating a customer's payment history, ability to generate cash and profitability. The majority also said they intend to continue with this approach over the coming months.

Approach to credit management

- 55% of industry respondents resorted to self-insurance more often than before the pandemic (highest in Netherlands at 77%). 30% used letters of credit more often (reported by 56% in Ireland). Over the coming months, 65% told us self-insurance will be a key aspect of credit management (highest in UK at 84%) along with payment guarantees (reported by 60% of respondents in the region and 77% in the Netherlands).
- The industry in Western Europe is optimistic about B2B customer creditworthiness over the coming months. 49% expect it to improve, while 23% expect it to get worse.
- 44% believe the greatest challenge to profitability in 2021 will include a fall in demand and outstanding invoices. 58% of respondents from Ireland expressed concern about a fall in demand, whereas the outstanding invoices are a worry for 69% of businesses in Denmark.

2021 industry outlook

- 57% of the industry expects to see improvement in their domestic economies (88% in the Netherlands), with just 25% expecting deterioration. 49% of the region told us they are confident about the recovery of the global economy (65% in the Netherlands), with 32% expressing the opposite. 56% of respondents in the region are optimistic about international trade (70% in the UK), while 27% are pessimistic. Respondents from Greece recorded the most negative responses with 53% expecting a decline in each area.

Atradius · Key Findings

When looking to 2021, the greatest concern for businesses in Western Europe is cost containment. This was reported by 41% of the businesses we spoke to across the region.

Atradius Payment Practices Barometer – November 2020

Late payments and cash flow

- The total value of overdue B2B invoices in the Western European steel/metals industry increased significantly during the pandemic to 51%, up from last year's 31%. The highest percentage of overdue invoices in the industry was reported by Spain and Italy, both at 62% (up from 30% last year).
- Average DSO increases of up to 10% were reported by 61% of respondents (70% in Germany). DSO increases of more than 10% were reported by 35% of the industry (57% in Italy). Currently, DSO in the region stands at a 111-day average. This is highest in Germany at 190 days.
- 46% told us that the recession had affected their revenue, while 31% reported an adverse impact on cash flow. Spain was the hardest hit, with 50% of respondents reporting a negative impact on revenue, while cash flow issues were most often reported in Switzerland.
- 36% of industry respondents increased the time, costs and resources they spent on chasing unpaid invoices (54% in Germany). 30% outsourced debt collection to a specialist agency (48% in Germany).

Approach to credit quality assessments

- 40% of respondents reported sourcing credit information directly from customers more frequently following the onset of the pandemic (highest in Italy at 70%). Looking ahead, 42% of businesses plan to use this alongside bank references (highest in Italy at 63%).
- The industry prioritises evaluating the customer's past payment history, as well as financial flexibility. In 2021 respondents plan to focus on both the customer's ability to generate cash and profitability.

Approach to credit management

- Following the onset of the recession, 57% resorted to self-insurance (74% of businesses in Italy). 35% reported sending outstanding invoice reminders more often (41% in Germany). 56% of the region's industry told us they plan to keep self-insurance as a key feature of their credit management policies (77% in Italy). 50% told us they plan to use factoring more frequently (57% in Germany).
- 39% expect customer creditworthiness to improve, 39% expect it to stay the same and 22% expect it to deteriorate. The greatest optimism was expressed in Italy at 57%.
- 45% of businesses told us the greatest challenges to profitability in 2021 include cost containment (67% in Italy) and outstanding invoices (40% of respondents in the region, highest in Italy at 57%).

2021 industry outlook

- 63% of businesses believe their domestic economies will improve during 2021 (87% in Italy). 22% of the region anticipate deterioration (33% in Switzerland). 47% expect to see a recovery of the global economy (63% in Italy), while 28% expect a decline (35% in Switzerland). 54% of the region is optimistic about the growth of international trade (highest in Italy at 77%) and 26% is pessimistic (highest in France at 47%).



Survey design for Western Europe

Survey objectives

Atradius conducts annual reviews of international corporate payment practices through a survey called the 'Atradius Payment Practices Barometer'. In this report focusing on Western Europe, which is part of the 2020 edition of the Atradius Payment Practices Barometer, companies from thirteen countries (Austria, Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Spain, Sweden, Switzerland, The Netherlands and the United Kingdom) have been surveyed. Due to a change in research methodology for this survey, year-on-year comparisons are not feasible for some of the results, although last year's values are used as a benchmark where possible throughout the survey.

Using a questionnaire, CSA Research conducted 2,603 interviews. All interviews were conducted exclusively for Atradius.

Survey scope

- **Basic population:** companies from thirteen countries (Austria, Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Spain, Sweden, Switzerland, The Netherlands and the United Kingdom) were surveyed. The appropriate contacts for accounts receivable management were interviewed.
- **Sample design:** the Strategic Sampling Plan enables to perform an analysis of country data crossed by sector and company size. It also allows to compare data referring to a specific sector crossed by each of the economies surveyed.
- **Selection process:** companies were selected and contacted by use of an international internet panel. A screening for the appropriate contact and for quota control was conducted at the beginning of the interview.
- **Sample:** N=2,603 people were interviewed in total (approximately n=200 people per country). In each country a quota was maintained according to four classes of company size.
- **Interview:** Computer Assisted Web Interviews (CAWI) of approximately 15 minutes duration. Interview period: Q3 2020.

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Sample overview – Total interviews = 2,603

| Country | Interviews | % |
|-----------------|------------|----|
| Austria | 200 | 8% |
| Belgium | 200 | 8% |
| Denmark | 200 | 8% |
| France | 200 | 8% |
| Germany | 200 | 8% |
| Greece | 200 | 8% |
| Ireland | 201 | 8% |
| Italy | 200 | 8% |
| Spain | 201 | 8% |
| Sweden | 200 | 8% |
| Switzerland | 200 | 8% |
| The Netherlands | 200 | 8% |
| United Kingdom | 201 | 8% |

| Business sector (total Western Europe) | Interviews | % |
|--|------------|------|
| Manufacturing | 851 | 32.7 |
| Wholesale trade | 661 | 25.4 |
| Retail trade/Distribution | 569 | 21.9 |
| Services | 522 | 20.1 |

| Business size (total Western Europe) | Interviews | % |
|--------------------------------------|------------|------|
| Micro enterprises | 599 | 23.0 |
| SME – Small enterprises | 775 | 29.8 |
| SME – Medium enterprises | 615 | 23.6 |
| Large enterprises | 614 | 23.6 |

Statistical appendix

Find detailed charts and figures in the Statistical Appendix for Western Europe. This is part of the November 2020 Payment Practices Barometer of Atradius, available at

www.atradius.com/publications/

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