

## Payment Practices Barometer

# Spain

Focus on B2B payment practices  
in the agri-food, chemicals and  
construction materials industries



## About the Payment Practices Barometer

The Payment Practices Barometer is an annual survey of business-to-business (B2B) payment practices in markets across the world. The 2022 edition of the Payment Practices Barometer survey findings for Spain is a valuable opportunity to hear directly from companies in the local agri-food, chemicals and construction materials industries about how their business operations are coping with the disruptive impact of the current challenging economic and trading circumstances.

Of course, this survey is a snapshot taken in a very volatile economic environment, and the findings should be viewed with this in mind. The survey was conducted between May and mid-July 2022, and it accurately reflects the situation at the half-year mark of the three industries.

Topics covered include: the impact of late or non-payment on the industries polled, the average time it takes to turn overdue B2B invoices into cash, how businesses manage payment default risks related to selling on credit to B2B customers and expected challenges to profitability during the coming months.







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# Agri-food

## Overview of the key survey findings

### Cash flow struggle prompts shortening of payment terms

- Agri-food is the main industry in the Spanish economy, and is severely challenged by the global energy crisis, supply chain disruptions and geopolitical tensions. Our survey found an interesting variation, though, in how the industry approaches the problems caused to cashflow. Almost half of companies polled said they made no change to their trade credit policy in containing the risk of B2B customer payment default. The other half made more sales on credit, an average 10% increase on last year. Currently, 53% of all sales to B2B customers is transacted on credit.
- Overall, payment terms now average 45 days from invoicing in the Spanish agri-food industry. This represents a significant change, standing around one month shorter than last year. These shorter payments reflect the perception of a higher risk of B2B customer payment defaults. Companies polled in the industry said the main reason to grant shorter terms was to protect business profitability. Another factor reported was setting payment terms in accordance with terms from their own suppliers.

### DSO worsening sparks widespread concern

- Despite the strong efforts to contain exposure to customer credit risk there was a deterioration of Days Sales Outstanding (DSO). This currently stands at an average of 87 days in the Spanish agri-food industry, a wide gap to the average payment term of 45 days. This indicates a significant problem of late payment by B2B customers. 51% of companies polled in the industry said these late payments were mainly due to customer liquidity shortages. They also reported administrative delays in the customer payment process that may disguise liquidity issues.
- Our survey found that 46% of B2B invoices were paid on time, an increase from 38% the previous year. Companies polled in the Spanish agri-food industry told us this reflected the fact that small invoices were paid more quickly, while larger ones might be delayed. This payment practice clearly has the potential to worsen DSO, and 40% of companies polled said they experienced a deterioration in DSO, thus depriving them of liquidity that could be put to use in the business.

### Growing move towards strategic credit management

- A range of measures was used in the Spanish agri-food industry to liberate funds tied up in receivables, mainly within the framework of in-house retention and management of customer credit risk. These included spending extra time and resources chasing unpaid debts, stronger collection performance, and offering discounts for early payments. The tactics showed some benefits, with a decrease in the proportion of overdue receivables, standing at 46%, down from 53% last year. Bad debt write-offs amount to 8% of the total value of all B2B sales, compared to 9% a year ago.
- Although there was an improvement, the proportion of receivables is still considered a significant threat to the financial picture of business in the Spanish agri-food industry. This threat may explain why 45% of companies polled said they were aware of the downsides of in-house management of customer credit risk, particularly the setting aside of enough funds to absorb the hit of a large write-off. Our survey also found a growing interest in using credit insurance to protect business profitability with a strategic credit management approach.

### 2023 industry outlook: insolvency fears cloud the picture

- A particular concern looking ahead for companies in the Spanish agri-food industry is the potential for increased insolvencies. This is due to fears the ongoing effects of the energy crisis, pandemic and supply chain disruptions will hurt the domestic economy. Companies polled said there was also uncertainty about the impact of a new insolvency law approved by the Spanish congress. These fears were reflected in a drop in confidence about business growth. 62% of companies polled feel positive about the future, far fewer than last year's figure of 77%.
- There was a mixed verdict from companies in the Spanish agri-food industry about future trends for both customer payment behaviour and DSO. Half of businesses polled said they expect either a worsening or no change in B2B customer behaviour. The other half, though, anticipates improvement and will consider selling more on credit in B2B trade. 42% of companies polled said they envisage no serious swings of DSO, but almost the same percentage told us they expect significant deterioration. This latter finding reflects the rising appetite for strategic credit management.

Key figures and charts of the survey can be found on the following pages

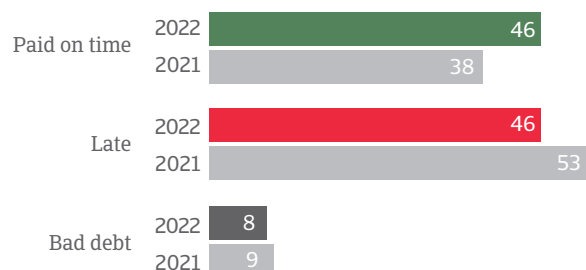


# Agri-food

## Late payments and cash flow

### Agri-food industry in Spain

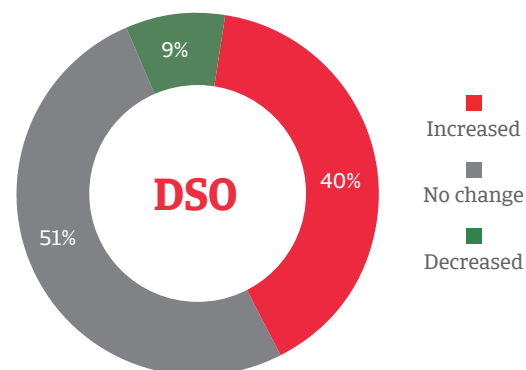
% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2022/2021)



Sample: all survey respondents  
Source: Payment Practices Barometer - November 2022

### Agri-food industry in Spain

% of respondents reporting DSO changes over the past 12 months

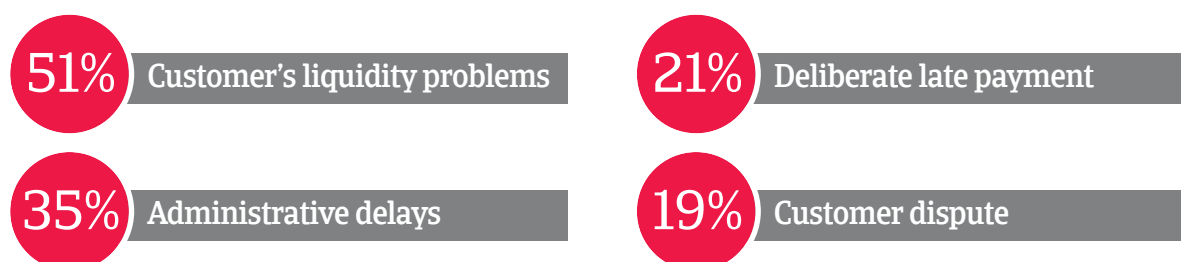


Sample: all survey respondents  
Source: Payment Practices Barometer - November 2022

### Agri-food industry in Spain

Main reasons that B2B customers pay invoices late

(% of respondents)



Sample: all survey respondents  
Source: Payment Practices Barometer - November 2022

#### SURVEY QUESTION

**What measures did you put in place to protect your cash flow against customer credit risk?**

- #1** Increase time, costs and resources spent on resolving unpaid invoices
- #2** Delay payments to my own suppliers
- #3** Strengthen internal credit control process





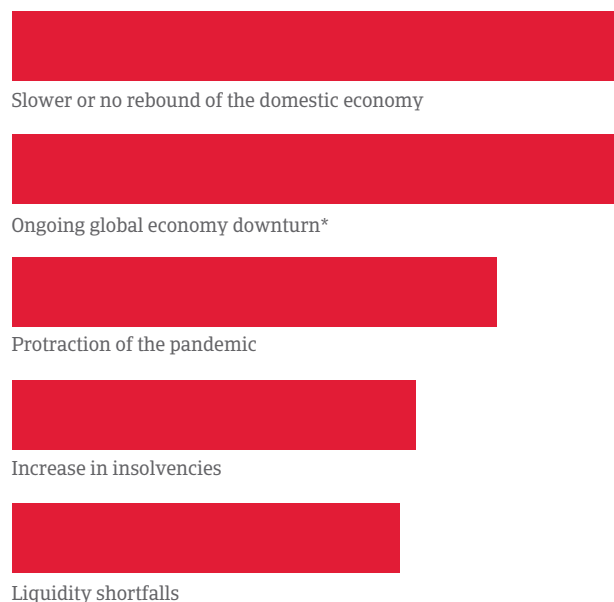
# Agri-food

## 2023 industry outlook

### Agri-food industry in Spain

Looking into 2023: top 5 concerns expressed by businesses in the industry

(% of respondents)



\* Due to the interplay among higher energy prices, commodity prices surge, inflation, supply chain disruptions and geopolitical tensions

Sample: all survey respondents

Source: Payment Practices Barometer - November 2022

#### SURVEY QUESTION

**How do you expect your average DSO to change over the next 12 months?**

(% of respondents)

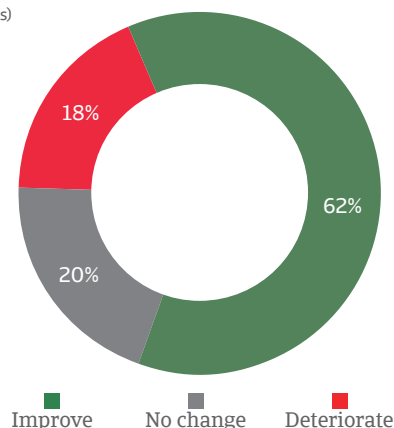
**11%** Improve  
**42%** No change  
**45%** Deteriorate



### Agri-food industry in Spain

Looking into 2023: how do you feel about your potential business growth?

(% of respondents)



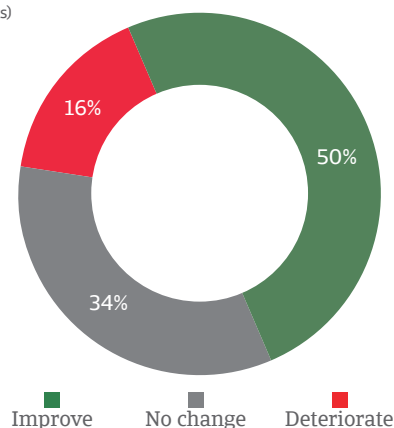
Sample: all survey respondents

Source: Payment Practices Barometer - November 2022

### Agri-food industry in Spain

Looking into 2023: how do you expect the payment practices of your B2B customers to change?

(% of respondents)



Sample: all survey respondents

Source: Payment Practices Barometer - November 2022



# Chemicals

## Overview of the key survey findings

### Longer payment terms offered as credit sales drop

- The current turbulent economic environment has made the chemicals industry in Spain more risk adverse to selling on credit. There was a drop in B2B sales transacted on credit, now standing at 57% of the total value of all sales to B2B customers. Companies in the industry, the second largest in Spain, said they wanted to minimize the risk of customer payment default. Half of companies polled did not change the volume of sales on credit, while 35% sold less to restrict costs and bad debt losses.
- Amid this mixed picture there was an overall relaxation of payment terms. These now average 67 days from invoicing, two weeks longer than last year. The main reason for doing so was to conclude B2B sales that would otherwise be lost. Companies polled in the Spanish chemicals industry, the country's second largest exporter, also told us they made stronger assessments of the ability of B2B customers to pay on time. There was a clear focus on length of payment terms that could be granted without harming profitability.

### Cash flow struggle as bad debts and DSO increase

- Our survey found a wide gap between the 67-day average payment term and Days Sales Outstanding (DSO) in the Spanish chemicals industry. DSO currently averages more than 100 days, one month longer than last year. Overall, 46% of B2B invoices were paid on time, up from 41% last year, but this was mainly because smaller invoices were paid quickly, with larger ones delayed. This payment policy has the potential to worsen DSO, and 52% of companies polled in the Spanish chemicals industry reported increased DSO, with a consequent strain on liquidity.
- Concern about deteriorating DSO prompted a range of tactics to ease the cash flow situation. There was a widespread focus on imposing a stronger credit control process, along with discounts for early payment and adjustment of payment terms. A happy result was a decrease in the proportion of overdue receivables, now standing at 44%, down from 51% last year. Bad debt write-offs remain a big problem, however, standing at 10% of the total value of all B2B customer sales, up from 8% a year ago.

### Credit insurance switch to protect profitability

- All these figures indicate serious financial pressure on the Spanish chemicals industry. Other measures were also taken therefore in the cash flow struggle, 55% of companies doing so within the framework of in-house retention and management of customer credit risk. More time and resources were deployed on chasing overdue B2B invoices, while some businesses told us they slowed down payments to own suppliers. Nevertheless, 40% of companies polled expressed concern about downsides of the in-house management of customer credit risk.
- One of the main downsides reported by companies in the Spanish chemicals industry is the pressure it puts on costs structure of the business. They also told us another problem is setting aside enough funds to cover the hit of a large loss. This may explain why companies polled across the industry expressed a growing interest in taking up credit insurance to protect profitability with a strategic credit management approach. They also used letters of credit, a typical method of managing customer credit risk for exporters.

### 2023 industry outlook: cautious optimism amid DSO concern

- A measure of optimism was found among companies in the Spanish chemicals industry despite natural concern about the tough global economic and trading environment. 73% of companies polled, the same figure as last year, said they are confident about business growth during the months ahead. This positivity is dependent on navigating problems caused by the energy crisis, supply chain disruptions and geopolitical tensions which could hurt the domestic economy. One fear expressed is that severe liquidity shortages could bring an increase of insolvencies.
- The mood was also relatively positive about B2B customer payment behaviour in the year ahead, with 52% of companies polled in the Spanish chemicals industry expecting it to improve. Even so, companies told us they will be very careful about selling more on credit in B2B trade. This is due to strong pessimism about DSO in the year ahead, with 53% of businesses polled, up from 37% last year, anticipating a deterioration of DSO. In response, around one-third of companies polled said they will consider a switch to strategic credit management.

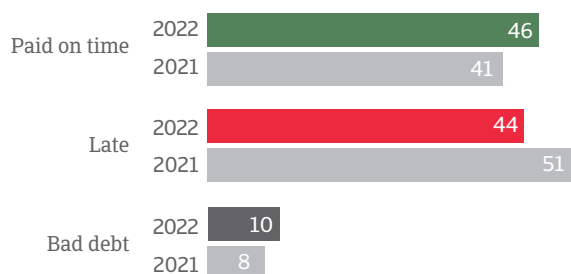
Key figures and charts of the survey can be found on the following pages



## Late payments and cash flow

### Chemicals industry in Spain

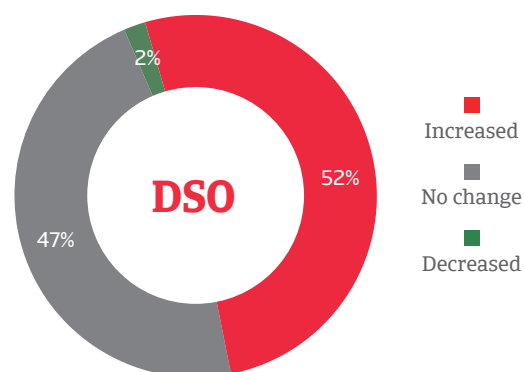
% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2022/2021)



Sample: all survey respondents  
Source: Payment Practices Barometer - November 2022

### Chemicals industry in Spain

% of respondents reporting DSO changes over the past 12 months

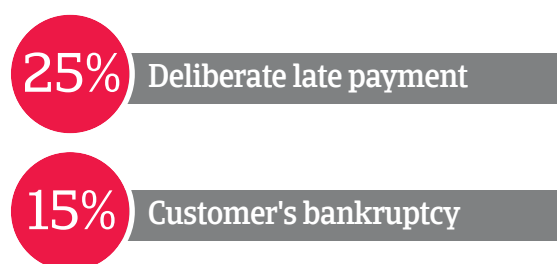
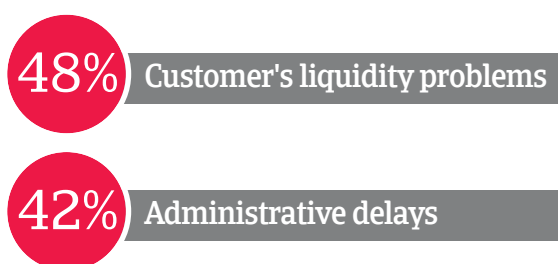


Sample: all survey respondents  
Source: Payment Practices Barometer - November 2022

### Chemicals industry in Spain

Main reasons that B2B customers pay invoices late

(% of respondents)



Sample: all survey respondents  
Source: Payment Practices Barometer - November 2022

#### SURVEY QUESTION

**What measures did you put in place to protect your cash flow against customer credit risk?**

- #1** Strengthen internal credit control process
- #2** Increase time, costs and resources spent on resolving unpaid invoices
- #3** Seek external financing







# Chemicals

## 2023 industry outlook

### Chemicals industry in Spain

Looking into 2023: top 5 concerns expressed by businesses in the industry

(% of respondents)



Ongoing global economy downturn\*



Slower or no rebound of certain industries



Slower or no rebound of the domestic economy



Protraction of the pandemic



Increase in insolvencies

\* Due to the interplay among higher energy prices, commodity prices surge, inflation, supply chain disruptions and geopolitical tensions

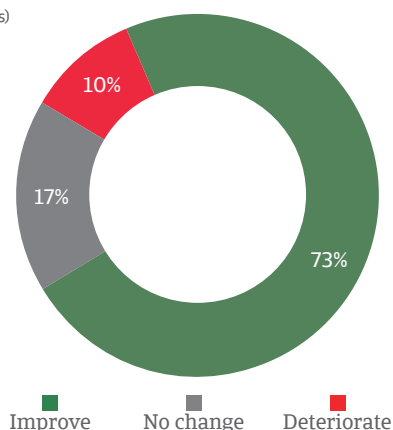
Sample: all survey respondents

Source: Payment Practices Barometer - November 2022

### Chemicals industry in Spain

Looking into 2023: how do you feel about your potential business growth?

(% of respondents)



Improve

No change

Deteriorate

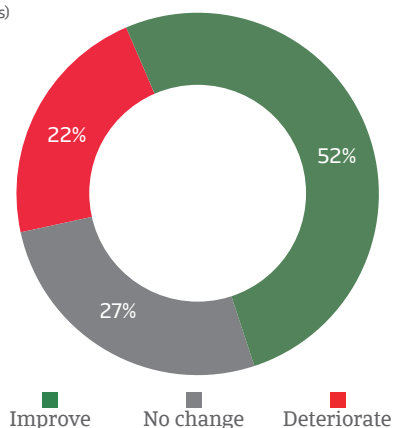
Sample: all survey respondents

Source: Payment Practices Barometer - November 2022

### Chemicals industry in Spain

Looking into 2023: how do you expect the payment practices of your B2B customers to change?

(% of respondents)



Improve

No change

Deteriorate

Sample: all survey respondents

Source: Payment Practices Barometer - November 2022

#### SURVEY QUESTION

How do you expect your average DSO to change over the next 12 months?

(% of respondents)

9% Improve  
38% No change  
53% Deteriorate



# Construction materials

## Overview of the key survey findings

### Rising sales on credit spark shorter payment terms

- Compelling figures from our survey show that B2B sales on credit are a significant factor for companies in the Spanish construction materials industry. There was a 20% increase in B2B selling on credit during the past year, which means 62% of the total value of all sales to B2B customers is now transacted on credit. Companies polled said the change of approach was designed to attain sales growth. To mitigate a consequent higher exposure to risk payment default, more than half of businesses polled responded by shortening their payment terms.
- Following this change of approach, the average payment term in the Spanish construction materials industry now stands at around two months from invoicing. There were two other key factors in deciding the exact length of payment terms. One was an assessment of a B2B customer's ability to pay on time, while another was containment of the costs of external finance required to cover a larger proportion of capital tied up in receivables and the time gap waiting for customer payment.

### Reduction of bad debts and overdue invoices

- The shorter payment terms granted by companies in the Spanish construction materials industry had some success in mitigating the risk of late or non-payment. It prompted an average 16% drop in the total value of overdue B2B invoices during the past twelve months. Companies polled said the main reasons for late payments were disputes with customers, liquidity shortfalls, and delays in the payment process that probably disguised lack of liquidity to pay on time. The typical payment flow was that small invoices were paid more swiftly than larger ones.
- Our survey found that late payments currently affect 45% of the total value of all B2B invoices in the Spanish construction materials industry. There was also success in reducing the amount of bad debts written off as uncollectable, which dropped to 5% of the total value of all B2B invoices issued during past twelve months. This helped to unlock liquidity tied up in receivables for a large segment of industry, but the proportion of overdue invoices still represents a heavy strain on overall financial picture for companies.

### Widespread move to gain benefits of credit insurance

- Several different measures were used by companies in the Spanish construction materials industry to protect cash flow. Some offered discounts for early payments, while others slowed down payments to suppliers, despite the potential for a domino effect through the supply chain. All these were employed within the framework of in-house retention and management of customer credit risk, which involved setting aside funds to cover potential losses to customer payment default. 60% of companies polled, however, said they were concerned about the downsides of this approach.
- One downside that caused concern to companies in the Spanish construction materials industry was putting aside enough cash to absorb the hit of a large write-off. This was perceived as a major issue given a one-month gap between payment term length and the date invoices are actually paid. This gap increased considerably in the past year, bringing a higher risk of default. 60% of companies polled said they moved towards outsourcing credit management to a credit insurer. The key benefits were to achieve stabilisation of Days Sales Outstanding (DSO) and reduce bad debt reserves.

### 2023 industry outlook: widespread worries as confidence dips

- Optimism about the year ahead is in short supply among companies in the Spanish construction materials industry. There is strong concern about a continuation of the global economic downturn amid the current energy crisis, supply chain disruptions and geopolitical tensions. The fear is that this could delay or hamper recovery of the domestic economy and provoke liquidity shortages and further insolvencies. 26% of companies polled said they are pessimistic about future business growth, a big increase on the 11% of last year.
- A negative verdict was also expressed about customer payment behaviour. There was a threefold increase among companies in the Spanish construction materials industry who said they expect a deterioration in the coming months, while 30% fewer companies were optimistic. The majority of businesses polled said they anticipate DSO to stabilize rather than worsen, probably because such a large part of industry told us they aim to take up credit insurance in the year ahead.

Key figures and charts of the survey can be found on the following pages

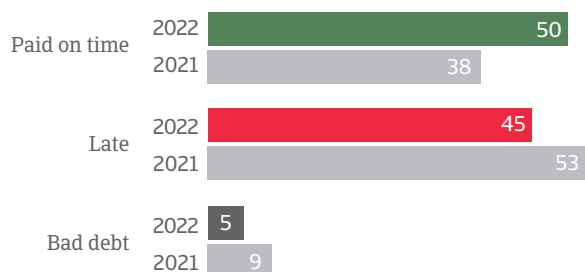


# Construction materials

## Late payments and cash flow

### Construction materials industry in Spain

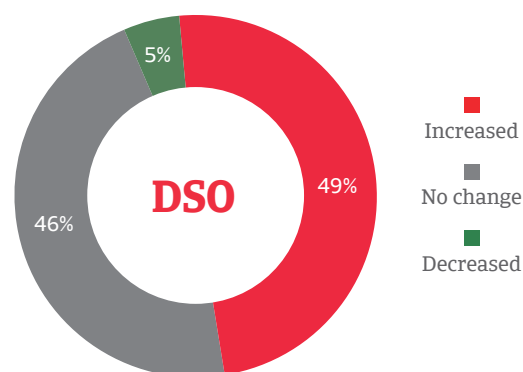
% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2022/2021)



Sample: all survey respondents  
Source: Payment Practices Barometer - November 2022

### Construction materials industry in Spain

% of respondents reporting DSO changes over the past 12 months

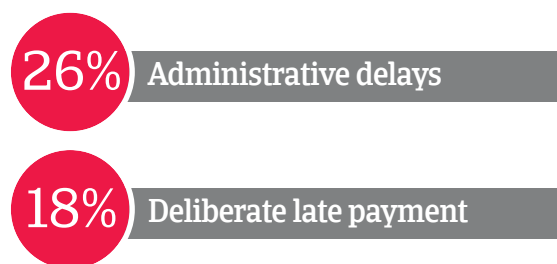


Sample: all survey respondents  
Source: Payment Practices Barometer - November 2022

### Construction materials industry in Spain

Main reasons that B2B customers pay invoices late

(% of respondents)



Sample: all survey respondents  
Source: Payment Practices Barometer - November 2022

#### SURVEY QUESTION

**What measures did you put in place to protect your cash flow against customer credit risk?**

- #1** Strengthen internal credit control process
- #2** Delay payments to my own suppliers
- #3** Increase time, costs and resources spent on resolving unpaid invoices



# Construction materials

## 2023 industry outlook

### Construction materials industry in Spain

Looking into 2023: top 5 concerns expressed by businesses in the industry

(% of respondents)



Ongoing global economy downturn\*



Slower or no rebound of certain industries



Slower or no rebound of the domestic economy



Liquidity shortfalls



Protraction of the pandemic

\* Due to the interplay among higher energy prices, commodity prices surge, inflation, supply chain disruptions and geopolitical tensions

Sample: all survey respondents

Source: Payment Practices Barometer - November 2022

#### SURVEY QUESTION

How do you expect your average DSO to change over the next 12 months?

(% of respondents)

**15%** Improve

**48%** No change

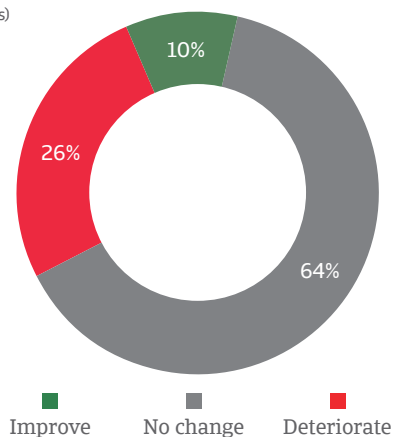
**37%** Deteriorate



### Construction materials industry in Spain

Looking into 2023: how do you feel about your potential business growth?

(% of respondents)



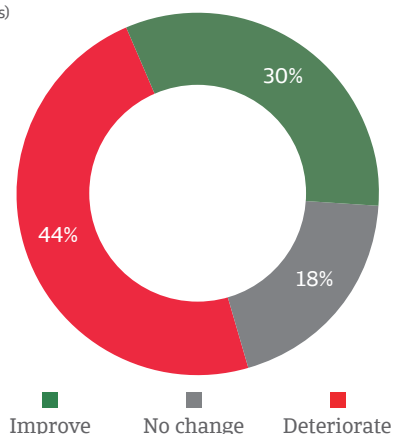
Sample: all survey respondents

Source: Payment Practices Barometer - November 2022

### Construction materials industry in Spain

Looking into 2023: how do you expect the payment practices of your B2B customers to change?

(% of respondents)



Sample: all survey respondents

Source: Payment Practices Barometer - November 2022



## Survey design

### Survey objectives

Atradius conducts annual reviews of international corporate payment practices through a survey called the Payment Practices Barometer. Companies in Spain are the focus of this report, which forms part of the 2022 edition of the Payment Practices Barometer. A change in research methodology means year-on-year comparisons are not feasible for some of these survey results. Using a questionnaire, CSA Research conducted 200 interviews in total.

All interviews were conducted exclusively for Atradius.

### Survey scope

- **Basic population:** Companies from Spain were surveyed, and the appropriate contacts for accounts receivable management were interviewed
- **Sample design:** The Strategic Sampling Plan enables us to perform an analysis of country data crossed by sector and company size. It also allows us 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=200 people were interviewed in total. A quota was maintained according to three classes of company size.
- **Interview:** Computer Assisted Web Interviews (CAWI) of approximately 15 minutes duration. Interview period: between May and mid-July 2022.

### Sample overview – Total interviews = 200

Business sector	Interviews	%
Manufacturing	46	23
Wholesale	83	42
Retail trade / Distribution	41	21
Services	30	14
TOTAL	200	100
Business size	Interviews	%
Micro enterprises	30	15
SME - Small enterprises	60	30
SME - Medium enterprises	63	31
Large enterprises	47	24
TOTAL	200	100
Industry	Interviews	%
Agri-food	101	51
Chemicals	60	29
Construction materials	39	20
TOTAL	200	100

## Statistical appendix

Find detailed charts and figures in the Statistical Appendix. This is part of the November 2022 Payment Practices Barometer of Atradius, available at [www.atradius.com/publications](http://www.atradius.com/publications) [Download in PDF format](#) (English only).

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For more **insights into the B2B receivables collection practices in Spain** and worldwide, please go to

[atradiuscollections.com](http://atradiuscollections.com)

For Spain [creditoymcaucion.es/es](http://creditoymcaucion.es/es)

