



Atradius Payment Practices Barometer

Austria

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



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During such a period of heightened risk – such as the elevated write-off rate apparent in the sectors we polled – a credit insurance policy could protect these businesses from further losses.
”

Franz Maier
Managing Director Austria, Hungary and Southeastern Europe

Businesses take hit of substantial write-offs

In line with the other Eurozone countries, Austria's GDP is expected to reach pre-crisis levels by the end of 2022. For the sectors we interviewed for this year's Payment Practices Barometer survey, chemicals, transport and agri-food, the overall picture is of a country working hard to overcome the economic impacts of the pandemic. Many of the businesses we spoke to described their concerns over ongoing Covid-19 uncertainty and worries that supply-side disruptions could still cast a dark shadow over the economic outlook.

Some indicators were particularly concerning, including a shocking percentage of sales that were written off in the chemicals, transport and agri-food sectors, (13%, 12% and 10% respectively). This represents an enormous amount of lost sales for businesses concerned and, for some, could pose a threat to survival.

Some small-scale protectionist behaviour was evident amongst the payment practices, primarily delayed payments to suppliers in order to maximise liquidity. While this may provide short-term cash flow relief for some businesses, more widespread adoption of such practices could have a negative impact on wider supply chains within whole industries.

It is astonishing that despite these challenges, that a relatively high percentage of businesses we polled expressed little appetite for trade credit insurance. During such a period of heightened risk – such as the elevated write-off rate apparent in the sectors we polled – a credit insurance policy could protect these businesses from further losses. What's more with professional debt collection services, in both Austria and abroad, included as part of an Atradius credit insurance policy, trade credit insurance could represent the most cost-effective approach to managing their accounts receivable.

As further government fiscal support is withdrawn, the first few months of 2022 may prove to be a challenging time for many businesses in Austria, including the risk of key customers entering insolvency. However, as the cautious optimism expressed by many of the businesses we spoke to shows, there is reason for hope. Consumer sentiment is high and employment is low. The businesses that can weather the more difficult coming months are likely to enjoy – Covid-19 allowing – a more positive time ahead.



Payment practices in Austria

Businesses polled in Austria told us they transacted a lower proportion of their B2B sales on credit over the past year. This amounts to 48%, down from last year's 55%. When businesses accepted requests for trade credit, this was most often because they wanted to stimulate sales growth, mainly by encouraging repeat business with existing customers. Credit refusals were most often due to a perception of higher risk of payment default from the customer.

Despite the reduction in credit sales, payment defaults increased substantially. An average of 57% of the total value of B2B invoices issued by the businesses we polled across Austria were reported overdue. This compares to 33% last year. Write-offs increased almost fourfold, rising to 11% of the total value of credit sales, up from 3% last year.

Interestingly, this increase in poor payments behaviour correlates closely to an increase in the percentage of businesses opting to manage credit risk in-house. Reliance on internal resources to manage customer credit risk was cited by 70% of the businesses we polled, up from last year's 49%. 58% of respondents reported using trade credit insurance. The credit risk management techniques most often used by the businesses we spoke to included invoice payment reminders and discounts for early payment.

Businesses that reported in-house credit risk management told us they incurred increased administrative and trade debts collections costs. This is in addition to costs and interest associated with financing as they sought funds to support their cash flow while waiting for payment.

However, 63% of the businesses polled told us they were able to contain DSO (Days Sales Outstanding), with just 36% experiencing year-on-year deterioration. This may explain why many businesses polled across the country told us they will not change their approach to credit management over the coming months, although some indicated an increased appetite for factoring.

Despite concerns over ongoing impacts of the pandemic continuing into next year, adversely affecting the domestic economy and delaying the rebound in some industries, 78% of the businesses we spoke to across Austria expressed optimism about their potential growth over the coming months. Nearly half anticipate customer payment practices to remain stable, with 40% expecting deterioration. However, most businesses do not anticipate an increase in credit trade. Where credit is offered, it will largely be used to stimulate sales growth, through encouraging repeat business from customers.

When asked which pandemic-induced changes will become a permanent feature of the way they do business, 59% told us increased digitalisation, and 50% said the ability to cope with the pandemic-induced reshaping of the supply chains.



Agri-food

Late payments and cash flow

Half of invoices overdue

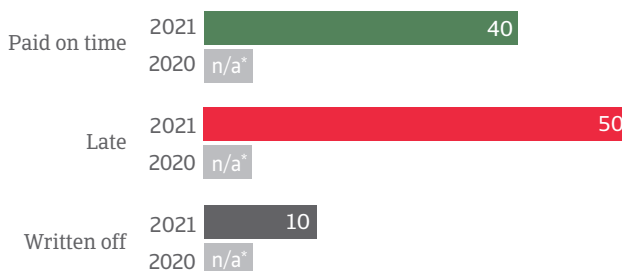
Although also grappling with late payments and write-offs, Austria's agri-food industry fared slightly better than the country's chemicals and transport industries (see later in this report). Late payments affected 50% of the total value of B2B invoices, 9% were reported as long overdue (more than 90 days) and 10% was written off.

The general outlook was fairly subdued with 35% of the industry telling us that it took them longer to convert invoices into cash this year, compared to last year. On a more positive note, 57% reported no year-on-year change, although only 8% told us they were able to speed up their invoice collection timings.

In a bid to speed up their invoice-to-cash turnaround, 56% of the businesses we spoke to said they spent more in time and resources on their debt collection efforts this year. Facing pressure on liquidity, a large proportion of the industry sought external financing solutions. In addition, several companies admitted withholding payment to suppliers as they attempted to keep business operations running.

Agri-food industry in Austria

% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2021/2020)



*n/a = not available

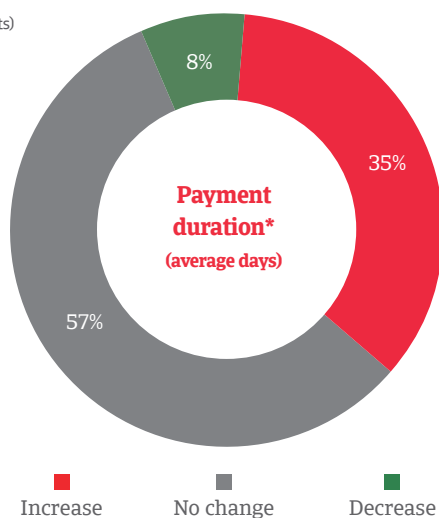
Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

Agri-food industry in Austria

average time it takes to convert overdue invoices into cash (change over the past year)

(% of respondents)



* Payment term + payment delay

Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

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** Pursue external financing
- #3** Delay payments to my own suppliers



Agri-food

Approach to credit management and DSO

Credit insurance tools and services are considered to be cost-effective

The majority of businesses in Austria's agri-food industry chose to manage credit risk in-house this year. Favoured credit management techniques included invoice payment reminders (reported by 62% of respondents) and the setting aside of bad debt reserves. 52% of the businesses we polled told us they offered discounts for early payment of invoices.

Perhaps unsurprisingly, 49% of the businesses that chose to retain and manage credit risk in-house reported an increase in credit management costs. Conversely the businesses benefitting from the tools and services of their credit insurance policy told us they found this to be a cost-effective solution.

Industry eyes broader range of credit risk mitigation

When asked how they plan to mitigate credit risk over the coming months, agri-food businesses in Austria did not reveal a clear industry trend. Instead, the results were largely divided between a preference for credit insurance and an intention to manage risk in-house.

Risk management techniques the industry plans to use include invoice payment reminders, adjustment of payment terms and negotiating extra time to pay suppliers. Respondents to the survey also indicated an increased appetite for factoring and trade debt securitisation.

Divided opinions across the industry are also evident in the answers to our questions about DSO. 43% of the businesses we spoke to anticipate a deterioration in DSO levels, 42% expect to see no year-on-year changes and 15% said they believe DSO will improve over the coming months.

SURVEY QUESTION

Which of the following credit management tools or techniques do you plan on using over the next twelve months?
(ranking by % of respondents)

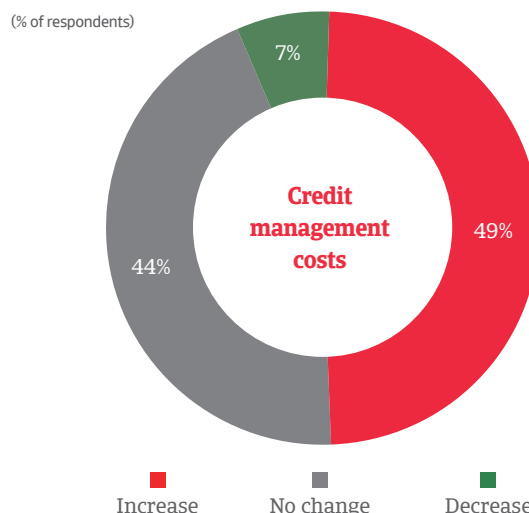
#1 Credit insurance

#2 Self-insurance



Agri-food industry in Austria

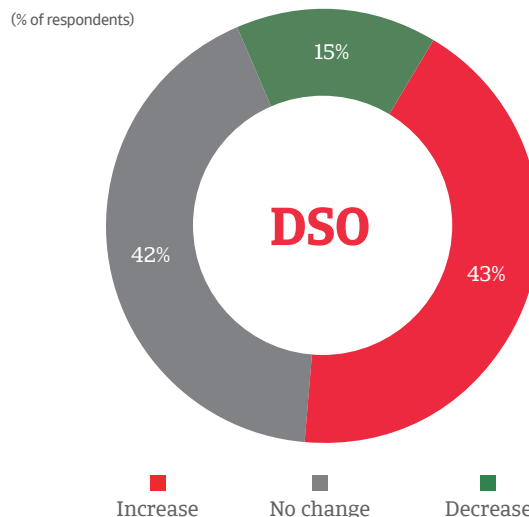
change in credit management costs (2021/2020)



Sample: all survey respondents
Source: Atradius Payment Practices Barometer - November 2021

Agri-food industry in Austria

expected DSO changes over the next 12 months



Sample: all survey respondents
Source: Atradius Payment Practices Barometer - November 2021



Agri-food

2022 industry outlook

Industry to offer more credit

Looking ahead into 2022, 60% of the businesses polled in the agri-food industry told us that feel positive about their growth potential next year. 12% do not anticipate growth and 28% has no clear opinion.

This fairly optimistic view reflects industry predictions of an overall improvement in their customers' payment practices over the next year. 49% believes they will see improvement, 29% anticipates no change and 22% predicts a deterioration. A sizeable proportion of the industry told us they expect trade credit to play a bigger role in their businesses over the next year. 34% told us they plan to use credit chiefly to boost sales and trade opportunities. 25% plan to provide credit as a source of short-term finance, to enable customers more time to pay.


Despite this positive outlook, downside risks remain. The largest of these is an increase in insolvencies as government support is withdrawn. This could delay a rebound of the domestic economy and have a negative impact on liquidity positions of many businesses in the industry.

When asked to indicate whether the pandemic has caused any permanent changes to their business or sector, 51% told us they plan to retain the digital technology they adopted following the outbreak of Covid-19. This includes 48% of respondents who believe increased home-working will become a permanent feature of the industry and 42% citing the use of e-commerce. Further pandemic-induced changes reported by the industry include reshaped supply chains (reported by 49% of respondents) and changes to customer demand (identified by 40%).

SURVEY QUESTION

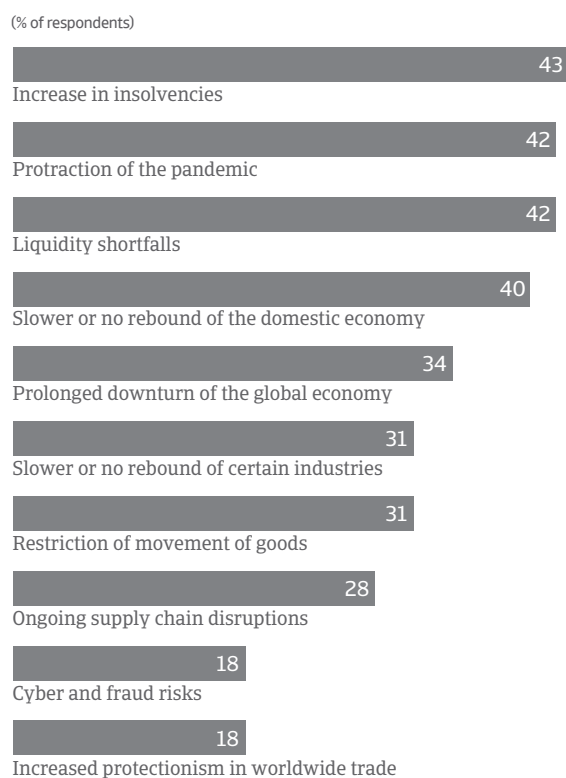
The pandemic has affected businesses significantly. Which of the following do you expect to become a permanent change in the way you do business? (ranking by % of respondents)

- #1** Increased digitalisation
- #2** Home Working
- #3** Increased e-commerce



Agri-food industry in Austria

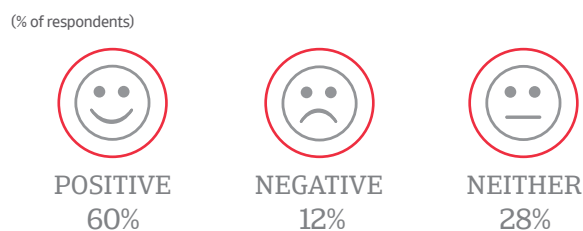
Looking into 2022: top ten concerns expressed by businesses in the industry



Sample: all survey respondents
Source: Atradius Payment Practices Barometer - November 2021

Agri-food industry in Austria

how businesses feel about their possible growth in 2022



Sample: all survey respondents
Source: Atradius Payment Practices Barometer - November 2021



Chemicals

Late payments and cash flow

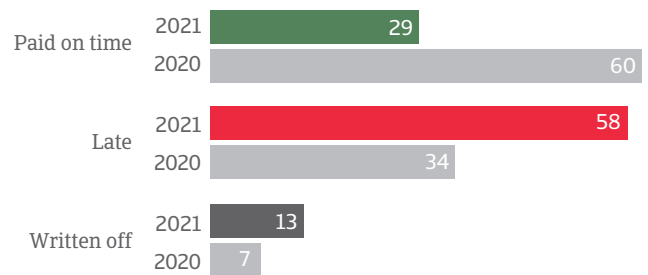
Late payments and write-offs impact industry

This year's Payment Practices Barometer results show Austria's chemicals industry struggling to emerge from the pressures of the pandemic economic downturn. The positive margins are small, and it may take more time (and collections effort) for payment practices to improve. For example, 89% of the industry respondents reported no further deterioration in their customers' payment practices this year. This is a vast improvement on last year, where 38% were able to say the same and 51% reported increased payment delays. Tough times are continuing, however. Today, late payments are affecting 58% of the total value of B2B invoices issued in the industry (more than the 34% reported last year). There has also been a spike in write-offs this year (13% versus 7% last year).

In attempt to address this and protect vulnerable liquidity levels, 67% of chemicals businesses told us that they were strengthening their internal credit control procedures. In particular, the survey respondents said they had been spending more time and resources on overdue invoice collection. A significant number also admitted withholding payment to suppliers in a bid to avoid turning to external financing to prop up squeezed liquidity.

Chemicals industry in Austria

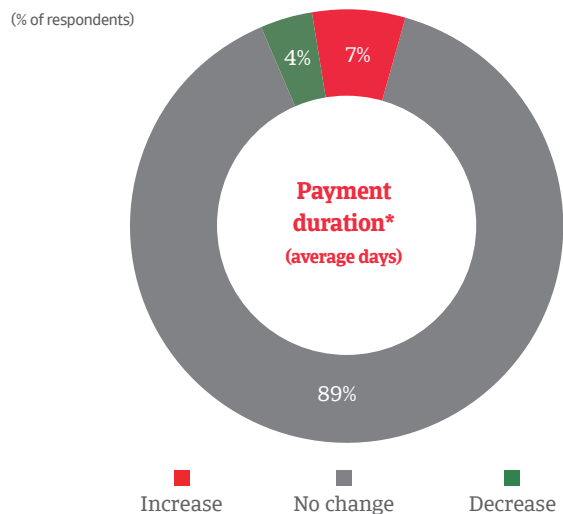
% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2021/2020)



Sample: all survey respondents
Source: Atradius Payment Practices Barometer - November 2021

Chemicals industry in Austria

average time it takes to convert overdue invoices into cash (change over the past year)



* Payment term + payment delay

Sample: all survey respondents
Source: Atradius Payment Practices Barometer - November 2021

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** Strengthen internal credit control process
- #3** Delay payments to my own suppliers



Chemicals

Approach to credit management and DSO

More companies send payment reminders

A sizeable amount of the Austrian chemicals companies rely on in-house resources for managing the risk of trading on credit. The sector's most commonly used technique is invoice payment reminders, used by 87% of respondents this year, compared to 56% last year. Many businesses also told us that they avoid concentrations of credit risk, offer discounts to customers that settle their bills early and attempt to shorten customer payment terms while trying to lengthen the time they have to pay their suppliers. This is in order to keep cash in-house as long as possible and reduce need for external financing.

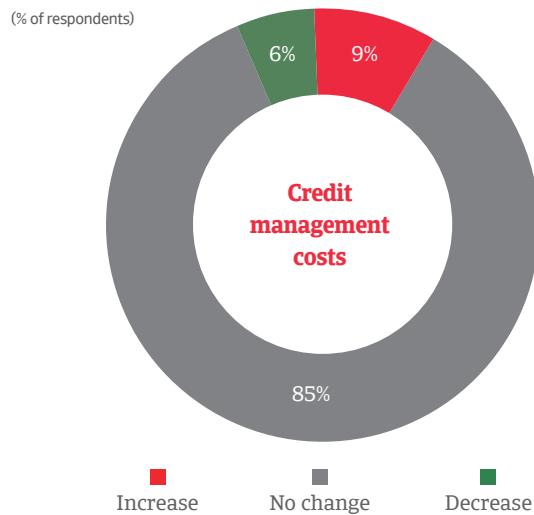
For the most part, the industry reports that it has been able to contain credit management costs. For those reporting an increase, this was usually associated with administration expenses and increased capital costs (for external financing).

DSO a key focus when managing credit risk

When looking at the coming months, most of the businesses we spoke to told us they plan to continue managing customer credit risk internally. However, a sizable number also said they were exploring the options available to them with trade receivables securitisation. 80% of businesses feel that they will be able to keep DSO levels stable over the next 12 months, compared to 18% that anticipate DSO difficulties.

Chemicals industry in Austria

change in credit management costs (2021/2020)

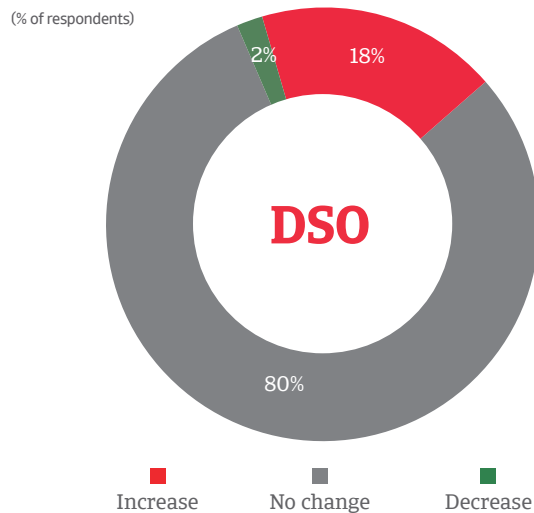


Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

Chemicals industry in Austria

expected DSO changes over the next 12 months



Sample: all survey respondents


Source: Atradius Payment Practices Barometer - November 2021

SURVEY QUESTION

Which of the following credit management tools or techniques do you plan on using over the next twelve months?
(ranking by % of respondents)

#1 Self-insurance

#2 Trade debts securitisation





Chemicals

2022 industry outlook

Industry concerned over health of domestic economy

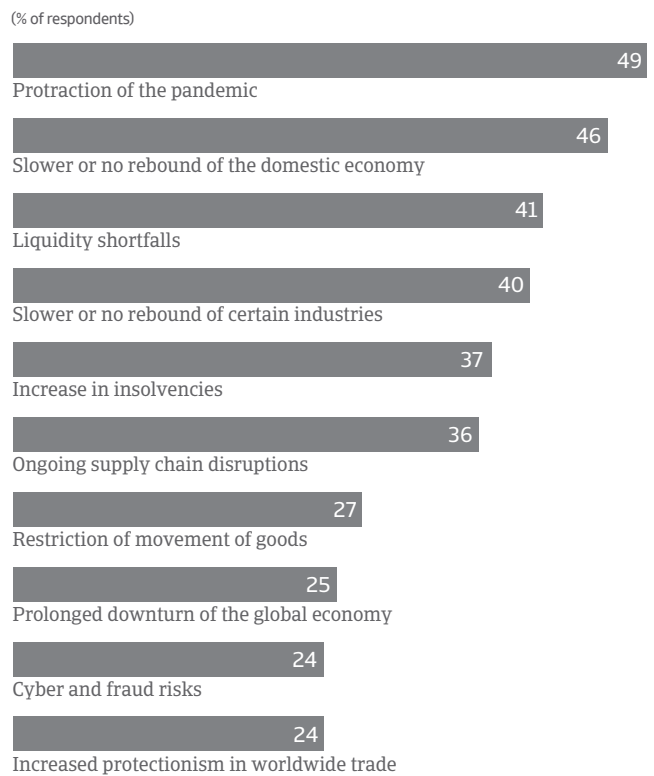
Nearly half of Austria's chemicals industry is concerned about the health of the domestic economy, especially its ability to rebound from the pandemic economic crisis and the impact this could have on their businesses. This was reported by 46% of the businesses polled. Despite this, the majority intend to continue offering B2B customer credit next year in a bid to stimulate trade and 78% feels positive about their potential for growth. Just 9% said they do not expect to see growth next year and 13% admitted they are uncertain.

Acknowledging some permanent impacts of the pandemic, 59% told us that they intend to keep using the digital technologies and solutions they adopted after the outbreak of Covid-19. Half the industry noted their supply chains had been reshaped during the pandemic and expect this trend to continue moving forward.

Due to concerns over the domestic economy and the potential for ongoing invoice payment delays, there appears to be marked increase in appetite for credit insurance among the industry.

Chemicals industry in Austria

Looking into 2022: top ten concerns expressed by businesses in the industry



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

SURVEY QUESTION

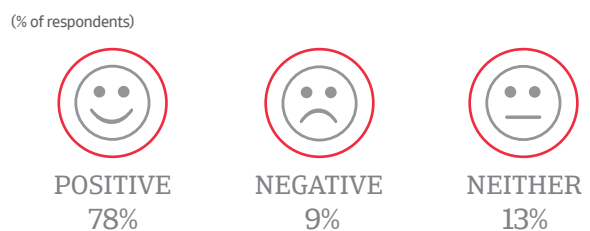
The pandemic has affected businesses significantly. Which of the following do you expect to become a permanent change in the way you do business?
(ranking by % of respondents)

- #1** Increased digitalisation
- #2** Facing supply chains reshaping
- #3** Increased e-commerce



Chemicals industry in Austria

how businesses feel about their possible growth in 2022



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021



Transport

Late payments and cash flow

Write-offs increase by six times on just one year

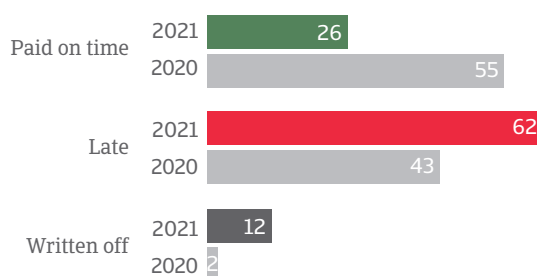
12% of the total value of B2B invoices in Austria's transport industry was written off this year. In addition to representing a significant sum of money, this is six times more than the write-off rate reported last year. This negative picture is not confined to lost income. 62% of the total value of invoices were reported overdue this year (a jump up from last year's 43% and an additional factor putting pressure on the industry's cash flow).

41% of businesses experienced deterioration of customer payment practices and waited longer than last year to convert overdue invoices into cash (an increase on the 36% reporting the same last year). 56% of the businesses polled reported no change (51% last year) and 3% reported a decrease (compared to 2% last year).

The increase in payment delays, the overdue invoices and the write-offs are all likely to put pressure on the liquidity position of transport businesses in Austria and could lead to cash flow issues in the industry. In an attempt to address this, 59% of the survey respondents told us they had spent more time and resources on debt collection and on strengthening their credit control procedures. Transport businesses also admitted having requested a bank overdraft extension in an attempt to avoid the impact of liquidity shortages on their daily business operations.

Transport industry in Austria

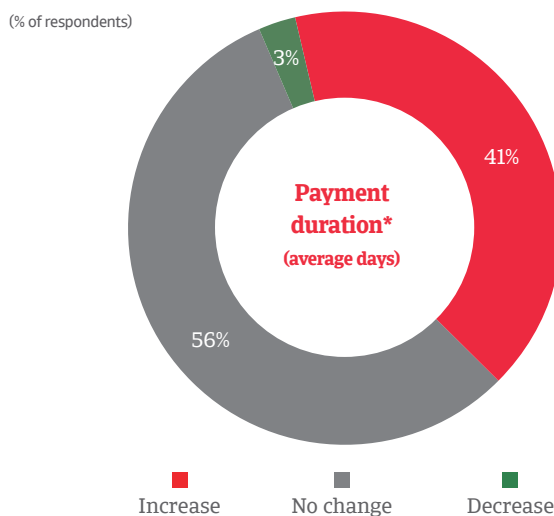
% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2021/2020)



Sample: all survey respondents
Source: Atradius Payment Practices Barometer - November 2021

Transport industry in Austria

average time it takes to convert overdue invoices into cash (change over the past year)



* Payment term + payment delay

Sample: all survey respondents
Source: Atradius Payment Practices Barometer - November 2021

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** Strengthen internal credit control process
- #3** Request a bank overdraft extension



Transport

Approach to credit management and DSO

Majority of businesses remain uninsured

46% of the Austrian transport industry protected at least part of their accounts receivable with credit insurance this year, a small increase on the 44% of the sector that reported doing so last year. More businesses, however, remained uninsured, with 68% telling us they set aside bad debt reserves (an increase on the 51% reporting the same last year). In addition to withholding payments where possible, the industry attempted to protect liquidity levels by shortening the payment terms offered to customers while negotiating longer terms with suppliers. Businesses in the sector also told us that they attempted to reduce concentrations of customer credit risk and turned to services such as factoring and trade debt securitisation in order to help them convert invoices into cash more quickly.

Businesses without credit insurance reported a significant increase in credit management costs (64%, compared to 33% who reported no change and 3% reporting a decrease). Increases in capital costs (associated with external financing) were reported by 51% of respondents. Interestingly, compared to last year, the Austrian transport industry significantly cut the amount they used professional external agencies for trade debt collection, favouring internal debt management processes. This choice, however, proved to be costly as 49% of respondents reported increased costs associated with trade debt collection.

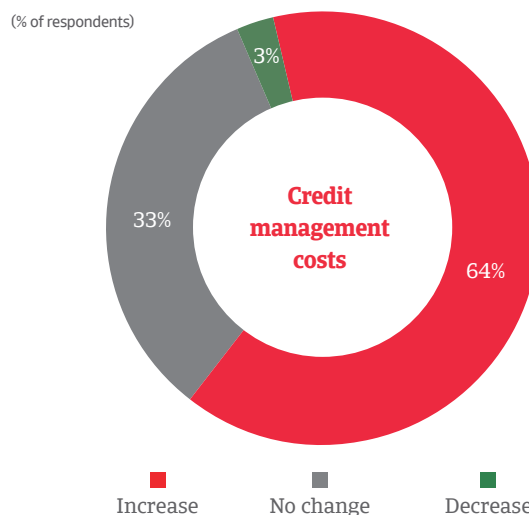
DSO deterioration predicted

52% of the industry anticipates deterioration in DSO over the next 12 months. 43% expects to see no change and almost none is expecting improvement. Looking ahead at the coming months, 60% of the industry told us they plan to manage customer credit risk internally instead of transferring the risk to a credit insurer. This compares to 21% of the industry that intends to insure their receivables with trade credit insurance.

If (as predicted by the industry itself) businesses have to cope with escalating debt collection and credit management costs, this position may change as they come to see credit insurance as a cost-effective solution. However, survey respondents also expressed an increased appetite for factoring and payment guarantees.

Transport industry in Austria

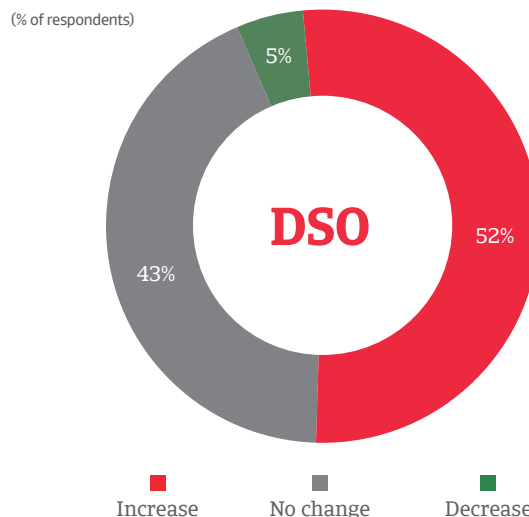
change in credit management costs (2021/2020)



Sample: all survey respondents
Source: Atradius Payment Practices Barometer - November 2021

Transport industry in Austria

expected DSO changes over the next 12 months



Sample: all survey respondents
Source: Atradius Payment Practices Barometer - November 2021



Transport

2022 industry outlook

Despite economic concerns, confidence is positive

Looking ahead into 2022, 87% of the businesses polled in the Austrian transport industry feels positive about their potential for growth next year. Although this view is at odds with the concerns expressed by the industry over the health of the domestic economy, it does present some hope of a brighter future.

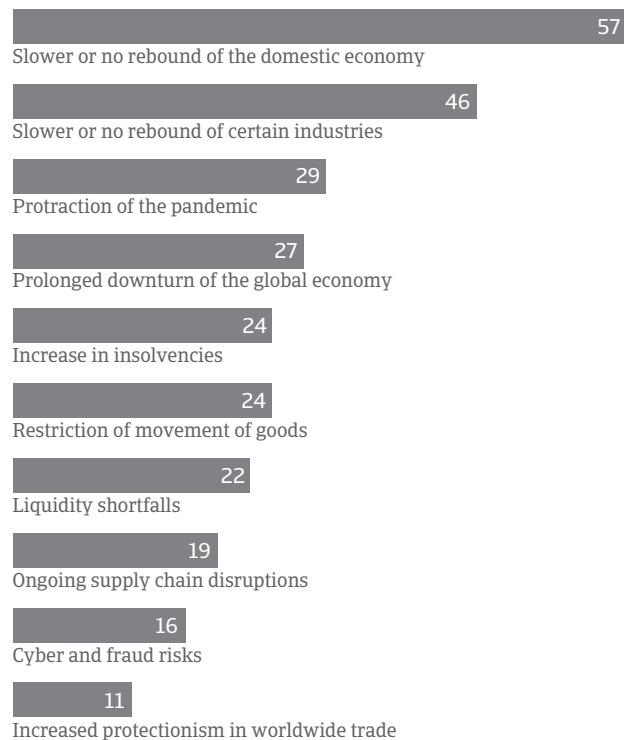
Perhaps inspired by this sense of optimism, the majority of survey respondents told us they intend to continue offering trade credit to customers and may even increase its frequency. 32% told they intend to offer credit as a way of stimulating demand and 30% said they plan to use credit as short-term finance to support customers in financial distress.

When asked whether the pandemic changed the way they do business, 54% told us that they will need to adapt to the reshaping of supply chains. In addition, 52% told us that they expect to continue using the digital technology they adopted following the outbreak of the pandemic in their daily business operations.

Transport industry in Austria

Looking into 2022: top ten concerns expressed by businesses in the industry

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

SURVEY QUESTION

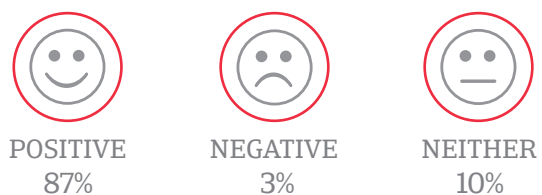
The pandemic has affected businesses significantly. Which of the following do you expect to become a permanent change in the way you do business? (ranking by % of respondents)

- #1** Facing supply chains reshaping
- #2** Increased digitalisation
- #3** Facing customer demand changes

Transport industry in Austria

how businesses feel about their possible growth in 2022

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

Survey design

Survey objectives

Atradius conducts annual reviews of international corporate payment practices through a survey called the 'Atradius Payment Practices Barometer'. This report, which is part of the 2021 edition of the Atradius Payment Practices Barometer for Europe, focuses on Austria. 203 companies from the Austrian agri-food, chemicals and transport industries 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.

The survey was conducted exclusively for Atradius by CSA Research.

Survey scope

- **Basic population:** 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.
- **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.
- **Interview:** Computer Assisted Web Interviews (CAWI) of approximately 15 minutes duration. Interview period: Q3 2021.

Austria - total interviews 203

Industries surveyed			
Agri-food			
Chemicals			
Transport			
Sector			
Companies interviewed	Agri/Food (%)	Chemicals (%)	Transport (%)
Manufacturing	40	19	3
Wholesale	34	13	3
Retail/distribution	17	7	5
Services	9	61	89

Company size			
Companies interviewed	Agri/Food (%)	Chemicals (%)	Transport (%)
Micro enterprises	17	43	79
SME - Small enterprises	28	15	2
SME - Medium enterprises	31	32	10
Large enterprises	25	11	10

Statistical appendix

Find detailed charts and figures in the Statistical Appendix. This is part of the November 2021 Payment Practices Barometer of Atradius, available at www.atradius.com/publications [Download in PDF format](#) (English only).

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