

## Innovative products generated 34.3% of turnover in companies with product innovation in the Basque Country in 2022

***Companies spent 3,292 million euros on innovation, 8.7% more than the previous year***

On average, innovative products generated 34.3% of turnover in companies with product innovation in the Basque Country in 2022, according to Eustat data. While unaltered or slightly changed products represented the remaining 65.7% in these companies.

If we focus on companies with 10 or more employees with product innovation, these percentages vary slightly, in this case the average repercussion of new or considerably improved products on turnover accounted for 33.7%.

The percentage of innovating companies with 10 or more employees in 2022 rose to 35.4% in the Basque Country, 2.8 points higher than the previous year and up to 5.5 points more than four years ago, in 2018 (the first of the series with the new methodology). If the two types of innovation observed are analysed, Product innovation was carried out by 22.6% and Business process innovation by 30.7%.

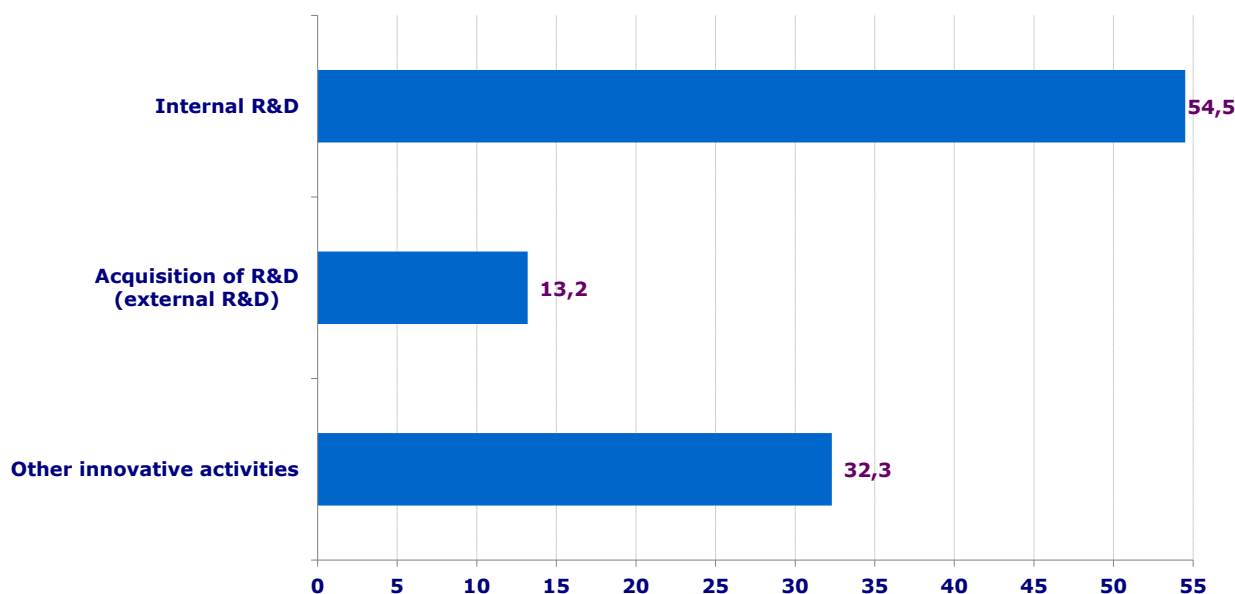
If the total number of companies is taken into account, **the percentage of innovating companies in the Basque Country in 2022 was 23.8%**, 3.9 points more than in 2021 and 6.5 more than in 2018. 11.5% with Product innovation and 21.4% with Business process innovation.

Regarding expenditure by Basque countries on innovative activities in 2022, this exceeded three thousand million euros, specifically 3,292 (8.7% more than in 2021), despite 61.9% of companies considering that there were factors that made it difficult to undertake innovative activities.

In the case of companies with 10 or more employees, expenditure increased by one point to 9.7%, reaching 2,872 million euros. This figure represented 87.2% of total expenditure by Basque companies on innovative activities.

Of these activities, expenditure on internal R&D represented 54.5%, R&D Acquisition (external R&D) 13.2%, and Other Innovating Activities (1) the remaining 32.3% in companies as a whole. The distribution is not very different for companies with 10 or more employees: expenditure on R&D was 58.5%, R&D Acquisition 13.8% and Other activities 27.7%.

**Distribution of expenditure on innovative activities according to different activities (%). 2022**



Source: Eustat. Survey on innovation

**33.3% of innovating companies received public funding for innovating activities**

Innovating companies can receive support via public funding for innovating activities from one or more public institutions. Thus, 33.3% of these companies received some kind of public funding. If we look at origin, particularly noteworthy is that originating from the Basque Government, which stood at 23.0% of the total for these innovating companies. Provincial Councils and Local Administrations provided 11.3% and 4.9% of funding to these companies, respectively. The State Administration contributed to 11.8% of Basque innovating companies while 7.9% of companies received European Union funding: 2.8% via the Horizon Europe programme and 5.6% from other EU funding.

In the case of companies with 10 or more employees, 53.0% received public funding, with the majority of innovating companies of this size being funded by the Basque Government, specifically 39.4%. Provincial councils and local administrations funded 23.5% and 7.5%, respectively, while State Administration funding stood at 21.5% for companies with 10 or more employees. For its part, the European Union funded 19.3%: 11.0% via the Horizon Europe programme and 11.2% through another type of European funding.

## Innovative companies that receive public funding for innovation activities according to their origin (%). 2020-2022

	Total	10 or more
Receive public funding from (*)	33,3	53,0
Basque Government	23,0	39,4
Local Admin	4,9	7,5
Provincial Councils	11,3	23,5
Central Admin	11,8	21,5
Other EU funding	5,6	11,2
Horizon Europe Programme	2,8	11,0

(\*)companies can receive financing from more than one entity

Date December 15, 2023

Source: Eustat. Survey on innovation

### ***Over half of the companies, 61.9%, feel that there are factors hindering technological innovation***

61.9% of companies considered that specific factors existed that made it difficult to innovate. Amongst these factors were: "The existence of other priorities within the company" (48.2%); "Excessively high costs" (38.9%); "Difficulties obtaining public grants or subsidies" (31.6%); "A lack of funding within the company" (30.4%); "Uncertainty regarding market demand for these ideas" (28.6%); "Too much competition in the market" (28.0%); and "A lack of funding from external private sources" or "A lack of qualified personnel within the company" (22.6% and 22.4%, respectively).

For companies with 10 or more employees, the percentage of those that thought there were factors that made it difficult to undertake innovating activities rose to 68.7%, with the same hindrances highlighted.

### ***Methodological note***

Since 2018, the Survey on Innovation has been carried out with the new version of the Oslo Manual 2018. This means that there is a break in the series due to the methodological changes. For this reason, the data published from 2018 is not comparable with that published in previous years.

***(1) Other innovating activities***, collects those activities of the company that are subject to being carried out with the intention of innovating in the following six categories:

1. Engineering, design and other creative activities.
2. Marketing and brand creation.
3. Activities relating to intellectual property rights.
4. Activities relating to personnel training.
5. Software development and activities relating to database work.
6. Activities relating to the acquisition or rental of tangible assets.

## Note

Eustat would like to thank all the companies and institutions that have collaborated in preparing this survey, the information for which was gathered between April and October 2023, for their efforts. Without their collaboration it would not have been possible.

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