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The diversification of service companies in France

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SUMMARY

This paper presents and briefly explains the data from the annual business survey of services, relating to the breakdown of turnover per type of service.

The results show that companies are quite highly specialised in their field, as defined in the classification of activities. In some sectors, the sale of goods complements the services offered.

The annual structural business surveys carried out in France always include a question about the detailed breakdown of their turnover. Therefore, in the market services sector¹, each questionnaire offers a comprehensive list of activities which is more detailed than the 4 digit level of the official French classification: this list is predefined for a given activity sector (there are around forty different questionnaires for the services field), with the company having the opportunity to add to this list by specifying other activities which are then coded by the survey administrators.

The activity sectors group companies depending on their main activity. It is therefore possible every year to draw up a matrix which shows the breakdown per activity of the turnover in the various sectors. This matrix thus illustrates the level of diversification of the sectors, by referring to the activity classification used.

The annual business survey for services (excluding trade and transport) covers 88 sectors², down to the 4 digit level of the French classification, thus slightly more detailed than the European NACE. Of these 88 sectors, 50 declared in 2001 a specialisation rate (proportion of turnover from the activity defining the sector) equal to or more than 90% (see table 1): it can be seen in particular that division 74 "other business activities" is generally very specialised. Only 8 services sectors had a specialisation rate below 75%: tourism hotels with restaurant (55.1A), non tourist hotels (55.1D), cafés-tobacconists (55.4A), buying and selling of own real estate (70.1F), the sector of maintenance and repair of office accounting and computing machinery (72.5Z), television programme producers (92.2B), companies providing cares to the deceased (93.0G) and thermal and sea water therapy activities (93.0K).

It is therefore interesting to see if the secondary activities of non single-activity companies are closely related or not (as far as the classification is concerned) to the main activity. The table also lists the proportion of turnover from activities in the same group (3 digit) as the main activity and the proportion of turnover from activities in the same division (2 digit).

If the specialisation is assessed on group level, there are 6 sectors where the rate did not reach 75% in 2001: buyers and sellers of own real estate also have a high property rental activity (representing 19% of their activity) and companies providing cares to the deceased also offer funeral parlour services.

At division level, nearly all sectors exceed or are close to a 75% specialisation rate. The sector where this rate is the lowest at division level is the café-tobacconists sector, where it was 64% in 2001: these businesses effectively achieve nearly 30% of their turnover selling tobacco and other items, which is a trading activity.

Other sectors also have a fairly significant trading activity, especially the repair and maintenance of office and computer machinery, and most rental activities.

¹ In this paper, the services field does not cover trade and transport. However, the annual surveys carried out on trading or transport companies also ask about the breakdown of turnover.

² not including "development and selling of real estate", a sector which includes real estate companies especially created by developers to complete a given operation, and "land rental".

The diversification into non trading activities outside the division corresponding to the main activity seems to be very limited. These non trading activities not within the division of the main activity only represent 5% of total turnover for 11 of the 88 sectors studied. In particular:

- thermal and sea water therapy companies (93.0K) on average achieve 21% of their turnover from accommodation and food services;
- a linen rental activity accounts for 12% of the turnover for industrial washing and dry cleaning activities (93.0A);
- industrial building, tank and reservoir cleaning activities provide sewage and refuse disposal companies (90.0A) with 10% of their turnover;
- some mountain refuges and youth hostels (55.2A) also make money from selling organised trips, providing 8% of total turnover in this sector;
- the annual rental of caravans, chalets and mobile homes by camping sites is an activity which comes within property rental and which also represents 8% of the campsites' (55.2C) total turnover;
- car rental companies (71.1Z) often run a leasing activity (7% of turnover);
- on average, gambling and betting account for 6% of the turnover of cafés-tobacconists (55.4A), while 4% of caterers' (55.5D) turnover comes from the sale of food products in addition to their overall services.

Table 1 : Specialisation in the services activity sectors

	% of turnover of sector				
	class	in the same group as the main activity	division	in trade activity	in the same division + trade
551A Tourism hotels and motels with restaurant	58	59	94	1	95
551C Tourism hotels and motels without restaurant	95	95	98	0	99
551D Non tourism hotels	65	65	95	2	97
552A Youth hostels and mountain refuges	81	81	91	1	92
552C Camping sites, including caravan sites	75	77	82	5	88
552E Other tourist provision of lodgings	83	84	91	1	92
553A Traditional type restaurants	88	90	98	1	99
553B Fast food restaurants	93	95	98	1	99
554A Cafes-tobacconist	51	51	64	29	93
554B Bars	90	90	94	3	97
555A Canteens	97	99	99	0	99
555C Collective catering under contract	96	97	97	1	98
555D Catering, receptions organization	87	89	93	1	93
633Z Activities of travel agencies and tour operators ; tourist assistance activities	99	99	99	0	99
641C Courier activities other than national post activities	97	97	97	0	97
642A National telecommunications	92	92	92	1	93
642B Other telecommunications	91	91	91	6	97
672Z Activities auxiliary to insurance and pension funding	100	100	100	0	100
701A Development and selling of dwellings	85	96	99	0	99
701B Development and selling of offices	75	89	100	0	100
701C Development, selling of infrastructure	82	90	98	0	98
701F Buying and selling of own real estate	54	77	99	0	99

Source : Annual business survey in service companies, 2001

Tableau 1 : Spécialisation des secteurs d'activité des services (suite)

	% of turnover of sector				
	class	in the same in trade as the main activity	division	in trade activity	in the same même division + trade
702A Letting of dwellings	91	95	97	0	97
702C Letting of other own property	90	92	93	1	93
703A Real estate agencies	87	92	99	0	99
703C Management of residential building on a fee or contract basis	82	93	99	0	99
703D Management of other real estate on a fee or contract basis	92	96	99	0	99
711Z Renting of automobiles	85	85	85	7	93
712A Renting of other land transport equipment	89	89	91	5	96
712C Renting of water transport equipment	100	100	100	0	100
712E Renting of air transport equipment	96	96	96	4	99
713A Renting of agricultural machinery and equipment	97	98	98	2	100
713C Renting of construction and civil engineering machinery and equipment	80	81	83	12	95
713E Renting of office machinery and equipment including computers	89	91	92	7	99
713G Renting of other machinery and equipment n.e.c.	89	90	92	5	97
714A Renting of linen	95	96	97	2	99
714B Renting of other personal and household goods	82	82	85	14	99
721Z Hardware consultancy	84	84	91	6	97
722Z Software consultancy and supply	79	79	91	5	96
723Z Data processing	83	83	93	2	95
724Z Data base activities	94	94	96	3	98
725Z Maintenance and repair of office, accounting and computing machinery	67	67	72	25	96
741A Legal activities	97	99	99	0	99
741C Accounting, book-keeping and auditing activities ; tax consultancy	97	99	99	0	99
741E Market research and public opinion polling	95	96	99	0	99
741G Business and management consultancy activities	90	91	95	0	95
741J Management activities of holding companies	96	96	98	1	99

Source : Annual business survey in service companies, 2001

Tableau 1 : Spécialisation des secteurs d'activité des services (suite)

	% of turnover of sector				
	class	in the same in trade as the main activity	division	in trade activity	in the same même division + trade
742A Architectural activities	95	96	98	0	98
742B Quantity surveyors, surveyors	94	99	99	0	99
742C Engineering, technical studies	96	96	97	1	98
743A Car technical testing	99	99	100	0	100
743B Technical analyses, testing and inspections	97	97	97	1	98
744A Management of advertising media	97	99	100	0	100
744B Advertising agency, consultants	96	98	99	0	100
745A Labour recruitment and provision of permanent personnel	98	98	100	0	100
745B Temporary work	100	100	100	0	100
746Z Investigation and security activities	95	95	95	2	97
747Z Industrial cleaning	97	97	98	0	98
748A Studios and other photographic activities	83	91	91	8	99
748B Developing and printing laboratories	86	88	88	11	100
748D Packaging activities	92	93	93	2	96
748F Secretariat, translation and interpreting activities	94	95	96	3	98
748G Sorting and mailing	94	97	97	2	99
748J Trade fairs and exhibitions organization	95	96	97	0	97
748K Subsidiary services to production	100	100	100	0	100
900A Sewage and refuse disposal	81	87	87	1	88
900B Collection and processing of household refuse	93	96	96	2	98
900C Collection and processing of other refuse	83	95	95	1	97

Source : Annual business survey in service companies, 2001

Tableau 1 : Spécialisation des secteurs d'activité des services (suite)

	% of turnover of sector				
	class	in the same in trade as the main activity	division	in trade activity	in the same même division + trade
921A Production of motion pictures for television	80	87	99	0	99
921B Production of institutional and promotional motion pictures	88	97	98	0	98
921C Production of motion pictures for cinema	87	99	100	0	100
921D Technical services for cinema and television	94	95	95	2	97
921F Motion pictures for cinema distribution	98	100	100	0	100
921G Video edition and distribution	98	99	99	0	99
921J Motion picture projection	91	91	91	8	99
922A Radio activities	98	98	98	0	98
922B Production of television programmes	65	65	95	0	95
922C Television activities	94	94	96	0	96
924Z News agency activities	99	99	99	0	99
930A Washing and dry cleaning general services	81	84	84	4	88
930B Washing and dry cleaning household services	96	97	97	2	99
930D Hairdressing	96	96	96	3	100
930E Beauty treatment	77	79	79	21	100
930G Cares to the deceased	68	76	76	24	100
930H Undertakers	81	86	86	10	96
930K Thermal and sea water therapy activities	71	74	74	1	75
930L Other well being cares	89	93	93	4	96
930N Other personal service activities n.e.c.	94	94	94	5	99

Source : Annual business survey in service companies, 2001