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Wholesale Trade

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Overview

- What is a wholesaler?
- Classification
- Turnover / industry output
- Inventories
- Deflation by the SNA (presentation)
- Wholesale PPIs
- Other issues

Wholesalers and their services

Distribution	Banner wholesalers Drop shippers Rack jobbers	In-store or co-op promotions
Shipping	Wholesale merchants and distributors Dealers of machinery & equipment Import-export merchants and agents	Buy and sell
Product training	Manufacturing reps and agents Wholesale commission agents Dealer-owned cooperatives	Logistics
Packaging and labeling	Wholesale brokers Buying groups	Inventory management
Handling of warranty claims		Marketing and support services

Industrial Classification

- ISIC rev 4, NACE rev. 2, NAICS
 - Merchants
 - Wholesale on fee or contract basis
 - USA identifies manufacturing sales branches and offices (classified as merchants but some sell on fee or contract basis)

How do other countries identify and classify manufacturing sales branches? What information do national statistical agencies use to clarify the boundary between manufacturing sales branches and offices, and manufacturing establishments? Do any programs outside the USA compile turnover data for manufacturing sales branches and offices distinct from other wholesalers?

Industrial Classification

- Where to classify outsourced activity (e.g. factoryless goods producers)
 - Technical subgroup of the Expert Group on International Economic and Social Classifications recommendation to classify based solely on the ownership of the physical input materials by the principal

Do countries apply similar concepts to delineate the boundaries between wholesale and other sectors such as manufacturing, retail trade and transportation?

Product classification

- CPC and CPA 2008 only cover trade of products bundling all wholesale functions and do not include separate products for secondary activities such as repair and maintenance or installation services

Do current product classifications meet current needs for measurement of turnover, output and deflators?

Wholesale Turnover vs Industry Output in SNA

- Turnover = turnover, sales, shipments, receipts for services and other revenues
 - Industry output for SNA =
 - **Net margins (goods)**
 - **Commissions (provision of service)**
 - *Goods production (at basic prices)*
 - *Services (e.g. repair and maintenance)*
- } Primary activities
- } Secondary activities

Unit of observation

- Wholesale establishments in multi-industry enterprises
 - Manufacturing cost centres and transfer pricing

Are cost centers included in survey populations for industries such as manufacturing? Is an internal allocation made to attribute some profit to the manufacturing production units thus lowering the wholesale mark-up? If so, how is the allocation done?

Unit of observation

- Merchants, agents and brokers, manufacturing sales offices and branches
 - Cost benefit of measuring agents and brokers and frequency (may be a large number of small firms accounting for a small portion of wholesale output)

What populations are measured by various countries? What are the trade-offs and benefits of each approach?

Inventories

- Inventory valuation practices may vary from one wholesaler to the next (FIFO, LIFO, average cost, specific item cost)
- Include all inventories owned by the enterprise and held by or under the control of the establishment regardless of where the inventories are in the world.
- Wholesalers may re-valuate their inventories from one period to another

What problems and solutions have countries encountered/implemented in collecting data on inventories?

Trade flows

- Some countries require data on regional transfers and trade
- Calculate complex trade margins by commodity, origin and destination

What countries require regional trade data? How are you gathering this information?

Deflation by the SNA

- Different methods for different measures
 - Input-output tables
 - Sub-annual measures of GDP
 - Volume of sales as an economic indicator
- Different methods may require different indices

How does the System of National Accounts deflate wholesale trade data in various countries? Do they include separate wholesale commodities in the I-O tables for wholesale margins and commissions? What level of product detail is required? Do other countries deflate wholesale sales as a current economic indicator?



... and now a word from a National accountant.