



Statistics Canada
www.statcan.gc.ca



Wholesale Trade

...continued

Margin prices (merchant wholesalers)

- It is recommended that the wholesale PPI survey collect margin prices in the following order of priority:
 1. Average gross margin per unit for a comparable customer class and/or supplier class for all sales within a comparable product line.
 2. Average gross margin per unit for all customers and/or suppliers for a comparable product line.
 3. Average gross margin per unit for a particular customer class and/or supplier class for all sales of a particular product.
 4. Average gross margin per unit for all customers and/or suppliers for all sales of a particular product.
 5. Gross margin for a single specific product transaction.

Is there general agreement with the order of priority? Are there other acceptable measures?

Commission prices

- It is recommended that the wholesale PPI survey collect commission prices in the following order of priority:
 1. Average value of commission per unit for a comparable customer class for all sales within a comparable product line.
 2. Average value of commission per unit for all customers for a comparable product line.
 3. Average value of commission per unit for a particular customer class for all sales of a particular product.
 4. Average value of commission per unit for all customers for all sales of a particular product.
 5. Value of commission for a single specific product transaction.

What are other countries doing to deflate commissions? Should all five measures be a recommended practice? Do other countries agree with the order of priority? Are there other acceptable measures?

Measurement issues

- Avoid using sale prices
- Lags between the purchase and sales of a good
- Irregular transactions (e.g. seasonal goods)
- Avoid non-comparable substitution

Are there measurement issues related to the import and export of goods? Margins may be affected by changes in exchange rates e.g. in the case of goods imported in a foreign currency and sold in a domestic currency. Companies make adjustments to significant changes in exchange rates. How are those adjustments reflected in the data collected to calculate margin prices?

Quality adjustment

- Quality adjustments should be performed when marketing characteristics are changed – when indicated by the respondent
- Advantage using average margin prices on a per unit basis

Response issues

- Pricing records and pricing decisions are often made at an enterprise's headquarters rather than at each individual wholesale establishment
- Firms may consider data on margins to be sensitive information

Within an enterprise, where is the appropriate contact point for wholesale pricing information?

What response issues do countries face with respect to respondent burden, sensitivity of data on margins and the impact of various marketing strategies on margins? Are respondents reluctant to provide this detail? Does the level of product detail affect a firm's willingness to participate in the survey?

Response issues

- Commissions should be priced separately from margins but there are potentially many small agents/brokers accounting for very little of wholesale output

What is the cost benefit of collecting data for agents and brokers? Is there a different price trend between merchants and agents?

Other issues

- Change in treatment of ancillary units from SNA 1993 to SNA 2008

Are current classification and measurement practices changing to reflect this change? If so, how are other countries handling this issue? This will affect many service industries.

Other issues

- Wholesalers may be involved in merchanting activities (i.e. goods owned by a wholesaler operating in country X are purchased from country Y and sold to a client in country Z without ever entering country X.)

Is this an increasing activity of merchant wholesalers? How should this activity be treated? What is being done to identify and measure this activity correctly? Are additional data requested such as location of inventories?

Next steps

- Discussion
- Other issues?
- Common issues vs. country-specific
- Completion of sector paper for 2010