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Turnover for Accommodations and Food services

In Japan



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1. Definition of the service being collected

1.1 Accommodations and Food Services

Accommodations and Food services sector comprises establishments engaged in providing accommodations or providing food and drink in Japan Standard Industrial Classification (JSIC) (Rev.12, 2007).

“Accommodations” refer to establishments engaged in providing accommodations or accommodation with meals to the general public, specific members, etc.

“Food services” is composed of two divisions; Eating and drinking places, Food take out and delivery services. Eating and drinking places comprises the establishments engaged in providing cooked food and beverages in accordance with request by guests and other food, alcoholic beverages for guests on the spot, and those primarily engaged in providing food and beverages for entertainment to accompany karaoke, dancing, shows and reception. Food take out and delivery services comprises, of which the eating and drinking places, the establishments don’t have facility intended for primarily providing food and beverages on the spot.

Food take out services comprises establishments engaged in provision of food and drink cooked on the spot in the condition of take-out for the order of the guests, such as tailgate sell. This kind of establishment is classified in this sector since JSIC Rev.12, the establishments classified in retail trade sector in the past.

1.2 Establishments

A single establishment is unit of the Accommodations and Food services sector. If located separately, each of establishment is deemed, in principle, a separate establishment, even if the manager is the same. There is the case that establishments engaged in eating and drinking places are provided in a corner of a building or department store. If each establishment has own manager, each establishments is deemed a separate establishment.

The head office of hotel chain is classified in accommodation, and also the head office of restaurant chain is classified in food services. The establishment primarily engaged in controlling establishments of Accommodations and Food services, engaged in the operations, except the work-site operations, such as managing and controlling operations across the whole organization to promote the management of the own company.

And also miscellaneous establishments engaged in support operations such as transportation, cleaning, repair/maintenance, preservation, to other establishments

belonging to the same enterprise, to primarily promote activities in the Accommodations and Food services.

1.3 Standard classifications Structure

JSIC is composed of four stages, namely, divisions, major groups (2-digit), groups (3-digit), detail classes (4-digit). The Accommodations and Food services in JSIC is structured as talbe1.

Accommodations are classified by the facilities of each establishment. Food services are classified by the main cooked food or beverages providing by each establishment. There are three classifying points of view about Eating and drinking places. They are as follows:

- Cooked Food
- Non-alcoholic beverages
- Alcoholic beverages

Table1. JSIC Division M: Accommodations, Eating and drinking services

Major groups	Groups	Detail Classes	
75			Accommodations
	750		Establishments engaged in administrative or ancillary economic activities(75 Accommodations)
		7500	Head offices primarily engaged in managerial operations
		7509	Miscellaneous establishments engaged in administrative or ancillary economic activities
	751	7511	Hotels
	752	7521	Common lodging houses
	753	7531	Boarding houses
	759		Miscellaneous lodging places
		7591	Lodging facilities of companies and associations
		7592	Resort clubs
		7599	Lodging places, n.e.c.
76			Eating and drinking places
	760		Establishments engaged in administrative or ancillary economic activities(76 Eating and drinking places)
		7600	Head offices primarily engaged in managerial operations
		7609	Miscellaneous establishments engaged in administrative or ancillary economic activities
	761	7611	Eating places, except specialty restaurants

	762		Specialty restaurants
		7621	Japanese restaurants
		7622	“Ryotei” (Special Japanese restaurants)
		7623	Chinese restaurants
		7624	“Ramen”(Chinese noodles) restaurants
		7625	Grilled meats restaurants (Japanese style)
		7629	Miscellaneous specialty restaurants
	763	7631	“Soba” and “Udon” (Japanese noodles) restaurants
	764	7641	“Sushi” Bars
	765	7651	Drinking houses and beer hall
	766	7661	Bars, Cabarets and Night clubs
	767	7671	Coffee shops
	769		Miscellaneous eating and drinking places
		7691	Hamburger shops
		7692	“Okonomiyaki”, “Yakisoba” and “Takoyaki” (Japanese snacks) shops
		7699	Eating and drinking places, n.e.c.
77			Food take out and delivery services
	770		Establishments engaged in administrative or ancillary economic activities(77 Food take out and delivery)
		7700	Head offices primarily engaged in managerial operations
		7709	Miscellaneous establishments engaged in administrative or ancillary economic activities
	771	7711	Food take out services
	772	7721	Food delivery services

Table2 compares JSIC with ISIC (rev.4) for Accommodations and Food services. The classification structure of JSIC differs from ISIC classification structure. JSIC is more specific than ISIC in every sub sector.

Table2. Comparison of Industrial classifications for Accommodations and Food Services

JSIC	ISIC rev.4
7511,7521 7591,7592	5510 Short term accommodation activities
7599	5520 Camping grounds, recreational vehicle parks and trailer parks
7531,7599	5590 Other accommodation
7621~7651 7691~7699	5610 Restaurants and mobile food service activities

7711,7721	
7721	5621 Event catering
7699	5629 Other food service activities
7651~7671 7711	5630 Beverage serving activities
7500,7509, 7600,7609, 7700,7709	7010 Activities of head office

2. Market conditions and constrains

2.1 The number of Establishment

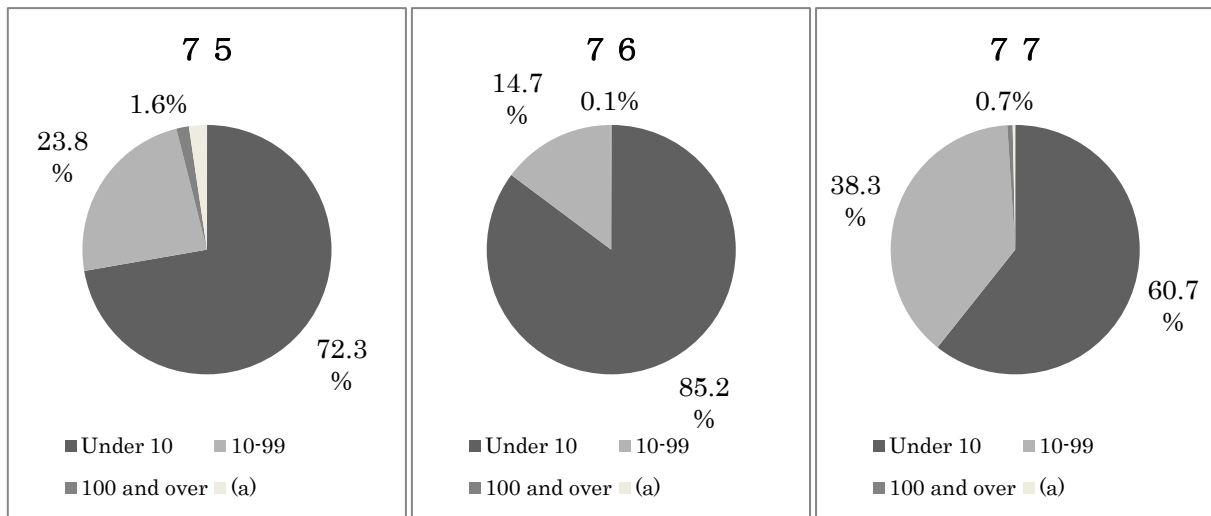
The number of the establishment engaged in Accommodations and Food services, classified as JSIC Division M, is about 820 thousand, of which 99.4% is privately owned establishments according to the 2006 Establishment and Enterprise Census conducted by the Statistics Bureau of Japan (SBJ). Of the total 591 million establishments engaged in service sector, nearly 14% is classified in this sector. If broken down by size of employee, three major groups have their distinctive characteristics.(See Table3 and Grapg1).

Table3. The number of establishments engaged in Accommodations, and Eating and drinking services in 2006

JSIC	Total	Size of employee		
		Under 10 persons	10-99	100 persons and over
Accommodations, Eating and drinking services	816,480	680,572	132,352	1,666
75 Accommodations	63,704	46,036	15,151	1,041
76 Eating and drinking places	724,559	617,412	106,394	431
77 Food take out and delivery services	28,217	17,124	10,807	194

Source: 2006 Establishment and Enterprise Census (SBJ)

Graph1. The structure of establishments engaged in Accommodations, and Eating and drinking services in 2006



(a) Dispatched or subcontracted employees only

2.2 Domestic production and Gross Value Added

The amount of Domestic production and Gross Value Added (GVA) in Japan can be seen in the Input-Output tables. In 2005, the ratio of Domestic production for Accommodations, eating and drinking places, excluding Food take out and delivery services and Spree eating and drinking places, is about 1.7% of the total, and GVA is about 2.2%.

Table4 shows the amount of Domestic production and GVA based on 2005 for Accommodations, General eating and drinking places, excluding Food take out and delivery services and Spree eating and drinking places. The amount of Domestic production for Accommodations is the highest in 2000 and the lowest in 2005. The amount of Domestic production for General eating and drinking places has been decreasing. Moreover, the percentages of the GVA / Domestic Production of both subsectors have also been decreasing.

Table4. Domestic Production and Gross Value Added of Accommodations and General eating and drinking places (Based on 2005)

		Domestic Production (billion yen)	GVA and Percentage of GVA/Domestic Production	
			(billion yen)	(%)
Accommodations	1995	69,052	36,846	53.4
	2000	78,101	39,571	50.7
	2005	65,558	32,102	49.0
General eating and drinking places	1995	236,985	119,242	50.3
	2000	233,867	108,750	46.5
	2005	209,491	94,952	45.3

Source: Input-Output table based on 2005 (MIC)

3. Turnover data method.

3.1 Sampling method

Monthly turnover for Accommodations, Eating and drinking services, excluding Food take out and delivery services, have surveyed by Monthly Survey on Service Industries (MSSI) since 2008. MSSI is a sample survey. The population of the survey is 2006 Establishment and Enterprise Census. In principle Food take out and delivery services should be surveyed. However, when the Census was conducted, Food take out and deliver services was categorized in the Wholesale and Retail Trade sector. This entire sector is exempted in MSSI.

The sample size of MSSI is about 39,000. The method of Neyman allocation is used to allocate the sample to each substratum. The substratum is composed of two conditions. The primary stratification is by industry group according to main economic activities of establishments, and the establishments contained in an industry stratum are sub stratified by employment size. At first, required sample size is calculated in each stratum. If the sample size is larger than subjects, all of establishments contained in the stratum are surveyed every month. In another case, establishment is selected from each stratum considering the geographical condition. The sample size of Accommodation is about 530 (required sample size is 526). The sample size of General eating and drinking places is about 1,510 (required sample size is 1,505). Half of the establishments are changed in January every year.

3.2 Issues in data collection

In the turnover basis, the collection rate of Accommodations and Food services sector is about 61.1% in January 2010. This rate is the worst of all divisions of MSSI. One of the reasons is the structure of Food services. Food services can be divided in two groups, such as General eating and drinking places and Spree eating and drinking places. General eating and drinking places is defined as establishment providing dishes and other food for guests on the spot, and providing non-alcoholic beverages for guests on the spot. On the other hand, Spree eating and drinking places is defined as establishment providing food and beverages for entertainment to accompany karaoke, dancing, shows and reception and providing alcoholic beverages. Most of the establishments engaged in Spree eating and drinking places open toward evening, because of providing alcoholic beverages. Generically enumerators visit establishments to distribute and collect questionnaires during the daytime. The difference of activity time causes the difficulty of the survey activities. Moreover, if an enumerator visits the establishment during the business hours, sometimes he/she can't meet the person who knows the accurate turnover. For example, as the business manager is almost with a

customer or the accountant works other place and never comes to the establishment. It's difficult for an enumerator to conduct survey activities.

The total collection rate of MSSSI is about 75.1% in January 2010. This rate isn't so high. One of the reasons of the rate is that MSSSI isn't required by law to respond yet.

4. Result of the Survey

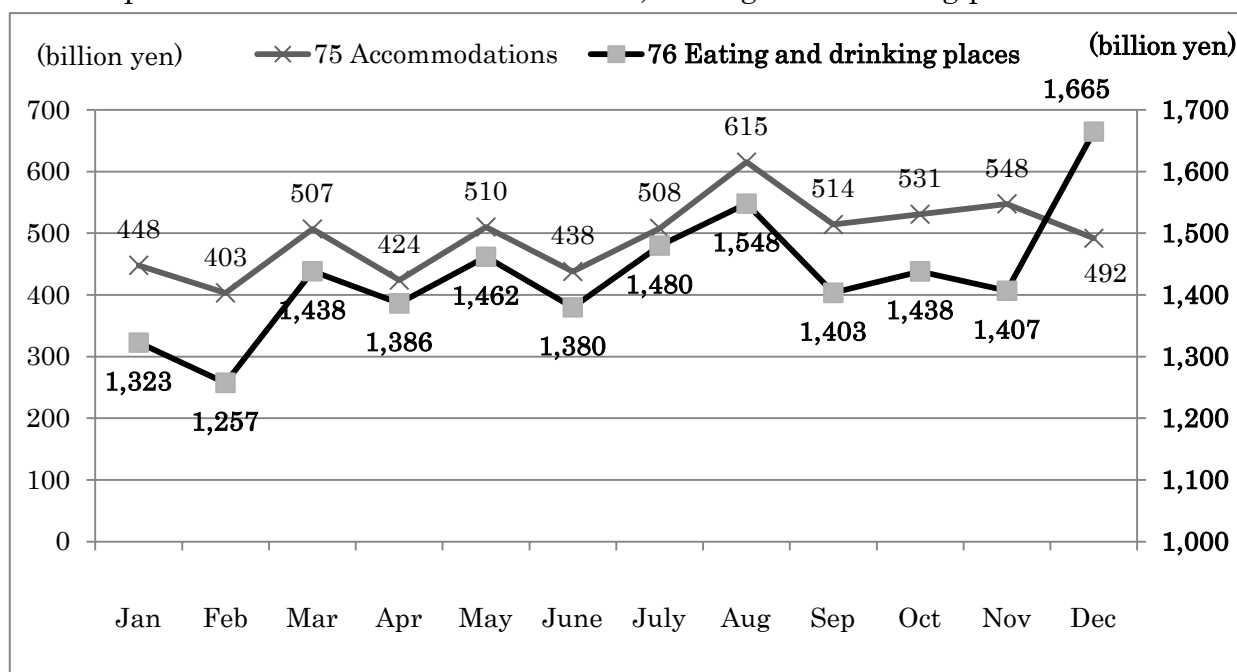
The results of the MSSSI are released in two stages. The preliminary results are released two months after the survey month, toward the end of the month. The final results are released five months after the survey month, toward the end of the month.

The trends of turnover for Accommodations or Eating and drinking places for 2009 are shown in table 5 and graph 2. The figures aren't seasonally adjusted figures. Thus, there are obvious seasonal fluctuations hidden in those results. The turnover of both Accommodations and Eating and drinking places increased in March, May and August. In addition, Turnover for Eating and drinking places rapidly increased in December. The possible cause of these figures is as follows. The month of March is school graduation season and also spring school holidays season in Japan. As many families and friends expand opportunities for going to lunch or dinner and also going trip, the turnovers of these sectors are increased. From the end of April to the first week of May there are four national holidays. As many working people can easily take a paid holiday, they also expand opportunities for going to lunch or dinner and going trip with their family or friends. The month of August is summer vacation season. In December many drinking parties are held in Japan. Toward the end of the year, those parties are held with colleagues or friends to forget difficulties and unpleasant things that happened in the year by drinking and having fun. Therefore the turnover of Eating and drinking places is increased.

Table5. Turnover for Accommodations, Eating and drinking place for 2009
(billion yen)

	75 Accommodations	76 Eating and drinking places
January	448	1,323
February	403	1,257
March	507	1,438
April	424	1,386
May	510	1,462
June	438	1,380
July	508	1,480
August	615	1,548
September	514	1,403
October	531	1,438
November	548	1,407
December	492	1,665

Graph2. Turnover for Accommodations, Eating and drinking places for 2009



5. Evaluation of comparability of turnover data with price indexes

The Consumer Price Index (CPI) is published by the SBJ, and the Corporate Service Price Index (CSPI) is published by the Bank of Japan. Those indexes are published for Accommodations. The index of hotel charges is included in the CPI. The index of lodging services is included in the CSPI. Only the CPI includes Food Services. The products provided in eating and drinking places are subdivided in twenty-four series, such as sushi, curry-rice, and beer, are included. Indexes of school lunches engaged in Food take out and delivery services are also included in the CPI.

The total turnover is surveyed for each establishment. Each establishment is categorized based on the main economic activity. Even if an establishment has diverse economic activities and has sales from each activity, turnover from these separate activities are combined and counted under the main activity.

The SPPI on the other hand calculates each commodity separately. Therefore they differ in scope.

6. Future Plan

6.1 Review of sampling method

In the Monthly Survey on Service Industry (MSSI), not only privately owned establishments but also public establishments, such as a lodge management by a local government, are surveyed. However, the total percentage of public establishments only amounts to 0.6% of the total. One of the purposes of the MSSI is to enhance the accuracy of Quarterly GDP Estimates. In the System of National Accounts, there is no need to collect the turnover on public establishments in the MSSI. In the next couple of years, only privately owned establishments will be surveyed.

6.2 Relationship with Economic Census

In Japan, an Economic Census is conducted every five years, which covers all economic activities of every industrial sector at the same point in time. The Economic Census has two stages.

Every establishment was surveyed in the 2009 Economic Census for Business Frame (ECBF) conducted by the SBJ. Each establishment was classified by its economic activities based on JSIC (Rev.12, 2007). The result of the 2009 ECBF is to be used as a sampling frame for the MSSI in 2012. After the sampling frame is changed, the turnover of Food take out and delivery services will be collected in the MSSI.

At this time there isn't a Census for measuring the turnover for Accommodations, Eating and drinking services. However, the Economic Census for Business Activities (ECBA) is going to cover accounting items of each establishment. Every establishment, including those classified as Accommodations and Food services sector, are going to be

surveyed on turnover. The first ECBA will be conducted in 2012.

The results of Economic Census are used to improve the accuracy of the MSSSI.

Particularly, the Census results will be made benchmark for turnover for service sector.

This is expected to help improving the accuracy of estimation of monthly turnover.

6.3 Creation of structural annual survey

In the service sector, the number of establishments both newly-founded and those going out of business is large and the industrial structure is always in flux. The SBJ considers that monthly surveys and a Census conducted once every five years are insufficient, when it comes to infrastructure development of the statistics for service sector. The SBJ is deliberating the commencement of a new structural annual turnover statistics. We are discussing appropriate survey contents with consulting experts

7. Summary

Not all of the sub sectors of Accommodations and Food services were surveyed on monthly turnover until the MSSSI was started in 2008. To elucidate the monthly turnover for this entire sector is an achievement of the MSSSI. SBJ keeps working to resolve the challenges such as increasing the collection rate and improving the accuracy of the estimates of turnover so that we can provide more reliable turnover statistics.