

# INDUSTRY-BASED VS PRODUCT-BASED SPPI

**Issues associated with these two types of indexes**

# Issues

- Definition of industry-based and product-based SPPIs
- Purposes of SPPIs
- Data sources for sampling
- Weighting schemes
- Communication of the concepts to the user
- What follows from this?

# Definition of industry-based and product-based SPPIs

## Eurostat – OECD SPPI-guide:

An **industry based index** is created from a sample of business **enterprises classified under that industry**. **All of the output** of these sampled units is represented, **even secondary activity output** that is classified under other industries in the international classification systems, and aggregated to form these (4-digit) industry level indices.

**Product based indices** are created from samples of products. **All service product output** (obtained from lists of producers of each product) is eligible for selection, **regardless of the classification of the business enterprises that produce it**. Price movements for products are generally aggregated to form product Group or product Class level indices ...

# Definition of **industry-based** and **product-based** SPPIs

	Industry A	Industry B	Industry C	Industry ...	Sum of Industries
Product-group 1					
Product-group 2					
Product-group 3					
⋮					
Sum of Products					

# Purposes of SPPIs

- observation of short term economic development
- one of the indicators for achieving the objective of price stability
- deflators inter alia to calculate real GDP development
- adaptation of recurrent payments in business contracts  
(stable value clauses)

# Data sources for sampling

	Industry A	Industry B	Industry C	Industry ...	Sum of Industries
Product-group 1					
Product-group 2					
Product-group 3					
⋮					
Sum of Products					

← Sampling from Surveys on Turnover by Product?

↑  
Sampling from Business Register?

# Weighting schemes

	Industry A	Industry B	Industry C	Industry ...	Sum of Industries
Productgroup 1					
Productgroup 2					
Productgroup 3					
Productgroup 4					
⋮					

# Weighting schemes

	Industry A	Industry B	Industry C	Industry ...	Sum of Industries
Productgroup 1					
Productgroup 2					
Productgroup 3					
Productgroup 4					
⋮					



# Weighting schemes

	Industry A	Industry B	Industry C	Industry ...	Sum of Industries
Productgroup 1					
Productgroup 2					
Productgroup 3					
Productgroup 4					
⋮					

# What follows from this?

- Is the index type an information to mention in future mini-presentations?
- If we do so, should the presenters give some additional facts about
  - Specific sources for weighting schemes for the respective index type?
  - Data sources for the population for sampling?
  - Meta data provided with publication of results?
- What are the challenges of the respective index-type and what are its advantages for the respective industry?

# Questions?

## Contact

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