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Mini Presentation

PPI for Other Reservation Service and Related Activities

NACE 79.90

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1. Introduction

This paper provides a brief overview of the services specified in the classification NACE Rev.2 79.90 – ‘Other reservation service and related activities’.

2. Definition of the service being priced

According to the definition in the NACE classification, this service includes:

- Other travel related reservation services
- Reservations for transportation, hotels, restaurants, car rentals, entertainment and sport etc.
- Time-share exchange services
- Ticket sales activities for theatrical, sports and other amusement and entertainment services.
- Visitor assistance services.
- Provision of travel information to visitors.
- Activities of tourist guides.
- Tourism promotion activities.

This service excludes:

- The activities of travel agencies and tour operators (these are classified in NACE Rev. 2 79.11 and 79.12 respectively)
- Organisation and management of events such as meetings, conventions and conferences, (these are classified in NACE Rev. 2 82.30)

3. Market conditions and constraints

The performance of this class is heavily dependent on the performance of the tourism and travel industry as a whole, both domestic and foreign inbound. The businesses in the class are quite diverse, reflecting the range of the most popular tourism and travel activities in Ireland. These are identified as hiking and hillwalking, angling, golf, cycling and equestrian activities.¹ We see businesses in the service under discussion that specialize in providing assistance for each of these activities, and others.

Total turnover in the class in 2012 was €213 million, as seen in the table below. The table shows that while enterprises with less than 10 employees employed only 21% of the class, they generated 44% of turnover, indicating higher productivity among smaller enterprises in this class. The total turnover is only 0.1% of all turnover in the Irish services sector.

¹ Tourism Trends 2008,
<http://www.cso.ie/en/media/csoie/releasespublications/documents/tourismtravel/2008/trends08.pdf>

Table 1: Number of Enterprises, Persons Employed, and Turnover (thousands) in NACE 79.90 'Other reservation service and related activities' 2012, by numbers of persons employed.

Persons Employed	Enterprises	Persons Employed	Turnover € 000's	Enterprises percentage	Persons Employed percentage	Turnover percentage
1 to 9	128	350	93,324	92%	21%	44%
10 or more	12	1,320	119,521	8%	79%	56%
Total	140	1,671	212,845			

The total Gross Value Added (GVA) for 2012 was €143 million, or 67% of total turnover. The total Gross Operating Surplus (GOS), at €87 million, was 41% of total turnover.

The pressures on this class, together with the impact of the recession in Ireland, are shown by the table below, taken from Business Demography results. It shows that while the number of active enterprises in this class increased by 34% from 2006 to 2012, the number of employees decreased by 38%. Thus the average number of employees in enterprises in this class has declined by 54% from 2006 to 2012.

Table 2. Index of Enterprises and Employees in 'Other reservation service and related activities' (NACE 79.90, 2006-2012), 2006 = 100

	2006	2007	2008	2009	2010	2011	2012
Active Enterprises	100	108.2	112.7	133.6	119.4	120.9	134.3
Employees	100	95.5	92.2	59.5	60.4	58.5	61.6

4. Standard classification structure and product details

4.1 Industrial Classification

Ireland uses the Statistical Classification of Economic Activities in the European Community NACE Rev.2 for national purposes. 'Other Reservation Service and Related Activities' are classified to NACE 79.9, within division 79 *Travel Agency, tour operator and other reservation service and related activities* under section N *Administrative and support service activities*.

- 79 Travel agency, tour operator and other reservation service and related activities
- 79.1 Travel agency and tour operator activities
- 79.11 Travel agency activities
- 79.12 Tour operator activities
- **79.90 Other reservation service and related activities**

4.2 Product Classification

Ireland uses the EU CPA 2008 for product classification. There are six subcategories at CPA 8-digit level that are part of the 4-digit level 79.90 'Other Reservation Service and Related Activities'.

- 79.90.11 Tourism promotion services
- 79.90.12 Visitor information services
- 79.90.20 Tourist guide services
- 79.90.31 Time-share exchange services

- 79.11.32 Reservation services for convention centres, congress centres, and exhibit halls
- 79.11.39 Reservation services for event tickets, entertainment and recreational services and other reservation services not elsewhere classified

5. Evaluation of standard vs. definition and market conditions

As tends to happen with any classification containing the acronym n.e.c. (not elsewhere classified) the businesses actually in the classification in Ireland are quite diverse, and the boundaries of what is included and what is not included are somewhat ill-defined. For example, looking at the NACE Rev 1.1 codes of the enterprises currently in this classification, we see that 74% of enterprises were classified as NACE Rev. 1.1 I6330 (Activities of travel agents and tour operators; tourist assistance activities n.e.c.) while the remaining 26% were classified as NACE Rev1.1 O92 (Recreational, cultural and sporting activities).

Another way of seeing the diversity and fluid boundaries of the classification is to look at the words in the field where the business is described on the Irish Business Register. A 'wordle' of the most commonly used words in the classification looks as follows:



One surprise that while the word 'reservation' is very prominent in the description of the CPA product descriptions for 79.90, it is not that prominent in the description of the businesses in the class.

We saw above that the class has a low total turnover as a percentage of GDP. One reason for this is that some of the businesses we might expect to be classified as NACE Rev. 2 7990 are in fact classified elsewhere. For example, some Irish tourist marketing businesses are in fact classified as NACE Rev. 2 M7311 (Services provided by advertising agencies). Some ticket reservation agencies are classified to R9002 (Support services to performing arts). Other relevant enterprises are classified as NACE Rev. 2 N8220 (Call centre services). There are also businesses where the local units are in the classification under discussion, but the controlling enterprise is classified elsewhere.

Some of the reservation services described in the CPA classification details for 79.90 would be done as secondary activities of travel agencies. Reservations for convention centres and congress centres are usually done through the websites of the centres themselves, rather than through specialist agencies that would belong to this class. These convention and congress centres are of course also classified elsewhere.

6. National Accounts concepts and measurement issues related to GDP

The NACE Rev. 2 classification system is used in both annual and quarterly National Accounts publications. It has been used in the annual 'National Income and Expenditure (NIE)' release since 2011, replacing the previously used national classification system.

The 'National Accounts Output and Value Added by Activity' releases also use the NACE Rev. 2 classification system

In Ireland, annual Gross Domestic Product (GDP) has traditionally been collected using the Income and Expenditure methods only.

Quarterly GDP is calculated using the Output and Expenditure Methods.

7. Pricing Method(s) and criteria for choosing various pricing methods

The pricing mechanism used in this class will generally be an explicit fee/price for the service, i.e. an explicit output charged mechanism.

The pricing method to be used will usually be 'Direct Use of Prices of Repeated Services'. Repeated services provided to different customers over time will produce the majority of turnover in the class.

List Prices are sometimes available e.g. via websites, and in this class list prices may be a fairly accurate guide to the actual prices being charged.

8. Evaluation of comparability of price indices with turnover/output data

In the case of both turnover and pricing surveys, the survey frames are based on the National Business Register and the reporting units are enterprises.

9. Summary

The services in NACE Rev. 2 79.90 'Other reservation service and related activities' form a very small part of the Irish economy and even of the Irish tourism industry. This is partly because the classification is a somewhat fluid one, with not very clearly defined boundaries.