Revisited Sector Paper
ISIC / NACE 80
Security and Investigation Activities

24th Meeting of the Voorburg Group

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History for Security/Investigation

- 1992 – INSEE report on test price indices
- 2004 – Reports on SPPI from Finland
- 2005 – Reports on SPPI from Israel, Japan and the US;
  resulted in a summary presentation on SPPI for S&I from Finland
Survey for this paper

- 11 of 13 countries calculate SPPI,
- 7 of 13 publish SPPI
- 11 of 13 countries calculate and publish turnover data
- 2 of 13 countries do not collect data for this sector
## Classification - Industry

<table>
<thead>
<tr>
<th>NACE 2 / ISIC 4</th>
<th>NAICS US/Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>801 Private security services</td>
<td>56161 Investigation, guard and armored car services</td>
</tr>
<tr>
<td>803 Investigation services</td>
<td>56162 Security systems services</td>
</tr>
<tr>
<td>802 Security systems services</td>
<td></td>
</tr>
</tbody>
</table>
## Classification - Products

<table>
<thead>
<tr>
<th>CPA 2008</th>
<th>CPC 2.0</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>80.10.11</td>
<td>8524</td>
<td>Armored car services</td>
</tr>
<tr>
<td>80.10.12</td>
<td>8525</td>
<td>Guard services</td>
</tr>
<tr>
<td>80.10.19</td>
<td>8529</td>
<td>Other security services</td>
</tr>
<tr>
<td></td>
<td>8522</td>
<td>Security consulting serv.</td>
</tr>
<tr>
<td>80.20.10</td>
<td>8523</td>
<td>Security system services</td>
</tr>
<tr>
<td>80.30.10</td>
<td>8521</td>
<td>Investigation services</td>
</tr>
</tbody>
</table>
Turnover Statistics

Main data source:

• Most countries use a survey
• One country uses census data
• Some a combination of survey and administrative data
• One country uses administrative data
Turnover Statistics

Major challenges identified by the survey:

• Quality problems of the business registers
SPPI – Sample

- The business register is used as sample frame
- Most popular is PPS sampling
- the criterion: turnover or number of employee
- sometimes combined with a cut-off criteria
- Cut-off sampling when the industry is highly centralized
SPPI

Pricing mechanism

long-term contracts tailored to customer needs and specifying the content, duration and price of the service are typical in that industry.

Customers

The industry’s main customers are business and the public sector
SPPI – Main Pricing Method

Contract pricing is the main method
In Finland, Japan, USA, Spain, Germany, UK, Sweden, the Czech Republic and Israel

main price determining characteristics
• Type of service
• Customer
• Location
• Guard type and professional level
• Time when the service is provided
SPPI – Other Pricing Methods

- **Model pricing** - by identifying the object, the activities, time of the day and total time. Used in 3 countries out of 11 (in Austria and Netherlands the main method)

- **Time-based methods** - the staff is divided into different categories according to kind of guard, level of experience and skills. Typical categories: unarmed guard, armed guard, bodyguard, security guard etc. used in 3 countries (in one country as the main method).

- **Direct pricing for repeated services** - for armored car, investigation and guard security.
## SPPI –Pricing Methods

<table>
<thead>
<tr>
<th>method</th>
<th>example</th>
<th>Sub-group</th>
</tr>
</thead>
<tbody>
<tr>
<td>contract</td>
<td>Uniformed guards mobile site customer x 2 visits per night 7 days a week price per week</td>
<td>Security guard</td>
</tr>
<tr>
<td>Model pricing</td>
<td>Security of building A, Object: 2 exits, 20 people working</td>
<td>Security of building</td>
</tr>
<tr>
<td></td>
<td>Activities: opening &amp; closing rounds</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Time: 7:00-19:00 Total price</td>
<td></td>
</tr>
<tr>
<td>Time-based</td>
<td>Average price per hour for bodyguard</td>
<td>Security guard</td>
</tr>
<tr>
<td>Direct price</td>
<td>Investigation for private customer for one tracking</td>
<td>investigation</td>
</tr>
</tbody>
</table>
SPPI – Quality Adjustments

Implicit method
• Overlap

Explicit methods
• Expert judgment
• Quantity adjustment
• Differences in production costs
Progress Report

Results of progress report inquiry

<table>
<thead>
<tr>
<th>ISIC/NACE</th>
<th>SPPI</th>
<th>TURNOVER</th>
</tr>
</thead>
<tbody>
<tr>
<td>8010 – PRIVATE SECURITY SERVICES</td>
<td>15</td>
<td>16</td>
</tr>
<tr>
<td>8020 – SECURITY SYSTEMS SERVICES</td>
<td>12</td>
<td>16</td>
</tr>
<tr>
<td>8030 – INVESTIGATION</td>
<td>7</td>
<td>15</td>
</tr>
</tbody>
</table>
Summary

• The different classifications focuses on three primary groups: private security services, security systems services and investigation.
• Most countries uses survey data for turnover, some a combination of survey and administrative data
• Quality problems of the business register is a major challenge in developing turnover statistics
• The main pricing method is contract pricing
• Maintaining constant quality is an ongoing challenge
Thanks

Questions?