

SPPI FOR CLEANING ACTIVITIES IN GERMANY

25th Voorburg Group Meeting in Vienna

Mini-Presentation - Susanne Lorenz

Topics

- **Market Conditions and Constraints**
- **Classification vs. Definition and Market Conditions**
- **National Accounts Concepts**
- **Pricing Methods**
- **Quality Adjustment**
- **Coherence of SPPI and Turnover-Statistics**
- **Results**
- **Summary**

Market Conditions and Constraints (1/5)

Size of Industry in Germany

Turnover in 2008:

NACE 81 Services to buildings and landscape 23.9 Bill. €

■ **81.1 Combined Facilities support s. 3.4 Bill. €**

 ■ **81.2 Industrial cleaning 13.9 Bill. €**

■ **81.3 Landscape services 6.6 Bill. €**

Market Conditions and Constraints (2/5)

Size of Industry in Germany

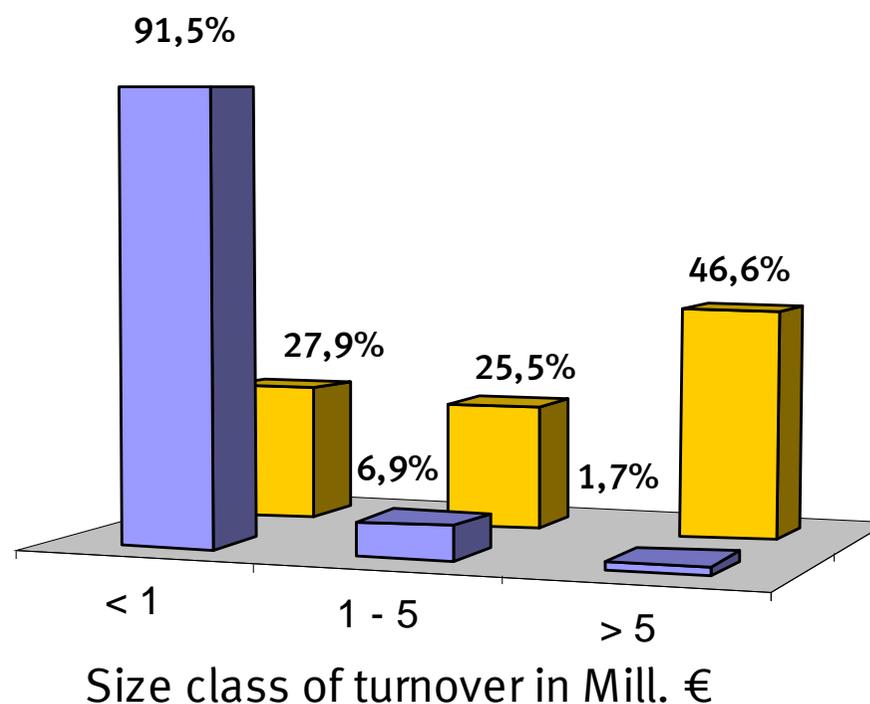
NACE 81.2 Industrial cleaning - 13.9 Bill. € turnover

- **75% General cleaning of buildings**
- **11% Specialised cleaning services (window)**
- **7% Chimney cleaning services**
- **3% Means of transport cleaning**
- **3% Other cleaning services**
- **1% Disinfection and extermination services**

Market Conditions and Constraints (3/5)

Structure of Cleaning Companies in Germany - 2008

■ Number of Enterprises in %
 ■ Turnover in %



Market Conditions and Constraints (4/5)

Special conditions:

- **General cleaning and window cleaning**
 - labour-intensive sector
 - facilities management
- **Chimney cleaning**
 - monopole regulation of the state until the end of 2012
- **Means of transport cleaning**
 - **Train: dominated by six regional subsidiaries of the German railway company**
 - **Airplane: a few small to middle-sized companies**

Market Conditions and Constraints (5/5)

Record keeping practices:

- Data collection
 - Weighting pattern - at corporate level
 - Price collection - at operational level

Classification vs. Definition and Market Conditions

- **Classification on 4-digit level**
 - **81.21 General cleaning of buildings**
 - **81.22 Other building and industrial cleaning activities**
 - **81.29 Other cleaning activities**
- **in line with**
 - **Definition**
 - **Market Conditions**

National Accounts Concepts

- German NA use the German WZ* (2003)
74.70.1 “Traditional cleaning incl. window cleaning” and
74.70.2 “chimney cleaning” as most detailed position for
price and volume measures
- A-method: actual contract prices or model pricing (“actual
prices”)

* The German classification of economic activities

Pricing Methods (1/3)

General cleaning ⇒ Contract Pricing

- Kind of cleaning object:

■ Offices, wholesale and retail	39.2%
■ Hospitals	19.6%
■ Schools and kindergarten	17.2%
■ Factories and garages	16.4%
■ Residential homes, hotels ...	7.6%

- Cleaning size in sqm

- Frequency of the cleaning, e.g. 5 times a week,

- Package of service. e.g. daily cleaning of the trash can, cleaning of the desktop, weekly cleaning of the telephone ...

Pricing Methods (2/3)

Window cleaning ⇒ Contract Pricing

- Kind of cleaning object: e.g. offices
- Cleaning size in sqm
- Frequency of the cleaning, e.g. quarterly

Pricing Methods (3/3)

Chimney cleaning ⇒ Model Pricing

- Monopole regulation of the state
- Fee regulation
- Services exactly defined
- No negotiations – no discounts

Quality Adjustment

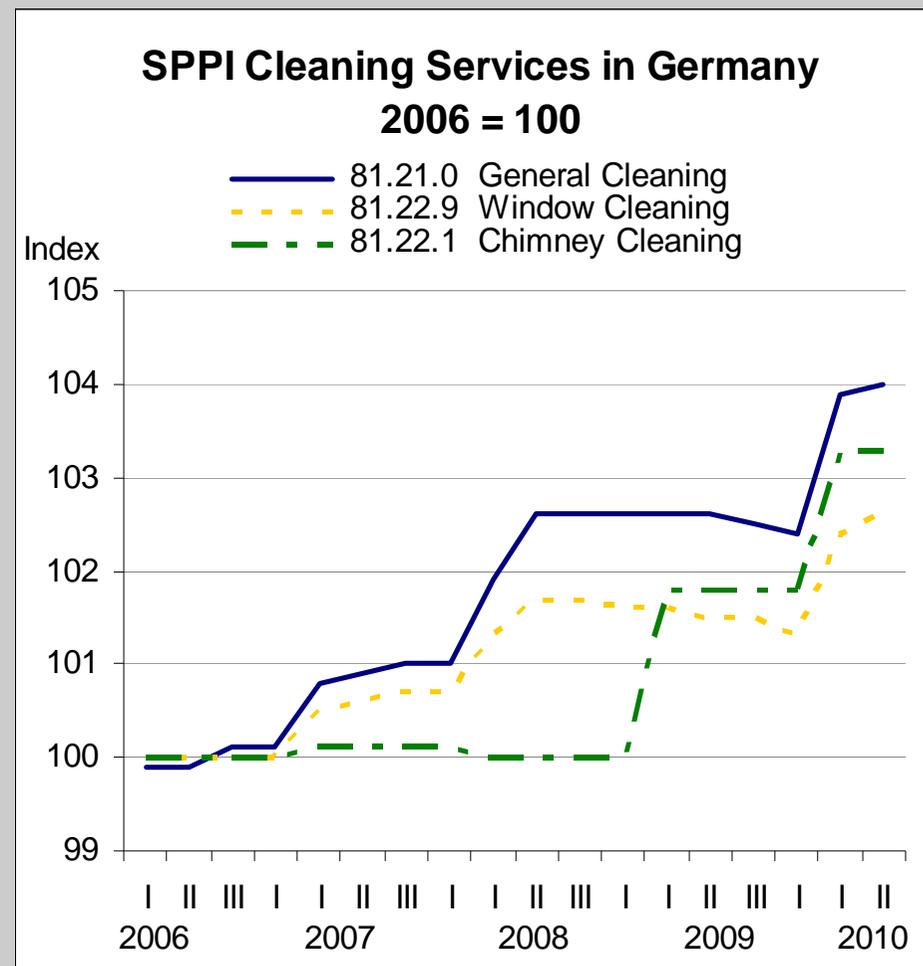
- Constant contracts over time not common practise
- 5-10 essential modifications each quarter
- In case of changes of a recorded contract or follow-up contracts or new contracts
 - Expert estimation:
 - supplementary questionnaire (new realised hourly rate compared with old one)
 - Close collaboration with companies necessary
 - Matched model

Coherence of SPPI- and Turnover- Statistics

- **High level of coherence:**
 - **FSO Service Statistics since 2000**
 - **Same classification system: German WZ (2008)**
 - **Output well defined**
 - **A match of all enterprises above 10 Mill. Euro has been made**
 - **In line with SPPI requirements**

Results

- 2006=100
- 110 reporting units
- 705 price quotations
(general cleaning: 650
window cleaning: 55
chimney cleaning: 60)
- 100% response rate (up
to 80% without reminder)
- Publication since 2008
- Moderate increase in
prices



Summary

- **SPPIs for the cleaning industry (NACE 81.2):**
 - **General cleaning (contract pricing)**
 - **Window cleaning (contract pricing)**
 - **Chimney cleaning (model pricing)**
- **Inclusion of all market players (> 25 Mill. € turnover) / random stratified sample (< 25 Mill. €)**
- **Published since 2008**
- **In accordance with National Accounts**

THANK YOU FOR YOUR ATTENTION!



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