SPPI FOR CLEANING ACTIVITIES IN GERMANY

25th Voorburg Group Meeting in Vienna

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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 %

Size class of turnover in Mill. €

- < 1: 91.5%
- 1 - 5: 27.9%
- > 5: 46.6%

- < 1: 27.9%
- 1 - 5: 6.9%
- > 5: 1.7%
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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