SPPI for Accommodation and Food Services in Finland

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Statistics Finland
INTRODUCTION

- Development work on the SPPI for accommodation services started 2001
  - Accommodation services were one of the first SPPI indices developed in Finland
- SPPI has not yet covered food services at all
  - The Finnish SPPI focuses on b2b prices
  - Prices are available for consumer food services in the CPI
- Development work has been started to produce b2all SPPI figures in Finland
  - CPI and b2b figures combined
ACCOMMODATION AND FOOD SERVICES IN FINLAND

- Accommodation and food services totaled 1.6 % of the Finnish GDP in 2008
  - Accommodation services covered 0.4 % and food services 1.2 %
  - The share of b2b services is roughly 70% in accommodation and 30% in food services
- Accommodation services are highly seasonal in Finland
  - Summer and winter season
  - Domestic consumption covers over 70% of nights spent at accommodation establishments
- Contract food services related to different kinds of public services (hospitals, schools, old people’s homes, etc.) have been increasingly opened to private businesses
### Accommodation

<table>
<thead>
<tr>
<th></th>
<th>SMEs</th>
<th>SMEs share</th>
<th>All businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover (m€)</td>
<td>569</td>
<td>42 %</td>
<td>1 358</td>
</tr>
<tr>
<td>No. of businesses</td>
<td>1 669</td>
<td>97 %</td>
<td>1 715</td>
</tr>
<tr>
<td>No. of employees</td>
<td>5 506</td>
<td>54 %</td>
<td>10 216</td>
</tr>
</tbody>
</table>

### Food services

<table>
<thead>
<tr>
<th></th>
<th>SMEs</th>
<th>SMEs share</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Turnover (m€)</td>
<td>2 760</td>
<td>69 %</td>
<td>3 972</td>
</tr>
<tr>
<td>No. of businesses</td>
<td>9 046</td>
<td>99 %</td>
<td>9 180</td>
</tr>
<tr>
<td>No. of employees</td>
<td>30 473</td>
<td>72 %</td>
<td>42 578</td>
</tr>
</tbody>
</table>

Sanna Nieminen
### Accommodation

<table>
<thead>
<tr>
<th>NACE</th>
<th>Classification</th>
<th>No. of businesses</th>
<th>Turnover m€</th>
</tr>
</thead>
<tbody>
<tr>
<td>55</td>
<td>Accommodation</td>
<td>1 664</td>
<td>1 418</td>
</tr>
<tr>
<td>55101</td>
<td>Hotels</td>
<td>481</td>
<td>1 257</td>
</tr>
<tr>
<td>55109</td>
<td>Motels, guest houses and similar accommodation</td>
<td>203</td>
<td>39</td>
</tr>
<tr>
<td>55201</td>
<td>Youth hostels and mountain refuges</td>
<td>20</td>
<td>1</td>
</tr>
<tr>
<td>55209</td>
<td>Holiday villages and other short-stay accommodation</td>
<td>168</td>
<td>37</td>
</tr>
<tr>
<td>55300</td>
<td>Camping grounds, recreational vehicle parks and trailer parks</td>
<td>140</td>
<td>19</td>
</tr>
<tr>
<td>55901</td>
<td>Residential hotels, boarding houses and similar accommodation</td>
<td>9</td>
<td>14</td>
</tr>
<tr>
<td>55902</td>
<td>Farmhouse, bed &amp; breakfast accommodation</td>
<td>122</td>
<td>7</td>
</tr>
<tr>
<td>55903</td>
<td><strong>Renting of holiday cottages</strong></td>
<td><strong>299</strong></td>
<td><strong>24</strong></td>
</tr>
<tr>
<td>55909</td>
<td>Provision of accommodation n.e.c.</td>
<td>222</td>
<td>20</td>
</tr>
</tbody>
</table>

### Food services

<table>
<thead>
<tr>
<th>NACE</th>
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<th>Turnover m€</th>
</tr>
</thead>
<tbody>
<tr>
<td>56</td>
<td>Food and beverage service activities</td>
<td>9 259</td>
<td>4 069</td>
</tr>
<tr>
<td>56101</td>
<td>Restaurants</td>
<td>2 991</td>
<td>1 640</td>
</tr>
<tr>
<td>56102</td>
<td>Cafés</td>
<td>3 121</td>
<td>1 076</td>
</tr>
<tr>
<td>56103</td>
<td>Food kiosks</td>
<td>748</td>
<td>131</td>
</tr>
<tr>
<td>5621</td>
<td>Event catering activities</td>
<td>836</td>
<td>107</td>
</tr>
<tr>
<td>5629</td>
<td>Other food service activities</td>
<td>403</td>
<td>843</td>
</tr>
<tr>
<td>56301</td>
<td>Beer and drink bars</td>
<td>368</td>
<td>144</td>
</tr>
<tr>
<td>56302</td>
<td>Cafés and coffee bars</td>
<td>792</td>
<td>128</td>
</tr>
</tbody>
</table>
RECORD KEEPING PRACTICES

- Many accommodation businesses also provide food services
  - Sometimes it might be difficult to separate these two activities
  - The VAT tax rates are different for accommodation (9%) and food services (13%) in Finland

- A special data collection feature relates to tourism statistics
  - Significant share of the monthly data from hotels and other accommodation establishments are transmitted to Statistics Finland electronically, either through an Internet questionnaire or by automated data transmission
  - In co-operation with the booking system providers Statistics Finland has developed a standardised transmission system for receiving data direct from the accommodation businesses' booking systems
DEFINITION OF THE SERVICE BEING PRICED

- In accommodation, there are separate indices for businesses and consumers
  - Business prices cover only hotel accommodation (SPPI)
  - CPI covers hotel accommodation, camping sites and holiday cottages
- SPPI does not cover food services
  - CPI covers restaurant and mobile food services, cafeterias, takeaways, beverages and canteens
PRICING UNIT OF MEASURE

- Hotel accommodation is covered both in the SPPI and the CPI
  - SPPI accommodation price index: price of a single room for one night during a weekday (b2b price)
  - CPI index: price of a double room for a weekend (b2c price)
- In food services, the CPI collects data on different kinds of food and beverages
  - List prices
In accommodation and food services the pricing method used is direct use of prices of repeated services

- Spot prices: data collected monthly between the 10th and 15th day of the month
- CPI collects both consumer and b2b prices in the same process
- CPI also published as a monthly index, but SPPI published as a quarterly figure

Other possible pricing methods:

- Contract pricing: food services for different kinds of businesses (like transportation operators, hospitals, old people’s homes, etc.)
- Unit value
  - Structural problems in average room rate (ARR)?
QUALITY ADJUSTMENT METHODOLOGIES

- It is assumed that there are no quality changes between accommodation and food services bought today and next month
  - Basically it is assumed that the quality of a lunch today is equal to that of a lunch tomorrow
- It could be argued that there are differences in quality especially when it comes to holidays
  - Accommodation and food services might be more expensive during holidays (seasonal food, decorations, music etc.)
There is no major measurement or concept issue between different statistics related to accommodation and food services in Finland.

However, National Accounts are the last statistics to adopt the NACE 2008 classification.

- This might lead to some inconsistency issues as all the other statistics have adopted NACE 2008 earlier
- No significant problems are expected concerning accommodation and food services
RESULTS - PRICE INDICES 2005=100
RESULTS – TURNOVER INDICES 2005=100
FUTURE CHALLENGES

Key issues for future development work:

- Do businesses use different kinds of restaurant services than consumers?
- Contract pricing in b2b food services
  - Contract food services for different kinds of businesses, like transportation operators, hospitals, old people’s homes, etc.
- Spot prices vs. unit values in hotel accommodation?
SUMMARY

- A lot of small and medium-sized enterprises in accommodation and food services in Finland
- The scope of the SPPI is currently a b2b index
  - Food service prices are collected by the CPI
  - Two price indices for accommodation: one for b2b (SPPI price index) and one for consumers (CPI price index)
- Pricing method used is direct use of prices of repeated services (spot prices)
- In food services, the CPI collects various kinds of food and beverage prices usually based on list prices
Thank you!