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# Mini-presentation for SPPI NACE 52.1 Warehousing and Storage Services

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# Service being priced

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- UK only recently developed SPPI for Warehousing & Storage services (NACE 52.1)
- Therefore paper/presentation focuses on this group only
- Data classified as experimental – subject to further quality assurance and potential development

# Definition of service

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- Primarily in the UK the warehousing/storage of commercial and industrial goods
- Establishments classified in 52.1 primarily offer storage services
- BUT
- Growing trend for bundled service comprising any of:
  - Logistics management
  - Collection/delivery (Freight service)
  - Receiving, handling and despatch
  - Storage
  - Picking
  - Security

# Definition of service

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- Industry has close connection with freight transport
- Larger freight establishments in UK have their own warehousing and storage facility
- Likewise for large UK retailers

# Pricing unit of measure

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- Predominantly services provided are clearly specified/repeated as opposed to unique
- But a number of factors to consider
- End-to-end service – can be difficult to separate and record warehousing/storage component – need to be practical in price collection
- Basic unit of measure in UK is the price per period of time for the storage of a specified quantity of a commodity

# Pricing unit of measure

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- Key price determining characteristics need to be accounted for:
  - Commodity being stored (liquid, gas)
  - Unit of commodity (tonne, pallet, silo)
  - Duration of storage (hours, days, weeks)
  - Specific requirements (temperature control etc)
  - Any additional services – such as picking, transfer etc.
- Discounts can play an important role and need to be accounted for
- Non-market transactions also an issue

# Market conditions

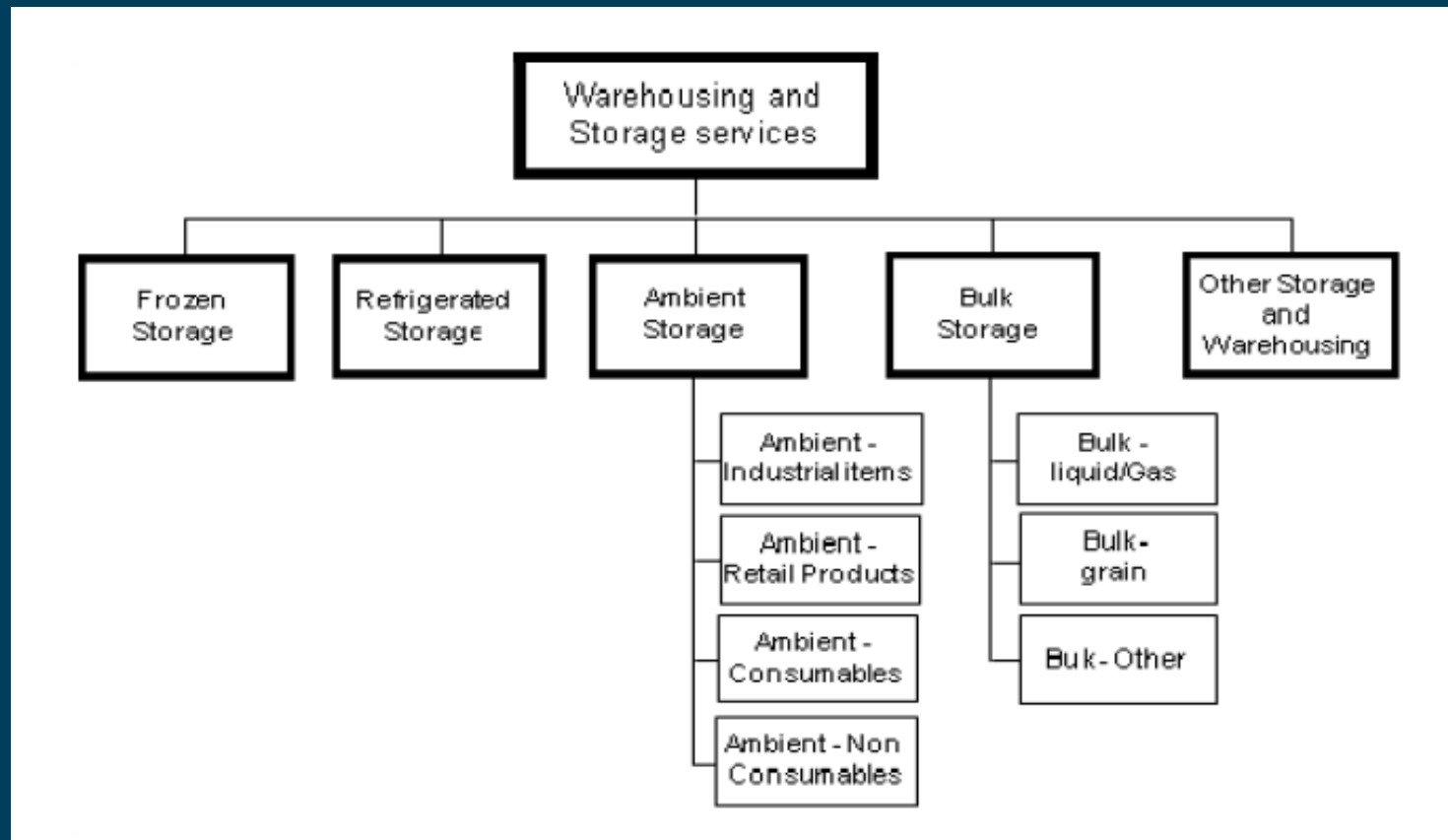
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Employment band	Number of enterprises	Percentage of enterprises	Turnover (£000's)	Market share
0 to 9	2204	69.8	972,041	3.4
10 to 49	627	19.9	2,584,739	9.1
50 to 99	133	4.2	1,429,711	5.1
100 to 299	125	4.0	5,097,800	18.0
300+	67	2.1	18,188,262	64.3
	3156	100.0	28,272,553	100

Source: UK Interdepartmental Business Register, 2012

# Standard classification structure

- Absence of sufficient detail in SIC/CPA so UK developed additional detail:





# Pricing methodology

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- UK collect direct prices of repeated services
- However, need to ensure the initial price specification is sufficiently detailed to 'fix' price determining characteristics
- Helps price to constant quality

# Example price specification

## Example

- 1 (a) Please describe one example of a frozen storage service you provided to a customer at some point between the 1st January and 31st March 2011.  
If this is not relevant to your business, please leave the box blank.

The price below is for the storage of frozen chicken breasts for customer reference AS123 at our London site. The price includes the unloading of 10 pallets, the storage of 10 pallets in a frozen environment for a calendar week, and the dispatch of 10 pallets.

(b) What price did you receive for the service you described above?

£    .    .

# UK Price collection

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- UK resend the agreed price specification to the respondent each period
- No previously returned prices are provided to respondent
- Respondents are asked to provide an updated price for the exact specification – not just to update the previous price !
- Each period, the new price is validated to ensure accuracy (any change +/- 7.5%)
- Quality adjustment carried out if change in specification

# UK SPPI

