SPPI for Warehousing and support activities for transportation in Sweden

28th Voorburg Group meeting
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Content of the presentation

- Definition of service
- Market conditions
- Pricing method
- Quality adjustment
- Data collection
- Sampling and weights
- Results
Definition of service

- Swedish SPPI measures 52.1, 52.24 and 52.29
- 52.29 accounts for 75 percent of turnover
Definition of service, example 52.29

- Forwarding of freight

- Bundle of different services

- May involve multiple carrier types
### Market conditions - size of division

<table>
<thead>
<tr>
<th>SNI 2007</th>
<th>Number of enterprises</th>
<th>Turnover</th>
<th>Share of total turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>52100 Warehousing and storage</td>
<td>185</td>
<td>3.3</td>
<td>2.3%</td>
</tr>
<tr>
<td>52211 Towing incidental to land transportation</td>
<td>179</td>
<td>0.6</td>
<td>0.4%</td>
</tr>
<tr>
<td>52219 Other service activities incidental to land transportation</td>
<td>665</td>
<td>12.2</td>
<td>8.5%</td>
</tr>
<tr>
<td>52220 Service activities incidental to water transportation</td>
<td>197</td>
<td>2.6</td>
<td>1.8%</td>
</tr>
<tr>
<td>52230 Service activities incidental to air transportation</td>
<td>155</td>
<td>10.6</td>
<td>7.4%</td>
</tr>
<tr>
<td>52241 Harbour cargo handling</td>
<td>85</td>
<td>5.8</td>
<td>4.1%</td>
</tr>
<tr>
<td>52249 Other cargo handling</td>
<td>149</td>
<td>1.7</td>
<td>1.2%</td>
</tr>
<tr>
<td>52290 Other transportation support activities</td>
<td>1556</td>
<td>106.0</td>
<td>74.2%</td>
</tr>
<tr>
<td>52</td>
<td>3171</td>
<td>142.8</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
Market conditions - size of division cont.

NACE 52. Number of enterprises and turnover specified by size of enterprise.

<table>
<thead>
<tr>
<th>Number of employees</th>
<th>Number of enterprises</th>
<th>Turnover</th>
<th>Share of total turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-19</td>
<td>2922</td>
<td>34.9</td>
<td>24.5%</td>
</tr>
<tr>
<td>20-49</td>
<td>142</td>
<td>16.0</td>
<td>11.2%</td>
</tr>
<tr>
<td>50-99</td>
<td>47</td>
<td>15.8</td>
<td>11.1%</td>
</tr>
<tr>
<td>100-249</td>
<td>38</td>
<td>20.3</td>
<td>14.2%</td>
</tr>
<tr>
<td>250+</td>
<td>22</td>
<td>55.6</td>
<td>38.9%</td>
</tr>
<tr>
<td>Total</td>
<td>3171</td>
<td>142.8</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
Pricing method

- **Contract pricing**
  - Long term contracts with clients to handle transport or warehousing
  - Follows index for currency, oil, rent and salary
  - Uniqueness of service
  - Well specified services
  - Often include client, carrier type, type and quantity of goods, additional services and departure and destination
Pricing method cont.

- Large price movements often occur due to renegotiation of contracts

- Model pricing in 2003
  - Started with a representative contract
  - Respondents were asked, in each period, to quote a price as if the contract was renegotiated
  - Respondents had difficulties to understand
  - Necessary to put in a lot of effort
Quality adjustment

• When a contract is replaced by another

• Explicit method when possible
  - Respondent are asked how the quality change affects the price
  - Quantity adjustment

• Else, overlap
  - Totally different route or bundle of services
Data collection

• Web-based questionnaire, the respondent are asked about
  - Representativity of the service
  - Any changes of the service since last quarter
  - Reason of price change if +/-10 %

• 176 observations and 40 companies in 52,290
  - Will probably be increased

• Response rate about 90 percent
Sampling and weights

- Pareto probability proportional to size
  - Size is measured by turnover
  - Divides the sample in two strata
  - "Large" companies represents themselves
  - "Small" companies represents the others

- A new sample and weights are calculated each year
Results

Price index for Warehousing and storage and Other transportation support services, 2006=100
Questions?

Thank you!