



**HUNGARIAN  
CENTRAL  
STATISTICAL  
OFFICE**

## **29<sup>th</sup> Voorburg Group Meeting on Services Statistics Dublin**

### **Mini presentation on Specialized design activities (ISIC/NACE 7410)**

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Ildikó Hamvainé Holocsy  
**Hungary**

- **Introduction;**
- **Description of the industry;**
- **Definition of the service;**
- **Classification in EU;**
- **Macroeconomic indicators;**
- **Experimental survey;**
- **B2C market;**
- **Pricing methods;**
- **Examples.**



The methodological development of price statistics for **74 Other professional, scientific and technical activities** has started last autumn (2013).

As a part of this project was **analysis of the Business Register, other available data sources, and the market structure, including the turnover at class level for: 7410 Specialized design activities.**

Market knowledge is important

- ✓ **for selection of a cost-efficient sample:**  
for a pilot or regular price survey to produce **SPPIs/deflators** with the aim to calculate real performance indicators;
- ✓ **to ensure the consistency**  
between Turnover and SPPIs/deflators.

### **Main characteristics of the Specialized design activities are as follows:**

- ✓ Industry is dominated by operations of micro-enterprises;
- ✓ Heterogeneity of design works;
- ✓ Designing of unique and not comparable products;
- ✓ Infrequency of trading;
- ✓ Lack of knowledge of all relevant factors;
- ✓ Reputation of a designer;
- ✓ Work of a designer is difficult to account for in the traditional framework.



### 7410 Specialized design activities

- ✓ **fashion design** related to **textiles, wearing apparel, shoes, jewel, furniture and other interior decoration and other fashion goods as well as other personal or household goods;**
- ✓ **industrial design**, i.e. creating and developing **designs and specifications** that optimize the use, value and appearance of products, including the determination of the materials, mechanism, shape, colour and surface finishes of the product, taking into consideration human characteristics and needs, safety, market appeal in distribution, use and maintenance;
- ✓ **activities of graphic designers;**
- ✓ **activities of interior decorators.**



- **NACE Rev 2 / TEÁOR'08** (the statistical classification of economic activities in the European Communities / in Hungary).
- **CPA'08 / TESZOR'08** (the European/ Hungarian Classification of Products by Activity).

**CPA'08 is fully harmonized with NACE Rev.2.** Namely, from the 6 digits (XXXX.YY) the first four are the same as those for the NACE Rev. 2.

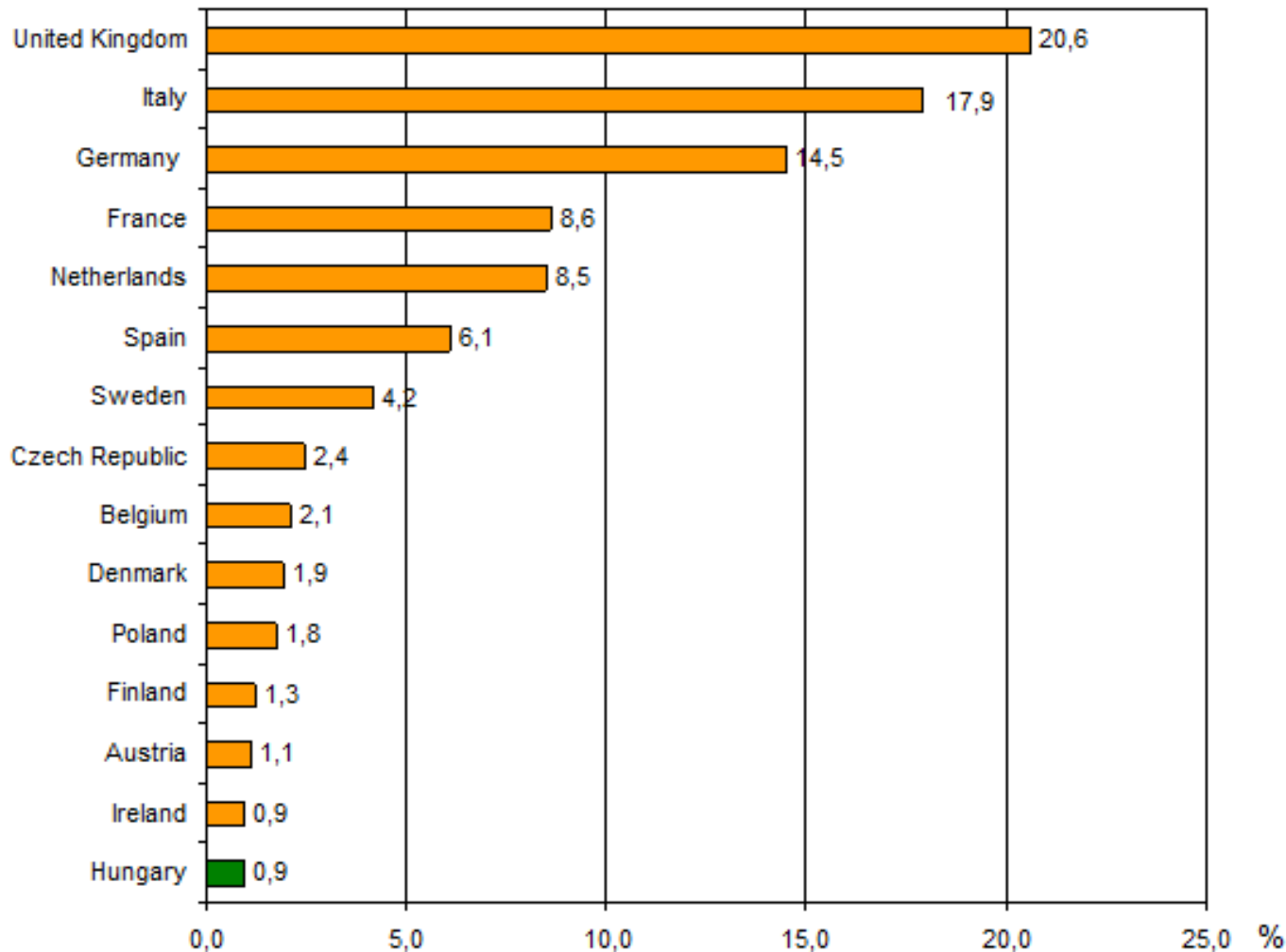
**7410.XX**

## Other professional, scientific and technical activities compared to the total business economy

NACE_R2 INDIC_SB	European Union (27 countries)			Hungary		
	Total business economy	Other professional , scientific and technical activities	%	Total business economy	Other professional, scientific and technical activities	%
Number of enterprises	21 801 180	561 739	<b>2,6</b>	554 886	18 709	<b>3,4</b>
Turnover or gross premiums written (mio EUR)	23 720 447	77 796	<b>0,3</b>	247 902	731	<b>0,3</b>
Value added at factor cost (mio EUR)	5 946 968	35 946	<b>0,6</b>	46 158	241	<b>0,5</b>
Number of persons employed (100 persons)	1 327 980	9 688	<b>0,7</b>	24 373	264	<b>1,1</b>



## Other professional, scientific and technical activities M74, Turnover shares compared to the EU-27, 2010





## *Macroeconomic indicators for M74 by employment category, Hungary, 2010*

### **NACE\_Rev. 2: Other professional, scientific and technical activities**

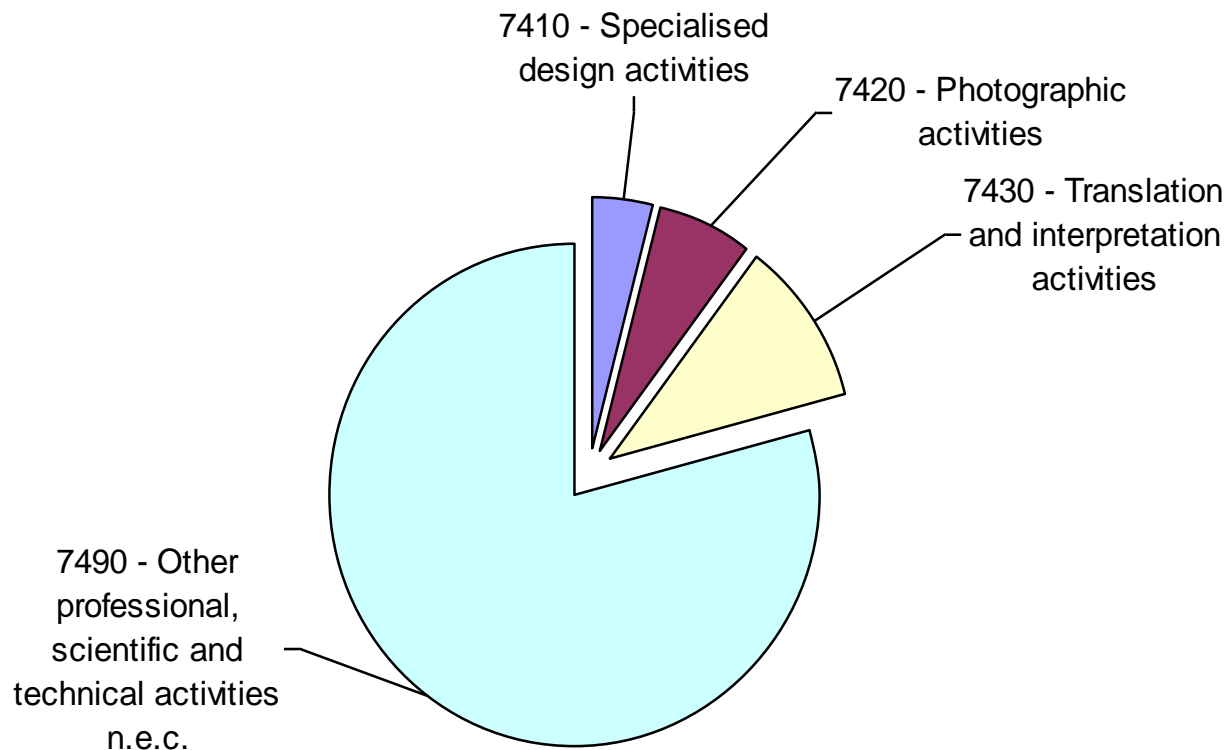
Macroeconomic indicators, 2010

Hungary (aggregate changing according to the context)

SIZE_EMP/INDIC_SB	Number of enterprises		Turnover or gross premiums written		Value added at factor cost		Number of persons employed	
		%	mio EUR	%	mio EUR	%	persons	%
<b>Total</b>	<b>18 709</b>	<b>100,0</b>	<b>731</b>	<b>100,0</b>	<b>241</b>	<b>100,0</b>	<b>26 377</b>	<b>100,0</b>
<b>250 persons employed or more</b>								
From 50 to 249 persons employed	11	0,1	146	20,0	61	25,3	1 875	7,1
From 20 to 49 persons employed	44	0,2	47	6,4	22	9,2	1 249	4,7
From 10 to 19 persons employed	130	0,7	66	9,0	19	7,9	1 693	6,4
From 0 to 9 persons employed	18 524	99,0	472	64,6	139	57,6	21 560	81,7

# Turnover in Hungary by the SBS statistics

## Other professional, scientific and technical activities





## SBS statistics for 7410

### Number of active enterprises by staff categories

Total Legal forms of enterprises II.

Staff categories	Period of time			
	2011. year	%	2012. year	%
Total Staff categories	1229		1216	
Unknown and 0				
1-4	1198	97,5	1185	97,5
5-9	22	1,8	22	1,8
10-19	8	0,7	7	0,6
20-49				
50-249	1	0,1	2	0,2
250-x				



## *Annual structural indicators by size class, 2011*

Enterprises classified in national economic sections B to J, L to N, P to S  
(2011. year; 741= Specialized design activities)

Size class	Accounts					
	Number of employees (capita)	%	Turnover (thousand HUF)	%	Value-added at factor cost (thousand HUF)	%
Total Size class	855	100	9207673	100	2687889	100
1-9 employees	655	76,6	7992968	86,8	2189835	81,5
10 to 19 employees	94	14,4	913587	11,4	339698	15,5
20 to 49 employees						
50 to 249 employees						
250 and more employees						

### *The Turnover structure*

- ✓ **Main activity + secondary activities** – enterprises with more than 19 employees;
- ✓ **Domestic + non-domestic/export** (by residency) – enterprises performing dual accounting;
- ✓ **B2B** (business to business: total industrial turnover except households) + **B2C** (business to consumer) (SPPI survey);
- ✓ **data from survey + administrative data** (e.g. for enterprises with less than 5 employees) + **imputation of data** (concerning missing data).

## Possible areas of B2C market Correspondence table

CPA 2008	Name of the service	COICOP 1999	Name of the service	B2B			B2C			B2All			
				SPPI	CPI	B2All	SPPI	CPI	B2All	SPPI	CPI	B2All	B2B + B2C
M74	Other professional, scientific and technical services												↓
7410	Specialized design services	04.3.2	Services for the maintenance and repair of the dwelling	↓			↓			↓			
7420	Photographic services	09.4.2	Cultural services	↓				↓					↓
7430	Translation and interpretation services	12.7.0	Other services n.e.c.	↓			↓			↓			
7490	Other professional, scientific and technical services n.e.c.	12.7.0	Other services n.e.c.	↓			↓			↓			

## *Record keeping practice*

- ✓ Statistical **survey**; the supply of data is **compulsory**;
- ✓ **Combination of survey data and administrative**;
- ✓ Questionnaire by **electronic data collection**;
- ✓ Source of information: **Business Register**;
- ✓ Reporting units: **enterprises**;
- ✓ Enterprises having **50 and more persons** employed are observed by a **full scope survey**;
- ✓ Enterprises with **5-49 persons** employed are observed by a **sample survey** (random stratified sampling);
- ✓ The data for enterprises having **less than 5 persons** employed are **estimated** from the tax data of the previous two years.



## Treatment of the missing data:

- data from **other statistics**;
- **administrative** data sources;
- **averages** of the similar categories or  
higher level aggregations

## Data validation process, checking

- **consistency** between related statistic;
- **Cooperation with data suppliers.**



## Consistency / Inconsistency

### *between turnover and price data*

- ✓ **Different deadlines** for dissemination of results (Turnover, SPPI, GDP and future ISP)
- ✓ **Limited quality of the structure of the total turnover/output** (by products: main activity, secondary activities; employment size: sample, other data sources; by residency: domestic, non-domestic client);
- ✓ **Valuation of the domestic vs. non-domestic market.**

**Frequency:** experimental quarterly survey

- ✓ A “customized” questionnaire for each respondent is under development with the help of telephone or face to face interviews;
- ✓ As a result, pre-printed questionnaires will be used in the future regular data collection.

Domestic prices of services and export prices of services (sold to the non-resident customers) are collected on separate pages. Turnover data are also collected for the previous year at CPA 4 and 6 digit-level on the SPPI questionnaire.

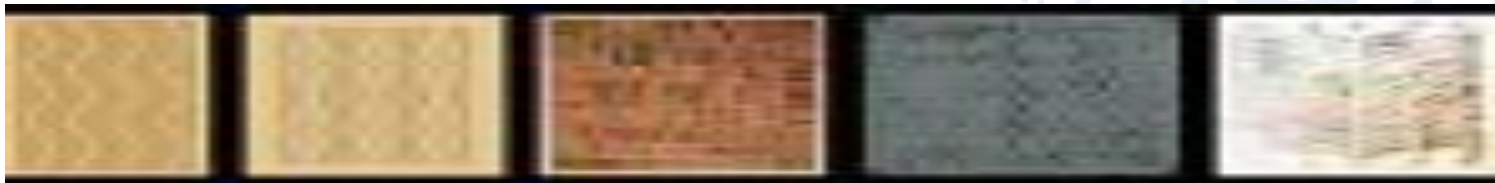
## *Proposed Pricing methods*

### **Proposed pricing methods for Specialized design activities**

The most appropriate pricing methods:

- ✓ Model pricing for unique services (e.g. for design services);
- ✓ Pricing method based on working time (e.g. hourly or daily charge-out rates for design and consulting services).

**Unit of measure:** HUF/hour, HUF/piece, HUF/occasion



## 7410 Specialized design activities

### Examples for representative items (by the experimental survey)

- ✓ Company's brand design;
  - ✓ Packing design on products;  
notepaper/name card/logo design.
  - ✓ typography and operator services;
  - ✓ 3D design.
  - ✓ concept design;
  - ✓ decoration works;
  - ✓ design of exhibition stands;
  - ✓ furniture design for shops;
  - ✓ furniture design for furniture factory.
- } graphic design
- } graphic design, for advertising area
- } interior decorations
- fashion design
- industrial design

**Unit of measure:** HUF/hour, HUF/piece, HUF/occasion

For calculation of performance indicators at const prices (real GDP and ISP) the required data are available as follows:

### **Turnover**

For 74 and 7410 data is available by SBS and STS (quarterly) statistics;

### **SPPIs/Deflators**

- ✓ Methodology is under development;
- ✓ Experimental survey for price data to produce SPPIs/deflators started in Q1, 2014.

### **Main challenges:**

- ✓ Industry is dominated by operations of micro-enterprises;
- ✓ Designing of unique, heterogeneous, not comparable products;
- ✓ Lack of knowledge of all relevant factors on industry;
- ✓ Prices are influenced by reputation of a designer;
- ✓ Work of a designer is difficult to account for in the traditional framework.

**Thank you for attention!**

***Questions to:***

**Ildikó Hamvainé Holocsy**

***Contact:***

[Ildiko.Holocsy@ksh.hu](mailto:Ildiko.Holocsy@ksh.hu)