NACE 74.1: Specialized Design Activities

Discussion on Turnover and Prices

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Summary (1)

- Share of turnover of this sector rather low
- Often small enterprises
- Mostly b2b-sector
- Inhouse or outsourcing
  - Large firms: own design departments (design activity difficult to measure)
  - Outsourcing leads to separate economic activity
- Characteristics of design services
  - Innovation – competition – advances in technology
  - Internet enabled services (digital transactions, independent of location)
Summary (2)

- Close relation to/dependence on other sectors or industries (esp. manufacturing)
- Turnover: Not closely related to real output because of timelag between payment and production
- SPPI:
  - Problem of quality adjustment (technology changes)
  - Often customer unique projects (comparable products difficult to identify)
Summary (3)

- Pricing method in the enterprises:
  - hourly fees (hourly charge out rate) * hours worked
  - Lump sum contracts (Fixed price per project) -> unique services
  - Fees (percentage of project value)

- Most common methods of measuring price changes:
  - Model pricing
  - Collection of hourly charge rate or fees
Turkey – Turnover:

Question to Turkey:
• Annual statistics (SBS):
  Surveying „value added“ and „production value“.
  - How do you explain these variables to the respondents?
  - What do you think about compiling these variables in the NSO? (less burden on enterprise...)
Canada – Turnover:

Remark:
• Very detailed questionnaire on revenues and costs 😊
  ➢ breakdown of sales and by type of client is very useful to cover additional user needs (showing products, developping PPI’s etc.)

Question:
• Smaller firms: only administrative data is used.
  ➢ How are the other variables (other than turnover, employees) estimated?
Hungary – Turnover (SPPI):

Remarks:

→ Experimental calculation of ISP for 74.1 😊
  • Also units classified elsewhere and having design as a significant secondary activity are included in the survey. 😊
  • Hungary points out the inconsistency between turnover and price data (different deadlines).

Questions to Hungary:

➢ Results: How sensitive is the ISP for 74.1 (74) reacting to economic fluctuation?
➢ Are there specific problems in 74.1 (74) due to inconsistency?

Question to All:

➢ How to solve the problem of inconsistency?
Sweden - SPPI:

Question in Swedish Paper (to all):
- Enterprises charging combined services: should they belong to one industry or should the services be split into the different industries?
  - How would the group decide?

Questions to Sweden:
  - At present: labour cost survey used for deflation: which variable is used? – hours worked, salaries, ..?
  - If monthly deflated turnover index has to be delivered for EU-STS, are there plans for a monthly price measurement?
Australia – SPPI:

Remarks:
• Shows very good the dependence from other industries (esp. manufacturing sector).

Question to Australia and to all:
• Changes in technology may lead to increasing prices per hour and less hours worked in a specific project. Quality adjustment necessary.
  ➢ Projects can take a long time. How to handle a time lag between the information on the price change and the information on the actual hours worked in a project?
Questions to the whole group

Due to the fact that the sector „specialised design activities“
- has a low economical significance
- comprises of products and prices, hardly comparable
- is not independent from other sectors and activities
- does not show the whole range of activities (because large companies have their own design departments)
- ...

Should statisticians put much effort in this sector? (e.g. compiling price indices, indices of service production...)
Any additional question?
Thank you for your attention! 😊

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