Recent Developments
Wholesale Trade – Compilation of a WSPI in Japan

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Background.

• Retail trade and wholesale trade industries make up a large proportion of the output of many countries and will greatly increase coverage of the suite of SPPIs/PPIs that a country produces.

• *Margin based price indexes* are the recommended pricing method, however, such indexes are notoriously difficult and costly and are attempted by only a handful of NSOs.


• Since 2010, countries have updated their approaches and it could be worthwhile re-visiting distributive trade industries in future Voorburg meetings. For example, Australia has refined there approach and publishes an experimental index for Retail Trade. Sweden has conducted a feasibility analysis on Retail Trade and is considering starting an experimental index.

• Most recently Japan has completed research and preliminary application of findings to the Wholesale Trade industry, which is the subject for this session and presented by Moegi Inoue (Bank of Japan).
Context. Classification.

**Industry Classification (ISIC and NACE)**

Section G – Wholesale and retail trade; repair of motor vehicles and motorcycles

Division 45 – Wholesale and retail trade and repair of motor vehicles and motorcycles

Division 46 – Wholesale trade, except motor vehicles and motorcycles

Division 47 – Retail trade, except of motor vehicles and motorcycles

**Product Classification (CPCv2)**

Section 6 – Distributive trade services

Division 61 – Wholesale trade services

Division 62 – Retail trade services

### X

1. Agricultural raw materials and live animal
2. Food, beverages and tobacco
3. Textiles, clothing and footwear
4. Household appliances, articles and equipment
5. Miscellaneous consumer goods
6. Construction materials and hardware
7. Chemical and pharmaceutical products
8. Machinery, equipment and supplies
9. Other products

Domestically manufactured

Freight

Cost of Doing Business (CODB)

Net margin (profit)

Cost of Doing Business (CODB)

Net margin (profit)

COST OF GOODS

WHOLESALE'S GROSS MARGIN

RETAILER'S GROSS MARGIN

DISTRIBUTOR'S MARGIN

FINAL SALE PRICE

Source: RBA

Reserve Bank of Australia. (2012). Costs and Margins in the Retail Supply Chain
Context. Negative Prices (Margins).

### PRODUCTS, BUSINESSES AND NEGATIVE MARGINS

<table>
<thead>
<tr>
<th>BUSINESS (ENTERPRISE)</th>
<th>BUSINESS / BUSINESS UNIT</th>
<th>OUTLET</th>
<th>PRODUCT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin's capacity to stay negative</td>
<td>LOW</td>
<td>MEDIUM</td>
<td>HIGH</td>
</tr>
<tr>
<td>May include many business units</td>
<td>May include many outlets</td>
<td>May include many products</td>
<td></td>
</tr>
</tbody>
</table>

- **Business (Enterprise)**
  - **Business / Business Unit**
    - **Product group margin / Many product group margins**
  - **Business Unit**
    - **Product group margin / Many product group margins**

- **Outlet**
  - **Outlet margin / Product group margin**

- **Product**
  - **Product margin**