SPPI by Customer Sector – Discussant Remarks

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Andrew Baer
Sr. Economist, Real Sector Division
Statistics Department
Context in Europe – new FRIBS regulation

- Previously BtoB SPPIs were sufficient to meet regulations
- With FRIBS, BtoAll now required
- For countries that had previously compiled BtoB SPPIs, strong consideration given to supplementing this data with CPIs to create estimate of BtoAll
- Exports (BtoE or BtoX) also must be included
Using CPIs for BtoC

• The paper from Sweden provide a nice overview of issues to consider for using CPIs, and the paper from Hungary gives a helpful example of how this is executed.

• Converting purchaser prices to basic prices
  • Taxes must be excluded, but also trade margins for intermediated services
    • This is a big deal for sales through online platforms (travel, software, etc.) and traditionally intermediated services (wireless plans, music, films, etc.)

• Importance of imports to consumer expenditures
  • Again – a big factor for digital services and travel services

• Concordance between COICOP and CPC/ISIC
  • Often very difficult!
Using CPIs for BtoC – Questions to Consider

• How much is really saved vs. conducting BtoAll surveys for SPPIs?
• For some activities consumer sales dominate and CPI can be considered an accurate proxy for BtoAll (no SPPI needed):
  • Restaurants, personal services, etc.
• But for activities where businesses sell to multiple customer types, records may not be available to break down sales weights and prices by BtoB vs. BtoC.
  • Example - does an airline know exactly which tickets were bought by consumers vs. businesses?
  • May be easier to collect basic prices directly from businesses
Using CPIs for BtoC – Questions to Consider

• Are we losing price change that occurs when sales shift between customer types?
• Example:
  • Hotel sells rooms for 150 euros primarily to tour operators and corporate clients.
  • When demand is low they allow online travel sites to sell rooms for 100 euros.
  • Prices for both channels remain fixed throughout the year, but company receives different net revenue for same service by making a different quantity of rooms available to different buyer types.
SPPI by Customer Sector for Deflation

- The French paper demonstrates how SPPIs by customer sector improve deflation of components of GDP calculated with *expenditure approach*.

- This is a useful insight – and SPPI compilers should engage with national accountants to determine value of these indexes in their country.

- Also important to note:
  - Key usage of SPPIs will be to derive volumes for new monthly index of services production – which aligns with BtoAll.
  - Many less developed statistical systems produce GDP only by *production approach*, which aligns with BtoAll.
  - SPPIs by demand category (such as the U.S. final demand-intermediate demand system) may provide more precise detail to decompose BtoB by expenditure.
Proposals to Improve Suitability of SPPIs as Deflators

• The French paper recommends that national accounts weights be used as the source of SPPI weights, as opposed to output from structural business statistics
  • This is an idea that could be discussed in more detail
  • Should weights be based on value added?
  • Aren’t SBS weights already aligned with national accounts concepts since they are valued at basic prices?
  • Non-market production typically excluded from SPPI due to lack of market prices

• Important that any changes also recognize importance of measuring services productivity
  • They often use gross output per unit of input as measured in statistical units organized by industry
Questions for Discussion

- Does your country currently compile SPPIs by BtoAll?
  - If no, are you planning to expand coverage to BtoAll?

- Does your country combine CPIs with BtoB indexes to create BtoAll?
  - What factors do you use to determine which activities to use CPI?
  - Do you adjust from purchasers prices to basic prices? How?

- Does your country currently compile separate SPPIs by buyer types?
  - Do you know if national accountants either use or want this data?

- Do your SPPIs include exported services?
  - If your country has an XMPI (export/import prices) program, do you share data?