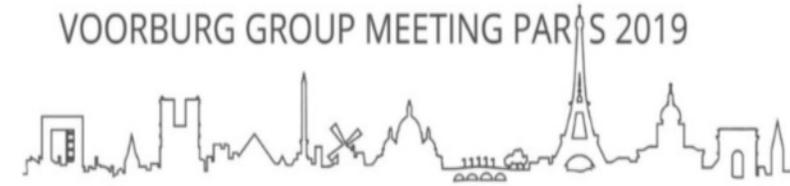


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SPPI by Customer Sector – Discussant Remarks

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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 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?