



הלשכה המרכזית לסטטיסטיקה  
Central Bureau of Statistics  
دائرة الإحصاء المركزية

# Classification topic - Wholesale Trade

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**It's All in the Numbers <<<**

# Advance work

The Voorburg Group presents papers (mini presentations) in 2008-2009 from US, Canada Israel and Sweden, Sector Papers were presented in 2010.

Since than countries have updated there approaches, recently (2018) Japan presented a preliminary research

- The Eurostat-Oecd methodological guide for developing producer price indices for services has a chapter on wholesale and retail tread based on that knowledge.

# Background

- Wholesale trade makes up a large proportion of output in many countries
- it is important to develop and calculate turnover and SPPI for that industry
- Because of the complexity in measuring, only few countries have SPPIs for that industry.

# Classification Issue

- Wholesale trade is classified by products that are wholesaled rather than the service provided.
- This is an attempt to produce a collaborative classification suggesting services that might be appropriate for classification

# Definition of the Service

- Wholesale output defined as the resale (without transformation) of goods from the manufacturer to another party.
- The wholesaling process is generally an intermediate step in the distribution of merchandise;
- Establishments primarily engaged in wholesaling merchandise and providing related logistics, marketing and support services.

# Related services

- Transportation
- Warehousing
- Promotions
- Marketing
- Packaging
- Assortment building
- Bulk breaking
- Risk bearing
- Market information
- Management services and advice
- Other services

# Classification

- The different industry classifications (ISIC, NACE) are broken down into classes according to the type of goods traded
- The product classification are split into groups according to the type of goods transacted.

# Classification

- According to the function and kind of product (food, household, machinery).
- Detailed information and description of products and services
- Distinction between wholesale trade on own account and on a fee or contract basis.
- Distinction between specialized and non specialized wholesale trade (in ISIC rev 4).



# Industry classification - ISIC

- 46 Wholesale trade, except motor vehicles and motorcycles
- 461 Wholesale on a fee or contract basis
- 462 Wholesale of agricultural raw materials, live animals, plants and flowers \*\*
- 463 Wholesale of food, beverages and tobacco
  - 4631 Wholesale of fruit and vegetables \*
  - 4632 Wholesale of milk and dairy products \*
  - 4633 Wholesale of eggs, meat, poultry, fish and products thereof \*
  - 4634 Wholesale of food products \*
  - 4635 Wholesale of soft and alcoholic beverages \*
  - 4636 Wholesale of tobacco and tobacco product
- 464 Wholesale of household goods
- 465 Wholesale of machinery, equipment and supplies
- 466 Other specialized wholesale \*

# Product Classification - CPC

- 61 - Wholesale trade services
- 611 - Wholesale trade services, except on a fee or contract basis
- 6111 - Wholesale trade services of agricultural raw materials and live animals
- 6112 - Wholesale trade services, of food, beverages and tobacco
- 61121 - Wholesale trade services of fruit and vegetables
- 61122 - Wholesale trade services of dairy products, eggs and edible oils and fats
- 61123 - Wholesale trade services of meat, poultry and game
- 61124 - Wholesale trade services of fish and other seafood
- 61125 - Wholesale trade services of sugar confectionery and bakery products
- 61126 - Wholesale trade services of beverages
- 61127 - Wholesale trade services of coffee, tea and spices
- 61128 - Wholesale trade services of tobacco products
- 61129 - Wholesale trade services of food products n.e.c.

# Pricing Method

- The pricing methodology is the average margin price per unit -the difference between the selling price to the customer and the acquisition price from the supplier.
- Commissions are the most common type of price in the Wholesale Trade Agents and Brokers industry.

# Margin Price

$$MP_t = P_t^{sell} - P_t^{buy}$$

$$MP_t^{avg} = P_t^{sell,avg} - P_t^{buy,avg}$$

$$MP_t^{unit} = P_t^{sell,unit} - P_t^{buy,unit}$$

# Difficulties in Measuring

- Measuring prices with constant quality

*should SPPI reflect changes in the quality of the good sold?*

- Lags between the purchase and sales of a good

*“large fluctuation” of individual price*

*Negative prices*

- import and export of goods

*Margins may be affected by changes in exchange rates*

- Reporting Complexity

*Firms may consider data on margins to be sensitive information  
also complicated to report and cause respondent burden*

# Alternative Classification

- Need for more appropriate classification to serve for the best measurement of this industry
- suggesting services that might be appropriate for classification (Promotions, Marketing, Packaging...)
- Instead of classification according to the type of goods traded

# Thank you!

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