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Security Services summary

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Market Structure

Country	Number of firms	Concentration	Entry to market / regulation	Nature of service
Israel	Many	Relatively concentrated. Ten large firms controls approximately 40 % of the markets	Part of the market is subject to Auctions Act that lists various conditions for eligibility (e.g. minimal size, experience etc.).	Long term contracts, tailored to customers. The price of service is mainly driven by labour costs.
Japan	Many			Long term contracts, tailored to customers. The price of service is mainly driven by labour costs.
USA	Many	Not Concentrated – 50 largest firms account for only 54% of turnover or revenue	Minimum regulations	Long term contracts, tailored to customers. The price of service is mainly driven by labour costs.
Finland	Many	Concentrated	Standardised qualification exam is required by law from all the service providers.	Long term contracts, tailored to customers. The price of service is mainly driven by labour costs.

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Classification of services and the scope of survey

Country	Main classification used	Scope of survey (correspondence to CPC)
Israel	ISIC and CPC	Alarm monitoring services and guard services. _Not covered:_ Security consultation services, Armoured car services and investigation services.
Japan	ISIC and CPC	Alarm monitoring services, armoured car services and guard services. Not covered: Security consultation services and investigation services.
USA	NAICS	Alarm monitoring services and guard services. _Not covered:_ Security consultation services, armoured car services and investigation services. Also proprietary security services (like University security services) are excluded (These services are produced to own use)
Finland	NACE and CPA	Alarm monitoring services and guard services. _Not covered:_ Security consultation services, armoured car services and investigation services.

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Sample considerations

Country	Sample frame	Sample method		
		1st stage	2nd stage	3rd stage
Israel	Multiple sources: 1)Excising sample in Survey of Trade and Services 2) Business register 3) Dun's Guide 4) Internet. Firms that have less than 10 employees are not included	**Enterprises** were selected combining judgmental and cut off methods	Economists visit the enterprise and identify the **main areas of the activity (services)** and **contracts** to be followed in co-operation with enterprises.	
Japan	Frame ?	Representative **Enterprises** are selected purposively.	Enterprises are asked to select representative **transactions** (actual services and contracts?)	
USA	BLS created frame based on Unemployment Insurance file	PPS sampling of **enterprises**. Employment determines the inclusion probability. Each local unit of enterprise have separate inclusion probability.	Field economists identify and sample the **unique services** based on turnover or revenue breakout of sample unit's range of services	Selection of the unique security contracts using PPS sampling. Size measure is turnover.
Finland	Business register	**Enterprises** were selected using PPS sampling. Size measure was turnover.	The distribution of turnover between different service categories was asked from the enterprises.	The representative contracts were selected using stratified random sampling

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Weights

Country	Micro index level	Aggregation
Israel	Within enterprise and service type cluster each contracts have equal weight	1) Service type weights within enterprises are derived from turnover shares of each service type. 2) The enterprise weights are calculated from data of "trade services, transportation and communication" and business register.
Japan	?	?
USA	Within enterprise and service type cluster each contract has equal weight	1) Service type weights within enterprises are derived from turnover shares of each service type. 2) Enterprise weights are calculated by turnover data provide by enterprises. 3) Industry weights provided by 5-year Economic Census.
Finland	Within enterprise and service type cluster each contracts have equal weigh	1) Service type weights within enterprises are derived from turnover shares of each service type. 2) The enterprise weights are calculated from business register.

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Index calculation

Country	Micro index level	Index formula	Aggregation "target"
Israel	Geometric mean	Laspeyres	Industry
Japan			
USA		Laspeyres	Industry
Finland	Geometric mean	Laspeyres	Industry

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The main price determining characters of service

Country	Characters
Israel	▪ Customers field of activity and customer type (specific customer) ▪ Location were the service is provided ▪ Guard type and professional level - Age, level of experience, employee skills, equipment (e.g. armed / unarmed) ▪ Time of the day and weekday when the service is provided
Japan	?
USA	▪ Location were the service is provided ▪ Security officers specific characters and type - Training, benefits, equipment, transportation
Finland	▪ Location were the service is provided ▪ Contract specifications

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Pricing

Country	Data source	Nature of service	Actual price in index
Israel	Contracts	Long term contracts, tailored to customers	Hourly charge out rates
Japan	Contracts	Long term contracts, tailored to customers	?
USA	Contracts	Long term contracts, tailored to customers	Contracts are mainly priced as hourly charge out rates (bill rates) by category. In some cases bill rates are not all inclusive and the price factor of the separate components have to be added to the charge out rate.
Finland	Contracts	Long term contracts, tailored to customers	Price development of individual specified contract

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Quality aspects

Country	comment
General	Due to the competitive nature of the industry the potential problems are related to situations where the priced contracts are lost to other firms or there has been large changes in the contract specifications. The price movements (especially downwards) may be missed when the contracts are lost and new contract is signed with a new service provider. ▪ In all countries the contract specifications are closely monitored
Israel	In the begging the contracts are selected so that the changes in the specifications would be as rare as possible. This is done by selecting the contracts of the stable and large customers.
Japan	In the case of item substitution the production cost or overlap method is used.
USA	When changes occur the service provider is contacted in order to determine the effects of the change. In case of lost contract the item substitution is performed.
Finland	The index is computed from unchanged contracts. The overlap method is used in case of contract replacement.

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Publishing

Country	Periodicity	Situation
Israel	Quarterly	Not published. Target beginning of 2006
Japan	Monthly	Published since 1991
USA	Monthly	Published since July 2005. Historical data back to Dec. 2005.
Finland	Quarterly	Published since October 2004. Historical data back to 2003.