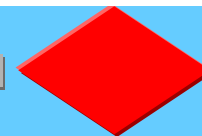


Methodological guide for developing producer price indices for services

Joined Task Force
OECD-Eurostat

SPPPI manual: 4 chapters

- *General aspects*
- *Main pricing methods for SPPPIs*
- *Practical aspects*
 - *Development process, quality change, quality assessment*
 - *Specific industries*



SPPPI manual: practical aspects

- Practice → Harmonized Concepts
→ Practice
- Chapter 3: development process
 - Describe main phases
 - Methodological aspects
 - **Quality: assessment, treatment, maintenance**

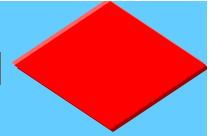
SPPPI manual: practical aspects

- Chapter 4: specific industries
 - From one country's practice to many
 - Current coverage
 - Common structure
 - Living chapter

- Treatment of quality change, maintenance
 - In chapter 3: Some examples on quality adjustment methods
 - In chapter 4: how in practice quality adjustments are done for specific services
 - Other specific methods for services ?
 - Maintenance: concepts and practice?

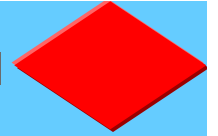
SPPI Manual: Quality issues (2)

- Quality assessment
 - Based on two experiences
 - Paper (Kenessey, Buisson, McKenzie): input to assess the quality of the pricing method.
To be developed in the manual?



SPPI Manual: chapter 4

- Country's practice: from 1 to many
- Current coverage: 19 industries
 - Size of industries
 - Technical changes
 - Need from NA
 - Economic trend



SPPI Manual: chapter 4 aims

- Common structure
- Help for countries to implement or to renew
- Emphasize practical issues

SPPI Manual: chapter 4

Common structure

- Description of the sector
 - How the services industry is organised in countries

Air transport: "...in majority of countries the pattern is quite similar, the number of largest enterprises is rather small for passenger air transport whereas small providers ... for other kind..."

- Price mechanisms

Telecommunications: "Increasing government deregulation... has stimulated strong competition amongst business..."

SPPI Manual: chapter 4

Common structure

2. Classification aspects and scope of the survey

- Classification used (CPC, NACE, ISIC...)

Real estate agency services (UK): 4 categories of property * 4 regions

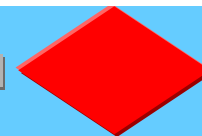
- Final uses/users of the service

Not only B to B, B to all. Distinction if necessary/possible

Air transport: "...no distinction can be made whether the trip is for business or leisure purposes."

SPPI Manual: chapter 4

Common structure



3. Sample design

- Sampling frame

Business Register, Annual Services Inquiry (Accounting...Isic 7412)

- sampling methods

- small sample sizes if market competitive and transparent (Industrial cleaning), but possible sub-markets with different price development
- PPS sampling in many countries for Architectural and engineering activities, based on turnover

- stratification criteria

employment/turnover, region (Cargo handling), burden (Post and courier)

SPPI Manual: chapter 4

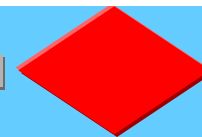
Common structure

- Main pricing method used (statistician tool)
 - ✓ Use of classification (chapter 2)
 - ✓ Most suitable to capture prices development
 - ✓ But circumstances: industry pricing methods, accounting system

5. Costs and benefits of alternative pricing methods

SPPI Manual: chapter 4

Common structure



6. Quality issues

- ✓ Quality based on components / specifications (timeliness in road freight transport, staff and experience level in consultancy computer and related activities, characteristics of delivery in Post and courier activities), adjustments methods
 - ✓ Link with pricing method (Telecommunication: unit value approach)
 - ✓ Productivity measure
 - ✓ Regular follow-up
- To be investigated

SPPI Manual: chapter 4

Common structure

7. Collection of information and specification of services

- ✓ Post survey, email answers
- ✓ Frequency: quarterly (Post and courier) even to annual (Auditing activities)
- ✓ Adequate and accurate specification
 - Freight transport by road: size and type of vehicle, nature and weight of cargo, time criteria for delivery, domestic or export,...

SPPI Manual: chapter 4

Common structure

8. Specific aspects

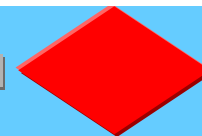
- ✓ Subcontracting
 - Road freight transport: included
 - Architectural and engineering activities: excluded
- ✓ Weighting/Re-weighting
 - Business and management consultancy activities: gross margin is used as weighting variable
 - Telecommunications industry driven by technical changes) more frequent re-weighting
- ✓ Exports
 - legal services activities: not relevant
 - Road freight transport: in; engineering activities: to be mentioned

SPPI Manual: chapter 4

Common structure

9. Overview of national methodologies

- ✓ Pricing methods
- ✓ Quality changes
- ✓ Periodicity, index calculation



SPPPI Manual and OECD-Eurostat TF: what next?



Publication Eurostat/OECD



New chapters



Task Force

quality assessment, quality treatment