

# SPPI for Accommodation and Food Services in Finland

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## INTRODUCTION

- Development work on the SPPI for accommodation services started 2001
  - Accommodation services were one of the first SPPI indices developed in Finland
- SPPI has not yet covered food services at all
  - The Finnish SPPI focuses on b2b prices
  - Prices are available for consumer food services in the CPI
- Development work has been started to produce b2all SPPI figures in Finland
  - CPI and b2b figures combined

# ACCOMMODATION AND FOOD SERVICES IN FINLAND

- Accommodation and food services totaled 1.6 % of the Finnish GDP in 2008
  - Accommodation services covered 0.4 % and food services 1.2 %
  - The share of b2b services is roughly 70% in accommodation and 30% in food services
- Accommodation services are highly seasonal in Finland
  - Summer and winter season
  - Domestic consumption covers over 70% of nights spent at accommodation establishments
- Contract food services related to different kinds of public services (hospitals, schools, old people's homes, etc.) have been increasingly opened to private businesses

## MARKET STRUCTURE 1/2

### Accommodation

	SMEs	SMEs share	All businesses
Turnover (m€)	569	42 %	1 358
No. of businesses	1 669	97 %	1 715
No. of employees	5 506	54 %	10 216

### Food services

	SMEs	SMEs share	All businesses
Turnover (m€)	2 760	69 %	3 972
No. of businesses	9 046	99 %	9 180
No. of employees	30 473	72 %	42 578

## MARKET STRUCTURE 2/2

### Accommodation

NACE	Classification	No. of businesses	Turnover m€
55	Accommodation	1 664	1 418
<b>55101</b>	<b>Hotels</b>	<b>481</b>	<b>1 257</b>
55109	Motels, guest houses and similar accommodation	203	39
55201	Youth hostels and mountain refuges	20	1
55209	Holiday villages and other short-stay accommodation	168	37
55300	Camping grounds, recreational vehicle parks and trailer parks	140	19
55901	Residential hotels, boarding houses and similar accommodation	9	14
55902	Farmhouse, bed & breakfast accommodation	122	7
<b>55903</b>	<b>Renting of holiday cottages</b>	<b>299</b>	<b>24</b>
55909	Provision of accommodation n.e.c.	222	20

### Food services

NACE	Classification	No. of businesses	Turnover m€
56	Food and beverage service activities	9 259	4 069
<b>56101</b>	<b>Restaurants</b>	<b>2 991</b>	<b>1 640</b>
<b>56102</b>	<b>Cafés</b>	<b>3 121</b>	<b>1 076</b>
56103	Food kiosks	748	131
5621	Event catering activities	836	107
5629	Other food service activities	403	843
56301	Beer and drink bars	368	144
56302	Cafés and coffee bars	792	128

## RECORD KEEPING PRACTICES

- Many accommodation businesses also provide food services
  - Sometimes it might be difficult to separate these two activities
  - The VAT tax rates are different for accommodation (9%) and food services (13%) in Finland
- A special data collection feature relates to tourism statistics
  - Significant share of the monthly data from hotels and other accommodation establishments are transmitted to Statistics Finland electronically, either through an Internet questionnaire or by **automated data transmission**
  - In co-operation with the booking system providers Statistics Finland has developed a standardised transmission system for receiving data direct from the accommodation businesses' booking systems

## DEFINITION OF THE SERVICE BEING PRICED

- In accommodation, there are separate indices for businesses and consumers
  - Business prices cover only hotel accommodation (SPPI)
  - CPI covers hotel accommodation, camping sites and holiday cottages
- SPPI does not cover food services
  - CPI covers restaurant and mobile food services, cafeterias, take-aways, beverages and canteens

## PRICING UNIT OF MEASURE

- Hotel accommodation is covered both in the SPPI and the CPI
  - SPPI accommodation price index: price of a single room for one night during a weekday (b2b price)
  - CPI index: price of a double room for a weekend (b2c price)
- In food services, the CPI collects data on different kinds of food and beverages
  - List prices



## PRICING METHOD

- In accommodation and food services the pricing method used is direct use of prices of repeated services
  - Spot prices: data collected monthly between the 10th and 15th day of the month
  - CPI collects both consumer and b2b prices in the same process
  - CPI also published as a monthly index, but SPPI published as a quarterly figure
- Other possible pricing methods:
  - Contract pricing: food services for different kinds of businesses (like transportation operators, hospitals, old people's homes, etc.)
  - Unit value
    - Structural problems in average room rate (ARR)?

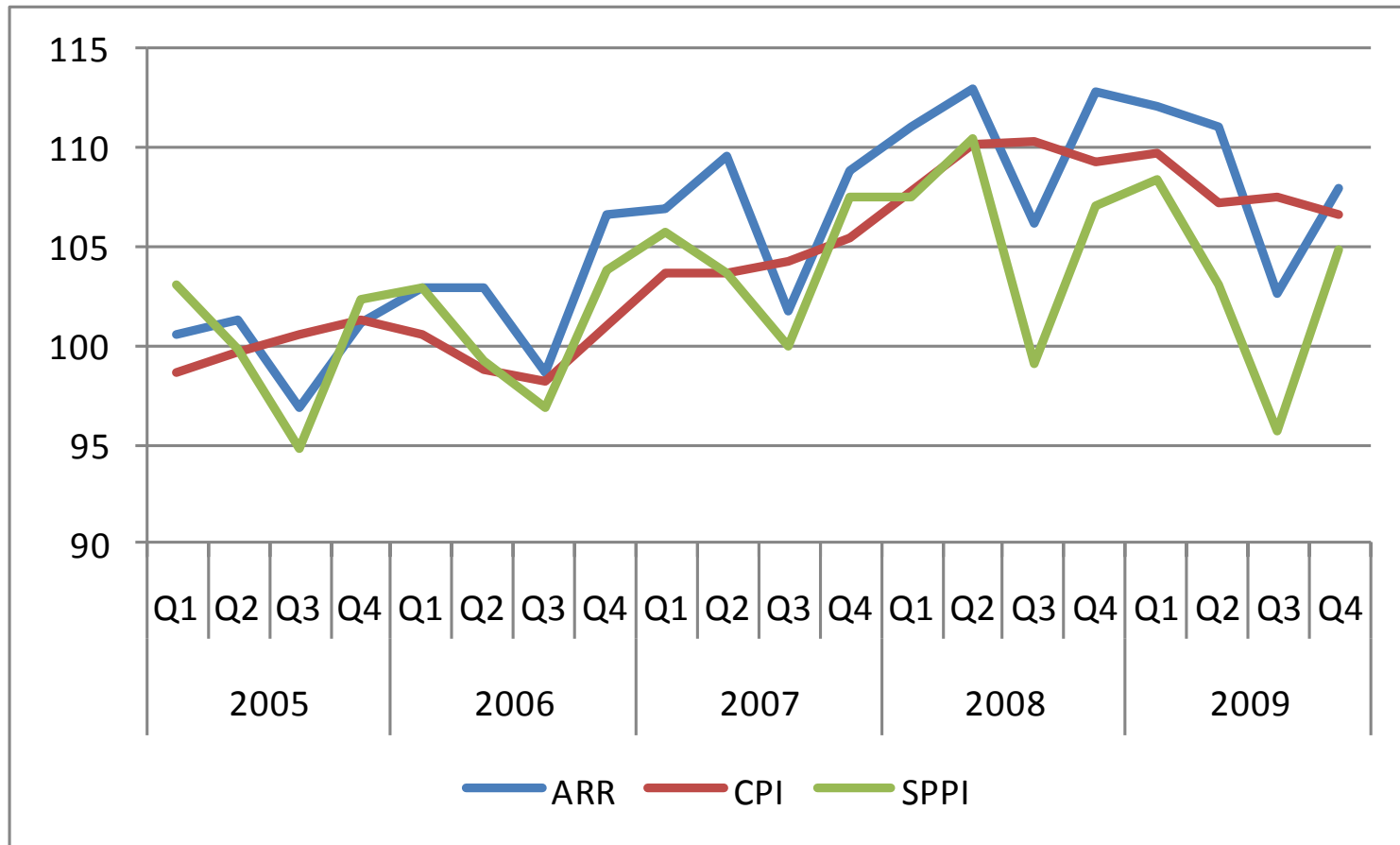
## QUALITY ADJUSTMENT METHODOLOGIES

- It is assumed that there are no quality changes between accommodation and food services bought today and next month
  - Basically it is assumed that the quality of a lunch today is equal to that of a lunch tomorrow
- It could be argued that there are differences in quality especially when it comes to holidays
  - Accommodation and food services might be more expensive during holidays (seasonal food, decorations, music etc.)

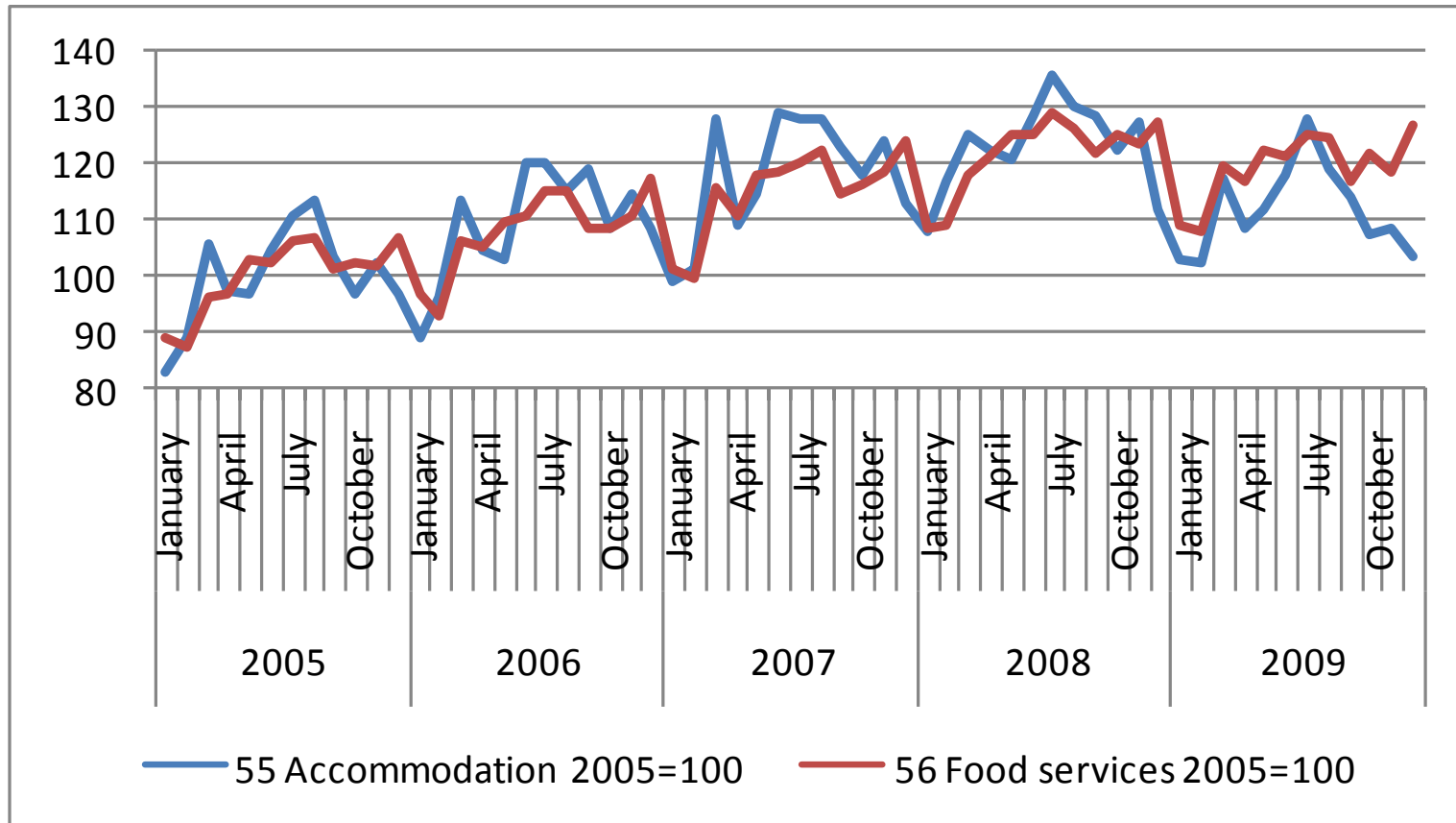
## NATIONAL ACCOUNTS CONCEPTS AND MEASUREMENT ISSUES FOR THIS AREA

- There is no major measurement or concept issue between different statistics related to accommodation and food services in Finland
- However, National Accounts are the last statistics to adopt the NACE 2008 classification.
  - This might lead to some inconsistency issues as all the other statistics have adopted NACE 2008 earlier
  - No significant problems are expected concerning accommodation and food services

## RESULTS - PRICE INDICES 2005=100



## RESULTS – TURNOVER INDICES 2005=100



## FUTURE CHALLENGES

- Key issues for future development work:
  - Do businesses use different kinds of restaurant services than consumers?
  - Contract pricing in b2b food services
    - Contract food services for different kinds of businesses, like transportation operators, hospitals, old people's homes, etc.
  - Spot prices vs. unit values in hotel accommodation?

## SUMMARY

- A lot of small and medium-sized enterprises in accommodation and food services in Finland
- The scope of the SPPI is currently a b2b index
  - Food service prices are collected by the CPI
  - Two price indices for accommodation: one for b2b (SPPI price index) and one for consumers (CPI price index)
- Pricing method used is direct use of prices of repeated services (spot prices)
- In food services, the CPI collects various kinds of food and beverage prices usually based on list prices

Thank you!