

Mini-Presentation
on Turnover & SPPI
for
Advertising Agencies Activities
(part of ISIC 7310/NACE 73.11)

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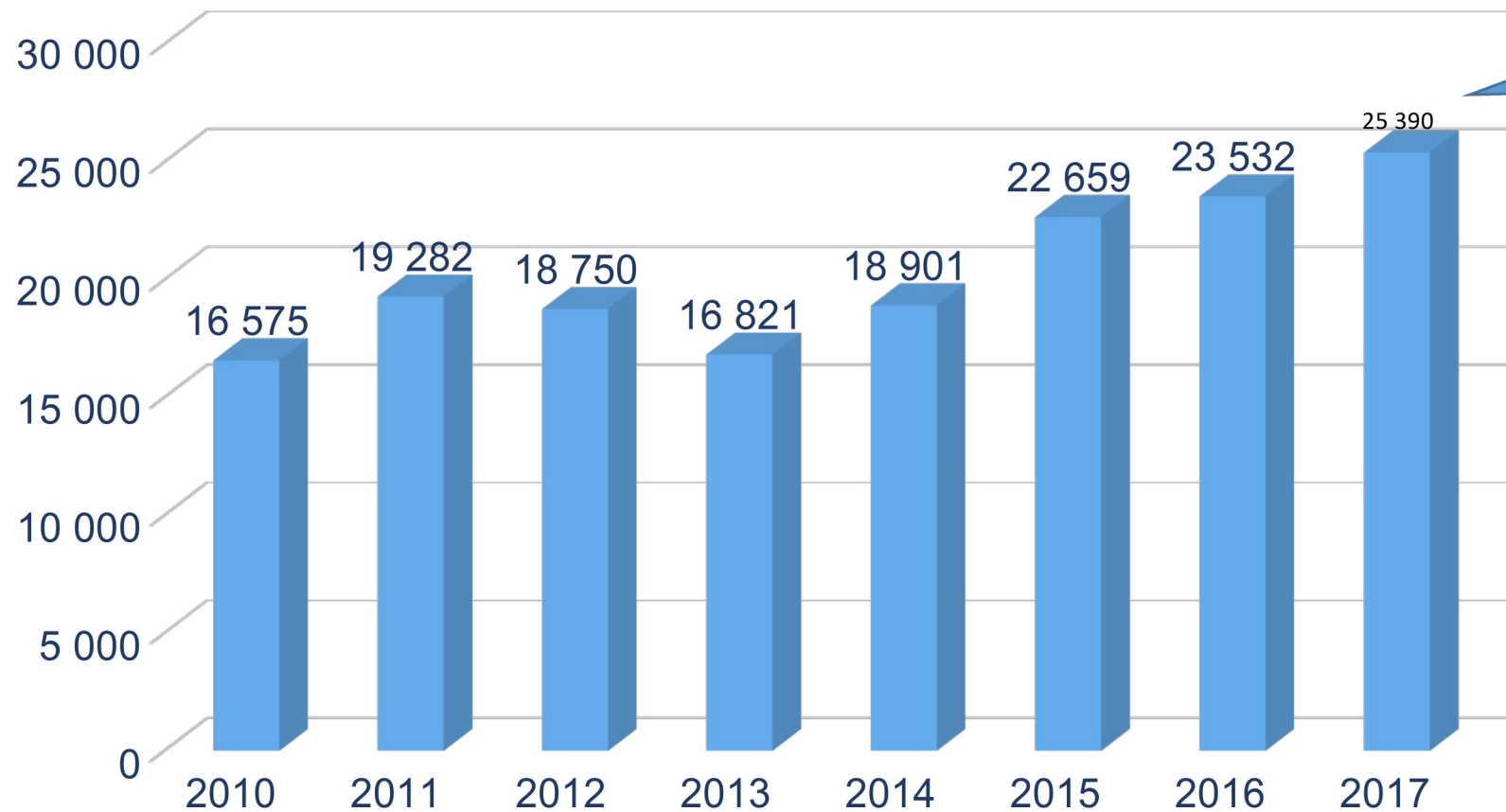
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Description and characteristics of the industry

Market conditions and constraints

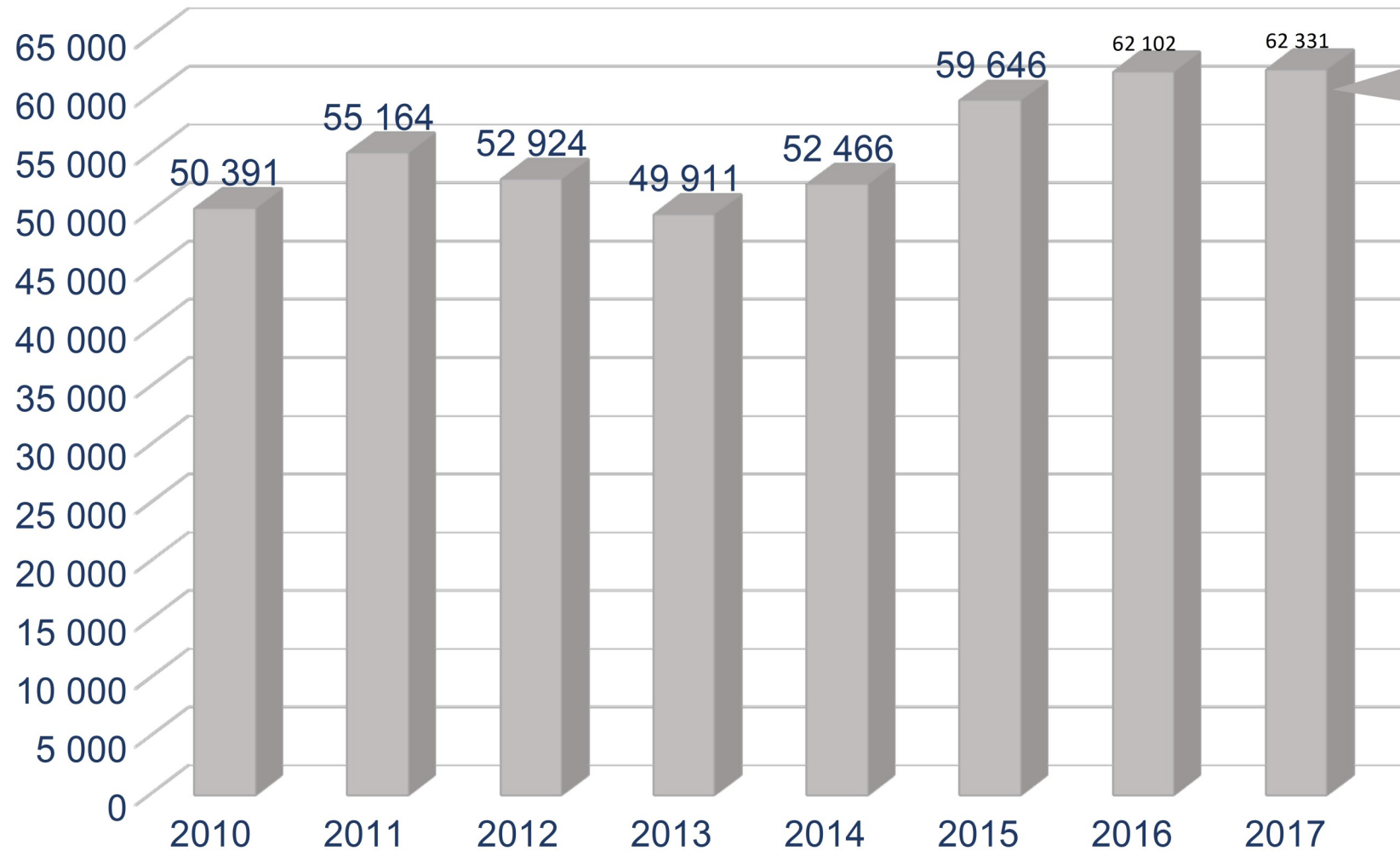
Number of enterprises with the core activity in NACE 73.11 in Poland in years 2010-2017



approx. 1,5 % of total business economy

Market conditions and constraints

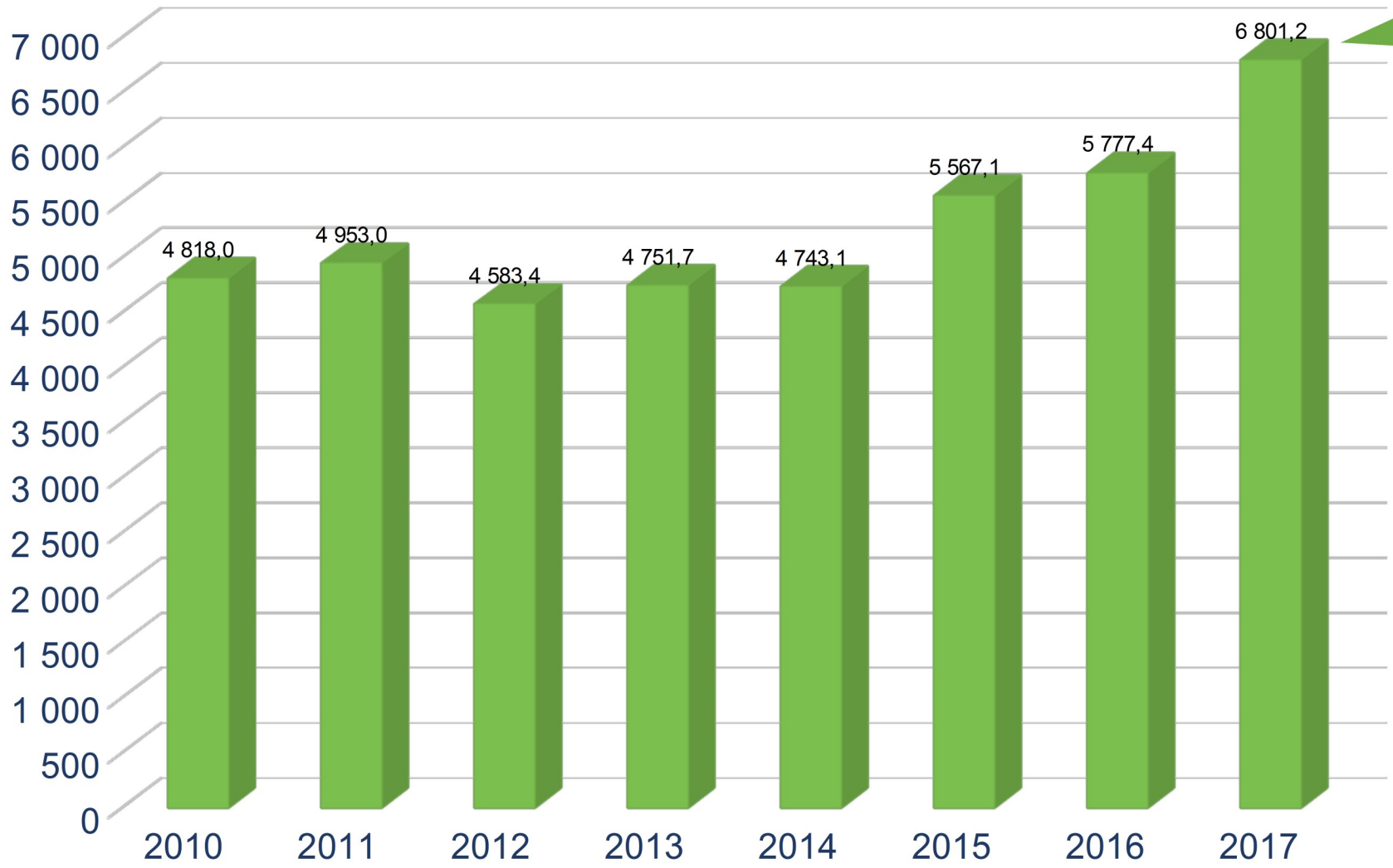
Number of persons employed in NACE 73.11 in Poland in years 2010-2017



approx. 0,7% of total
business economy

Market conditions and constraints

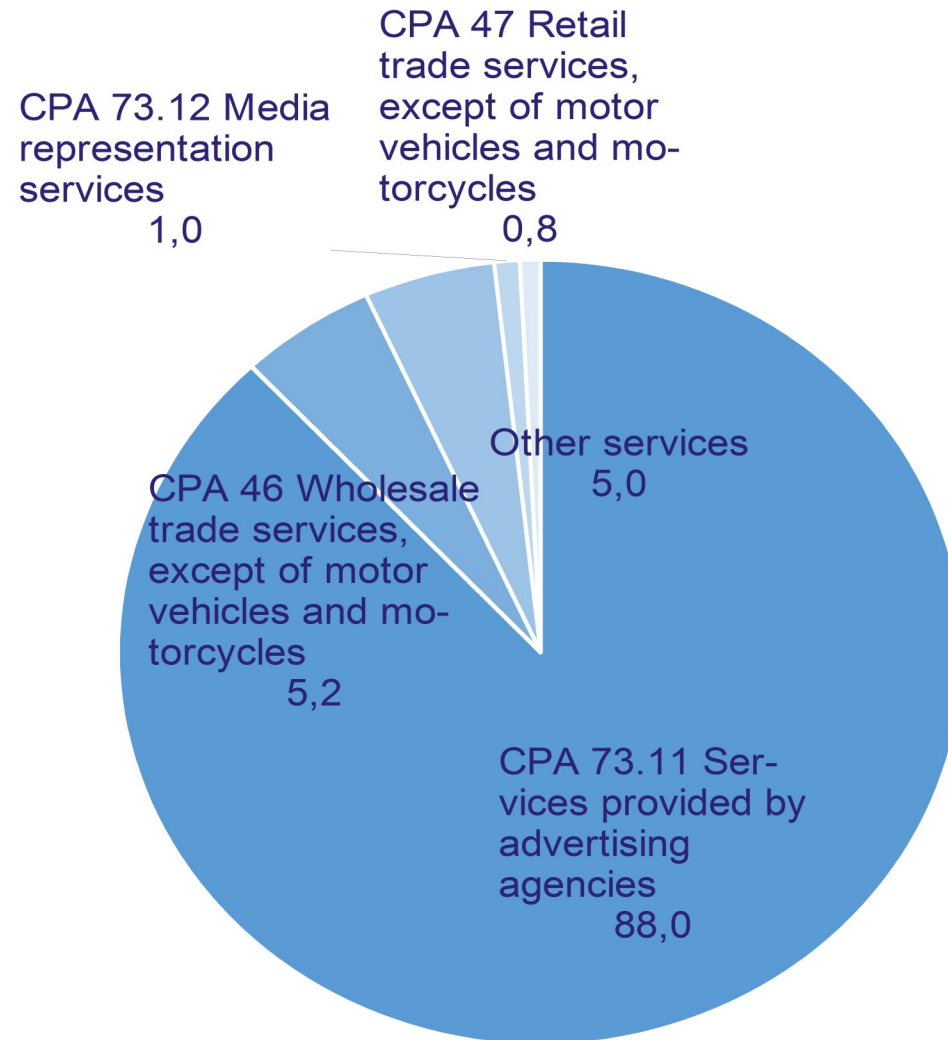
Turnover in NACE 73.11 in Poland in years 2010- 2017 (EUR million)



approx. 0,6% of total business economy

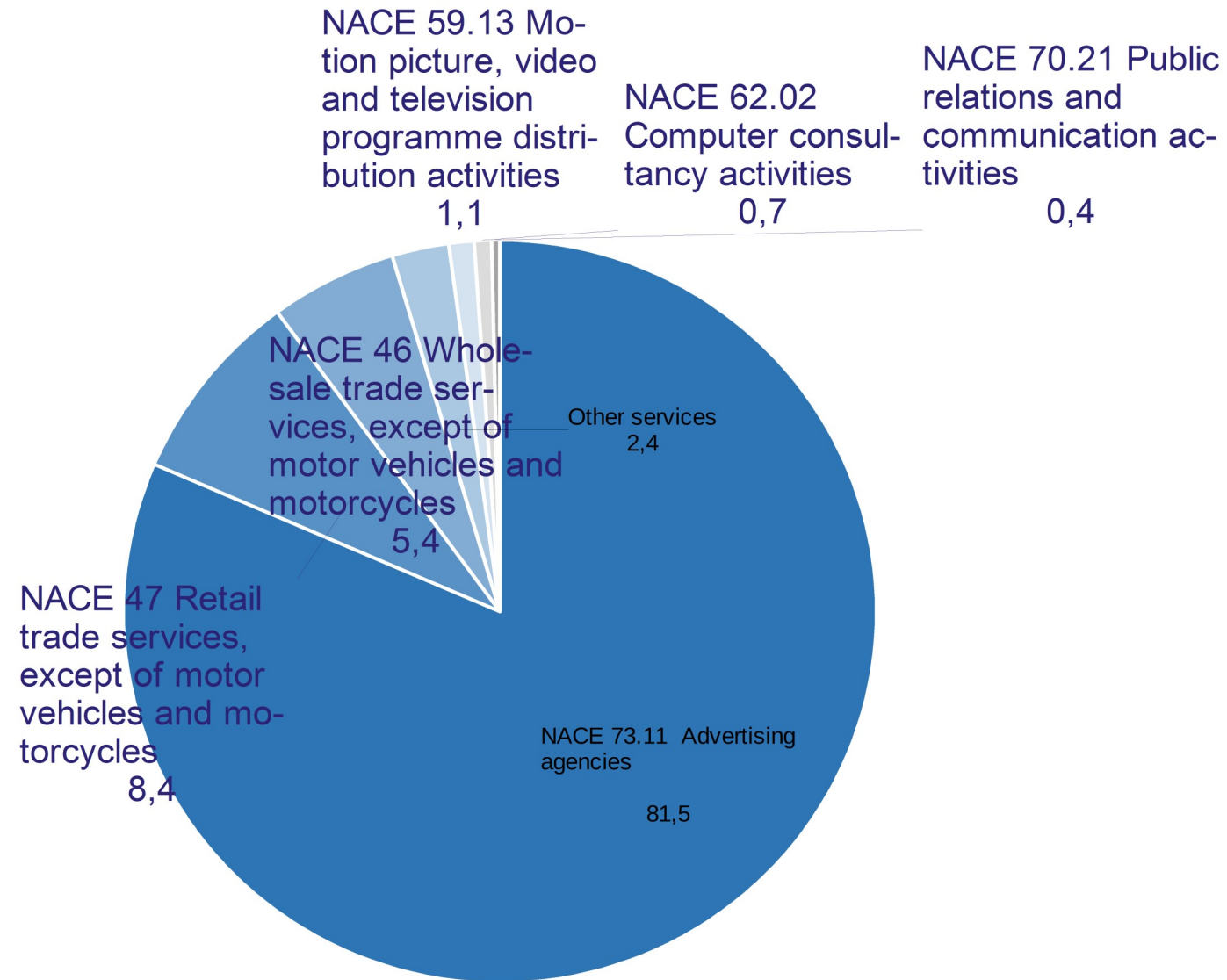
Market conditions and constraints

Structure of turnover in NACE 73.11 by product in Poland in 2017 in %



Market conditions and constraints

Structure of turnover for CPA73.11 by industry in Poland in 2017 in %



Specific characteristics of the industry 73.11 by NACE

- ❑ dominated by units with no of persons employed 9 and less providing straightforward advertising services– in 2017 they constituted:
 - 98,1% of total number of enterprises;
 - 65,6% of persons employed;
 - about half of turnover in that industry;
- ❑ among the enterprises with no of persons employed 10 and more the important role of enterprises with the foreign ownership;
- ❑ only few Polish enterprises with the affiliates running the business activity abroad;
- ❑ large multinational advertising agencies providing complex advertising services to many (unaffiliated) or to only one or few (affiliated) customers;

Measurement of turnover/output

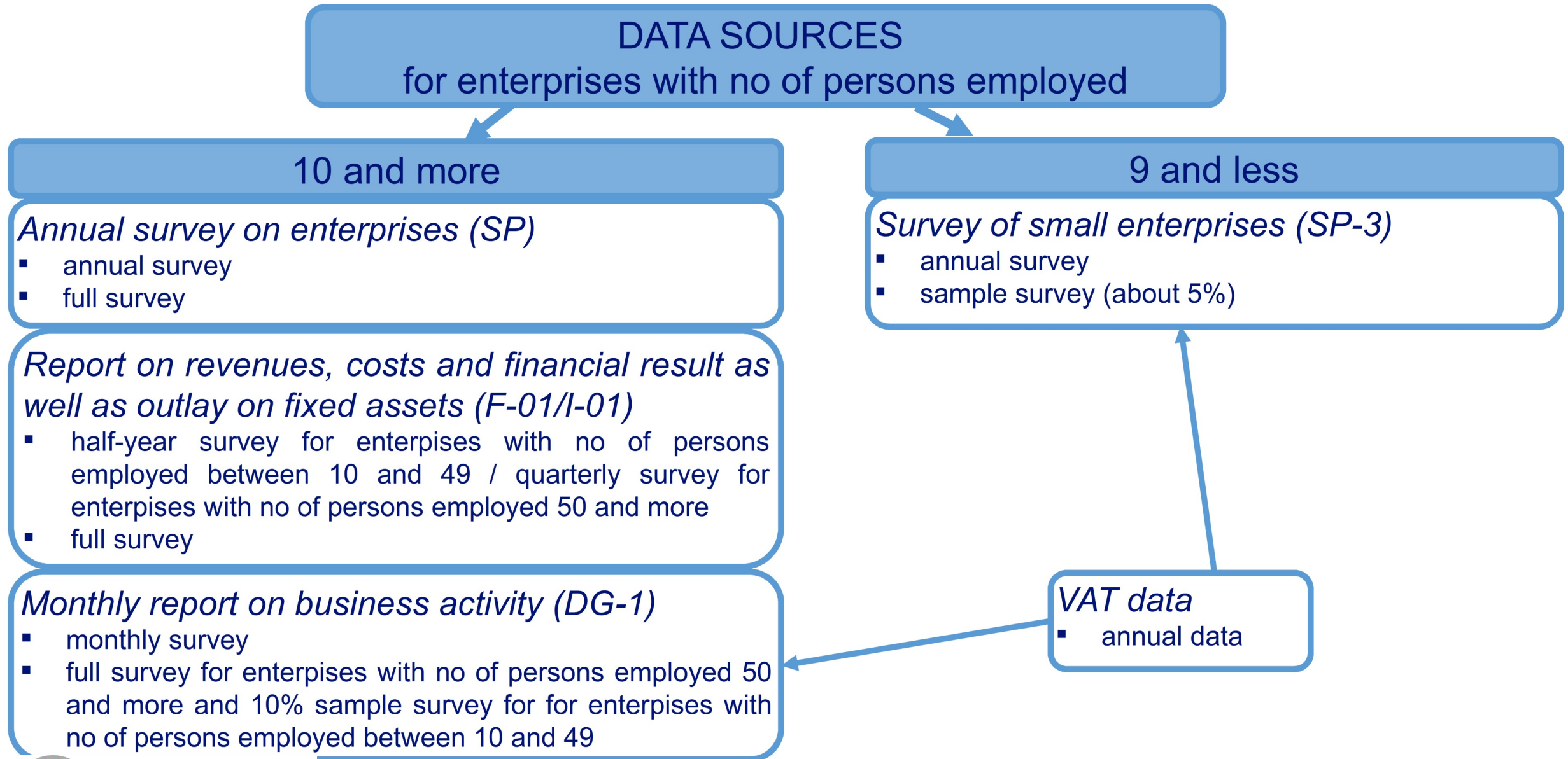
General framework

- ❑ variable measuring the output – turnover;
- ❑ availability of data at the industry level in the aspect of EU statistical obligations:
 - annual data by size classes measured by no of persons employed at the NACE class level – within this class *73.11 Advertising agencies activities* – available from 2008;
 - short term data – quarterly indices at the NACE division level – 73.11 included in the index for *73 Advertising and market research activities* – available from 2000;
- ❑ annual data at the product level – available from 2009;
- ❑ annual data on output, intermediate consumption and gross value added compiled for the needs of the national accounts statistics;

Measurement issues

- ❑ necessity for more detailed information on the activity of enterprises with no of persons employed 9 and less;
- ❑ demand for data on turnover at the product level;
- ❑ how total output of industry should be measured;
- ❑ supplementary information on the residence and type of services receiver;
- ❑ influence of enterprises with the foreign ownership as well as the affiliates established abroad by Polish entities on the output of industry;

Description of methods of measurement - annual data at the industry level



DATA SOURCES

for enterprises with no of persons employed 10 and more

Report on the sale of business services (BS)

- annual survey;
- full survey

Annual survey on enterprises (SP)

- annual survey
- full survey

VAT data

- annual data

Description of methods of measurement - monthly data at the industry level for *Advertising and market research* (NACE 73)

DATA SOURCES

for enterprises with no of persons employed 10 and more

Monthly report on business activity (DG-1)

- monthly survey
- full survey for enterprises with no of persons employed 50 and more and 10% sample survey for for enterprises with no of persons employed between 10 and 49

Measurement of SPPI

General framework

- availability of data at the industry level in the aspect of EU statistical obligations:
 - quarterly SPPI at the NACE division level 73 *Advertising and market research activities required* – available from 2008;
 - however, indices for 73.11 compiled as one of the stages;
- pilot study;
- modification of SPPI surveys – new tool for data collection;

Measurement issues

- ❑ new statistical products (SPPI by the type and residence of client) expected – further development works needed;
- ❑ necessity for widening the population framework of SPPI survey by enterprises with no of persons employed 9 and less – due to their domination in the industry;
- ❑ in the sample for 2018 survey comprised 35 enterprises with no of persons employed 10 and more, within this 29 units with no of persons employed 50 and more (for 2019 44 enterprises, within this 23 units with no of persons employed 50 and more);
- ❑ significant role of multinational enterprises which provide services to their affiliated units - how should they be treated? should the costs as an alternative for SPPI be monitored?

Description of pricing methods and criteria for choosing the method

DATA SOURCES

Report on producer services prices (C-06)

- quarterly survey;
- purposively selected sample;
- 22 modules, each one for separate industry covered by survey;
- module no 13. dedicated to 73.1 *Advertising* – consists of 5 sections (each one for one pricing method);

Annual survey on enterprises (SP) – for weighting

Report on the sale of business services (BS) - for weighting

Pricing methods indicated by respondents in the survey for 2018 (out of 84 representative services):

- direct use of prices of repeated services - 49;
- contract pricing method - 9;
- unit value method - 0;
- time based methods – 18;
- ... method – 8;

Description of pricing methods and criteria for choosing the method

The procedure of SPPI estimation:

- 1) The basic indices for each reported services representatives are calculated with the previous quarter as the base reference period.
- 2) The price indices at the enterprise level are compiled as a geometrical average of price indices for representatives reported by given responding unit. That average comprises only services representatives covered by surveyed industry. The price indices are calculated for all enterprises covered by sample frame established for given industry (also for enterprise with secondary activities).
- 3) The SPPI for the class ISIC/NACE level is estimated with the Laspeyres price index formula, i.e. weighted average of price indices at enterprise level. As the weights unit data on turnover at the class level kind of activity for given enterprise are used. The index comprises indices for all enterprises in the sample frame established for given industry.
- 4) In order to aggregate indices for higher levels the Laspeyres price index formula is also used. For the group, division or section levels the calculations are carried out with the use of system of weights based on turnover values from the base year which come from the structural business statistics.

Evaluation of comparability of price data with output data

Nowadays...

- ❑ SPPI not disseminated for *Advertising agencies* (part of ISIC 7310/NACE 73.11) – however - calculated as a one stage of procedure when index for *Advertising* (ISIC 7310/NACE 73.1) compiled.
- ❑ as a result, in case of:
 - annual data on turnover (73.11) - SPPI for 73.1 not enough;
 - quarterly data on turnover (73) - SPPI for 73 applied as a deflator;
 - needs of national account - SPPI for 73 used in order to deflate the output.

Future... as a result of new regulation on short-term business statistics (FRIBS)

- ❑ new statistical obligation - monthly index of services production (ISP) – monthly deflators needed;
- ❑ as a result – interpolation and extrapolation procedures planned to be applied;

Evaluation of comparability of price data with output data

Moreover,...

- ❑ the same data sources used for turnover and weights for SPPI;
- ❑ due to the algorithm for SPPI compilation – in case of:
 - SPPI for 73.11 as a stage when SPPI for 73.1 compiled – SPPI calculated at the product level, turnover for 73.11 – at the industry level;
 - SPPI and turnover for higher NACE/ISIC levels – both variables calculated at the industry level;

Evaluation of measurement

As for turnover statistics ...

- annual data comprises whole the population of enterprises
- short term data includes data for enterprise with the number of persons employed 10 and more.

... recommended to cover all the population with statistical observation.

As for SPPI statistics ...

- after implementing the new tool for data collection and new approach for selecting the sample data are more accurate to measure the changes in price levels recorded by given service industry.
- SPPI closer to the concept of product level.

The development of statistics is ongoing and unremitting proces...

Thank you

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