

35th Voorburg Group Meeting
Virtual meeting, 24-25 September 2020

Warehousing and Storage (ISIC 52.10)

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Market conditions

- ✓ *Warehousing and Storage - W&S (521)* is the smallest part of the division *Warehousing and support activities for transportation (52)* in terms of number of enterprises, turnover and number of employees
- ✓ The diversification in the activities covered by group 522 makes it prevalent compared to group 521

ATECO 2007 (Italian classification)	% Enterprises	% Employees	% Turnover
521 - Warehousing and storage	7.5	6.3	6.6
522 - Support activities for transportation	92.5	93.7	93.4
52 - Warehousing and support activities for transportation	100.0	100.0	100.0

Source: SBS



Market conditions

- ✓ W&S industry is characterised by many small enterprises producing a negligible amount of turnover: 78.4% enterprises have fewer than 9 employees, generate 15.9% of total turnover and cover 14.7% of total employees
- ✓ 21.6% enterprises have more than 10 employees, produce 84.1% of total turnover and cover 85.3% of total employees

Employees	% Enterprises	% Employees	% Turnover
0-9	78.4	14.7	15.9
>10	21.6	85.3	84.1
Total	100.0	100.0	100.0

Source: SBS

Specific characteristics of the industry

- ✓ W&S activities are part of the logistic process
- ✓ Warehouse:
 - a dynamic structure that allows companies to receive, store and sort goods by means of different complex processes
- ✓ Warehouses can be classified according to:
 - the nature of the goods stored
 - the type of building
 - the flow of materials
 - the location
 - the degree of automation

Specific characteristics of the industry

Three macro activities represent the management of a warehouse:

- ✓ *Management and storage*

freight entry and exit, wrapping packages and products, shipping to customers

- ✓ *Documents management*

managing of incoming and outgoing documents (purchase orders, invoices, reordering plans, catalogues...)

- ✓ *Returns management*

‘reverse logistics’: returns are managed, checked, eventually reallocated and then reused or discarded

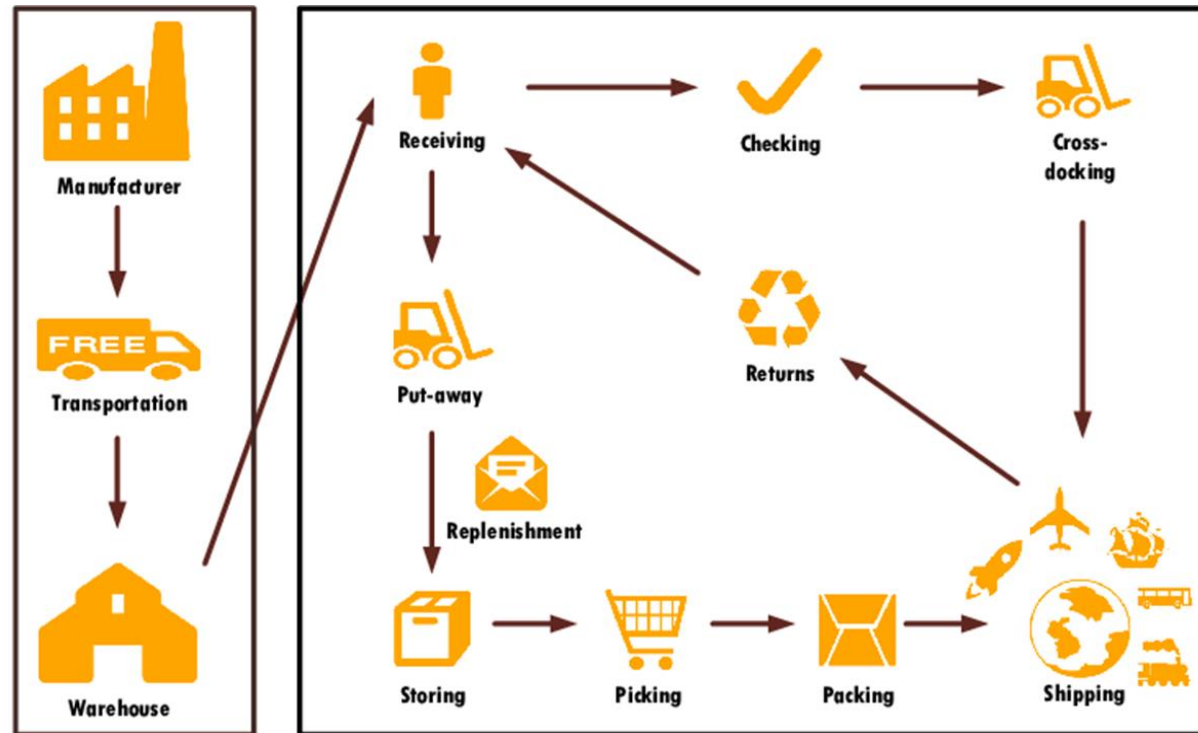
Specific characteristics of the industry

- ✓ *Old view:* the Warehouse as an extension of a factory
 - ↳ traditional core business: the management of goods
- ✓ *Modern view:* the Warehouse as a Service
 - ↳ increasing sphere of competence
 - ↳ frontend between manufacturers-freight forwarders-customers
 - ↳ new added core businesses that go beyond the mere storing, preserving and handling of goods: co-manufacturing, co-packing, kitting, fixing, etc.

Specific characteristics of the industry

- ✓ The industry output is made up of three main services:
 - storage of goods
 - handling of goods
 - value added services (VAS)

- ✓ The Logistic Process Flow in a Warehouse



Specific characteristics of the industry

- ✓ A contract between the storage company/operator and the customer specifies:
 - a) *for the storage company*: needed means, tools, facilities, equipment, resources, as well as the operative procedure agreed with the customer
 - b) *for the client*: type, characteristics and quantities of the goods, type of packaging, lists of dispatch orders complete with the addressees, additional services, means of arrival and delivery transport
 - c) *the location and the type of the warehouse*

Specific characteristics of the industry

d) a dedicated section for:

- *the reference volumes* (the monthly handling in tonnes, the in/out daily handling in percentage, the average stock, the package size, the composition and type of the average shipping order, the type of goods, etc.)
- *the handling of goods* (in/out and inside the warehouse, including handling restrictions)
- *the storage of goods* (according to the type of goods, including storing restrictions)
- *the entry and delivery arrangements*
- *the goods control, returns management, stocktaking*
- *the fees by type of activity*
- *the contract lifespan*



Measurement of SPPI

- ✓ The Italian *W&S* SPPI was published for the first time in 2014, with data going back to the first quarter 2010, and is calculated and released quarterly at national level
- ✓ A quarterly electronic questionnaire collects data referring both to b2b turnover and prices, by eight commodity groups: Automotive, Clothing, Publishing, Electronics and Telecommunications, Pharmaceutical, Mass-market products, Industrial products, Other
- ✓ Enterprises are sampled from the Italian Business Register with a cut-off method, by turnover



Measurement of SPPI

- ✓ A chained Laspeyres index
- ✓ The contract price method is used to capture price movements for three type of services:
 - the storage of goods
 - the handling of goods
 - value added services (VAS) - i.e. *co-manufacturing, packing, kitting, quality control, labeling, reverse logistic management, etc.*
- ✓ Outsourcing is excluded

Measurement of SPPI

✓ More about VAS...

- *co-manufacturing*: assembling and packaging semi-finished products
- *packing*: packaging or restyling goods in place of the manufacturing company
- *kitting*: kit composition adding accessories to the product
- *quality control*: checking the quality of goods
- *labeling*: application of labels on products and/or on packaging
- *reverse logistic management*: management of returns and receipts



Description of pricing method

From the questionnaire:

- ✓ information on three contracts for every commodity group that characterizes each enterprise's market (client code, contract lifespan, product type, warehouse location and type, VAS description, unit of measure of the price)
- ✓ for each contract: quarterly prices for each of the three services: storage of goods, handling of goods, VAS
- ✓ annual b2b turnovers (related to the previous year) at service, commodity group and enterprise level – used as weights in the Laspeyres index

Evaluation of measurement

- ✓ Meetings with company associations and big enterprises to identify the pricing method: the contract method is a good choice to represent this industry in Italy
- ✓ Companies have no difficulty in filling questionnaires because information comes from contracts
- ✓ The quality adjustment tool: it is used enough frequently for VAS that, although part of the contract, are tailored to the specific needs of the moment. Consequently, a more frequent use of quality adjustment takes place, therefore more attention is needed in checking and validating this type of data



Thank you!

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