

Services Producer Price Index

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Overview

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SPPI

- Services Producer Price Index (SPPI) is a measure of the change over time in the producer prices of services in a given reference period.
- Services has the biggest share of GDP in OECD countries.
- Among the Primary European Economic Indicators (PEEI/Euro-Indicators)

SPPI

- There are two main reasons to produce SPPI;
 - ✓ To follow the price changes of service products from the perspective of producers,
 - ✓ deflator for national accounts and the services production index.

SPPI

- Base year: 2017
- Geographical Coverage: Turkey
- Index Formula: Laspeyres
- Classification: NACE Rev.2
- Results of the SPPI are announced to the public on the last day or consequent working day of the following month at 10:00 with a news bulletin.

Weights

- Weight Sources: SBS turnovers for 4-digit and upper
- At firm-level: SBS, short-term service statistics, administrative data
- Items of companies: Administrative data for very big firms, others equal share under the unique company
- Weights are updated annually

Sampling

- The sampling frame is determined by taking into account the size of business turnover.
- The top-down method is used for inclusion of the enterprises with as much turnover as possible into the sample. 70% of turnover is covered for all CPAs.
- Turnover information gathered from SBS, short-term service statistics and administrative data.
- Items and item definitions are updated annually.

Sector / Product Coverage (2021)

Main sectors	Weights by Main Sectors(%)	Number of Products (CPA)	Number of Enterprises	Number of Prices
H - Transportation and Storage Services	43.03	75	793	3294
I - Accommodation and Food Services	16.16	15	615	2864
J - Information and Communication Services	10.76	81	514	1443
L - Real Estate Services	4.95	7	189	641
M - Professional, Scientific And Technical Services	11.60	100	919	2354
N - Administrative and Support Services	13.51	54	713	1819
Total	100.00	332	3743	12415

Data Collection

- Data collection method: From the web with a form designed separately for each pricing method.
- The prices are collected monthly, excluding the VAT and other taxes.
- Services are decided by the data collector and company executive, and defined in detail.

Pricing Methods Used

- Transaction price
- Contract price
- List price
- Unit value
- Model price
- Hourly rate
- Commission fee

The selection of the appropriate pricing method for a service product or industry is largely determined by the pricing mechanism employed for that product or industry.

Pricing Methods

- **Transaction Price:** The price of a service actually paid in the market, taking the form of a receipt, bank statement or electronic database. It represents the actual price paid (inclusive of any discounts, surcharges or rebates) for an individual transaction that can be observed repeatedly
- **Contract Price:** Contract pricing refers to the use of prices in long term contracts for the repeated delivery of the same (or a very similar) service. This is a special case of using real transaction prices.

Pricing Methods

- **List Price:** A price stated at the producer's price list, catalogue, Internet site, etc. It is generally the gross price exclusive of all discounts, surcharges or rebates that may apply to an actual transaction. A list price is therefore less suitable than a real transaction price for SPPI compilation.
- **Unit Value:** The unit value method constructs a price index based on observed revenue and quantity data. Note that the unit value method as defined here is limited to cases where price observations refer directly to service output.

Pricing Methods

- **Model Price:** The model pricing method is typically applied in cases where the service provided is unique. The approach specifies a standardised product, that is sufficiently representative of the type of service provided, and respondents are asked to provide a price quote for this standardised product.
- **Hourly Rate:** Time based methods reflect cases where a service is specified in terms of the time spent providing a particular service and not necessarily in terms of the actual service provided.

Pricing Methods

Commission Fee: Data on both the value of a good or service, and a percentage fee from which an actual fee (price) can be calculated. The percentage fee could in practice be taken from a list, estimated by an expert or calculated as an average from real transactions. The related value refers to that of the underlying good (or other product) to which the service relates.

Index calculation of commission fees differs from other methods. The price change of the commission services is calculated in accordance with the price change in the related service group.

Pricing Methods

Example for 82.30.12

➔ 82.30.12 - Trade show organisation services

Pricing Method	Item Definition
Transaction Price	Price for conference organisation service per participant(actual price)
Contract Price	Yearly contract fee for conference organisation service given to X firm
List Price	Price for conference organisation service per participant(list price)
Unit Value	Monthly average price of conference organisations in the same location
Model Price	Price for conference organisation service that meets pre-defined specifications
Hourly Rate	Daily wage of a worker who works for a conference organisation
Commission Fee	Comission rate for conference organisation service given to X firm

Share of pricing methods

Pricing method	# of items	Share(%)
Transaction price	4,825	39.1
Contract price	1,663	13.5
List price	3,466	28.1
Unit value	293	2.4
Model price	17	0.1
Hourly rate	1,565	12.7
Commission fee	503	4.1
Total	12,332	100

H - Transportation and Storage Services

NACE	Transaction Price	Contract Price	List Price	Unit Value	Model Price	Hourly Rate	Commission Fee
49 - Land transport services and transport services via pipelines	51.2	16.5	29.6	2.2		0.4	0.2
50 - Water transport services	55.6	9.8	21.3	13.0			0.3
51 - Air transport services	96.6	1.5	1.5				0.4
52 - Warehousing and support services for transportation	49.8	7.4	31.8	2.8		2.6	5.6
53 - Postal and courier services	78.0	1.2	19.5	1.2			

I - Accommodation and Food Services

NACE	Transaction Price	Contract Price	List Price	Unit Value	Model Price	Hourly Rate	Commission Fee
55 - Accommodation services	65.6	1.6	32.9				
56 - Food and beverage serving services	26.5	8.8	63.7	0.4		0.1	0.6

J - Information and Communication Services

NACE	Transaction Price	Contract Price	List Price	Unit Value	Model Price	Hourly Rate	Commission Fee
58 - Publishing services	44.4	1.2	50.2	0.7	1.0	1.2	1.2
59 - Motion picture, video and television programme production services...	37.1	25.9	13.2	7.3		11.2	5.4
60 - Programming and broadcasting services	81.0	5.7	2.9	10.5			
61 - Telecommunications services	36.9	7.1	17.9	21.4		9.5	7.1
62 - Computer programming, consultancy and related services	11.9	22.5	10.9	0.3		53.0	1.6
63 - Information services	36.7	34.9	14.2	3.6		10.7	

L - Real Estate Services

NACE	Transaction Price	Contract Price	List Price	Unit Value	Model Price	Hourly Rate	Commission Fee
68 - Real estate services	30.3	41.8	16.3	7.1		0.3	4.2

M - Professional, Scientific and Technical Services

NACE	Transaction Price	Contract Price	List Price	Unit Value	Model Price	Hourly Rate	Commission Fee
69 - Legal and accounting services	23.5	33.8	21.9	0.9		17.5	2.4
70 - Services of head offices	8.3	34.7	1.6			32.6	22.8
71 - Architectural and engineering services	28.7	5.6	19.7	2.1	0.3	43.5	0.2
72 - Scientific research and development services	12.8	3.5	29.1			48.8	5.8
73 - Advertising and market research services	22.5	10.5	8.4	0.3		30.5	27.8
74 - Other professional, scientific and technical services	41.9	6.1	27.7	3.5		18.9	1.9
75 - Veterinary services	72.7	1.9	25.3				

N - Administrative and Support Services

NACE	Transaction Price	Contract Price	List Price	Unit Value	Model Price	Hourly Rate	Commission Fee
77 - Rental and leasing services	38.3	32.8	21.4	2.0		3.3	2.2
78 - Employment services	4.1	7.7	0.5	1.8		76.1	9.9
79 - Travel agency, tour operator and other reservation services...	33.3		9.6	1.0		1.3	54.8
80 - Security and investigation services	10.7	12.6	7.4	1.9		67.4	
81 - Services to buildings and landscape	3.1	6.6	0.8	3.1		85.9	0.4
82 - Office administrative, office support and other business support services	54.8	10.0	8.6	1.4	3.0	17.7	4.4

Thank You.