
***PART ONE:
GENERAL DESCRIPTION OF SURVEY***

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1.1. - Historical summary

INSEE conducted its first business survey in 1951¹. It was patterned on the surveys performed in the United States at regular intervals since 1947 by the magazine *Fortune*. The INSEE survey covered 3,000 enterprises, mainly in manufacturing, but also in retailing, banking, insurance, and transport. The questionnaire comprised two parts: the first concerned the respondent's sentiment on the overall French economy; the second focused on the situation of the enterprise surveyed. Thanks to its initial success, the survey was repeated twice a year until 1957, then four times a year. However, in light of the results obtained, two changes were subsequently introduced:

- an increase in the number of questions on the enterprise and a reduction in the number of those on the overall economy, the results of the former having been found to be more reliable than those of the latter;
- the development of questionnaires tailored to specific industries.

At the same time as in France, but independently at the outset, business surveys were launched in Germany by IFO, the Munich-based Institute for Economic Research, and in Italy by the Rome-based VISCO. In 1952, these two organisations began an informal cooperation with INSEE in the field of business surveys, which was progressively extended to institutes in many other countries.

One of the milestones was the June 1962 launch by the European Communities Commission—on the strength of the French, German, and Italian experience—of the harmonised monthly survey of industrialists in the Community.

Ten years later, in March 1972, INSEE inaugurated the Business Survey on the Situation and Outlook in the Wholesale Trade. Initially, the Survey included questions on wholesalers' sentiment about recent trends in sales and stocks (inventories), merchandise received, ordering intentions, and past and expected changes in prices and workforce, and two questions on investment. There were also questions on international trade (sales, shipments, orders, and prices). The Survey was executed five times a year, in January, March, May, July, and November.

In 1973, the Survey became two-monthly, with the addition of a September operation.

Between 1990 and 1998, questions were successively introduced on cash-flow position, settlement times and late payment, suppliers' delivery times, and other topics.

The Survey was submitted for review to the Quality Label Committee of the National Council for Statistical Information (Conseil National de l'Information Statistique: CNIS) on 19 June 2003. The Committee renewed the Survey's classification as a statistical operation "of public interest" and recertified its statistical quality.

¹ Preceded by a pilot survey in November 1950.

1.2. - Purpose of Wholesale-Trade Survey

Like all business surveys, the Wholesale-Trade Survey is a component of the French system for preparing short-term economic analyses and forecasts. It supplies valuable, timely indications on wholesalers' recent activity and short-term outlook. However, the qualitative nature of business-survey responses and their subjectivity make them delicate to interpret. Indeed, the value of the survey results diminishes once the quantitative statistics become available.

Business surveys have another advantage besides rapid availability of information: they supply a fairly complete, consistent picture of an industry, shedding light on areas covered on a very lagged basis (if at all) by conventional statistics. For example, the two-monthly Wholesale-Trade Survey gives a view of activity in each sector tracked and explanations for the trends observed (sales, stock levels, change in order intake)—an essential input for short-term forecasting. The Survey also provides information on sectors upstream and downstream from the wholesale trade.

The Wholesale-Trade Survey thus helps to track conditions in the wholesale/retail trade (production, payroll employment) and in the manufacturing industry (investment, imports, and import and export prices) (see §3.1.3).

1.3. - Survey field

The Wholesale-Trade Survey covers wholesalers dealing in (1) food consumer products, (2) non-food consumer products, (3) intermediate goods, and (4) capital goods.

The field covered is described in Box 1 below, using the headings of the French Classification of Activities and Products² and the groupings used in the publication of results.

Box 1: Field of coverage of Wholesale-Trade Survey³

Wholesale of food consumer goods

Fruits, vegetables, flowers, and plants

512C Flowers and plants

513A Fruits and vegetables

Meat and fish

513C Meats, prepared meat products, and poultry (sector code 513C of the Survey version of the classification amalgamates codes 513C, 513D, and 513E of the official version)

513S Fish, crustaceans, and molluscs

Dairy products, eggs, and oils

513G Dairy products, eggs, and oils

Beverages

513J Beverages

Groceries

513N Sugar, chocolate, and sugar confectionery

513Q Coffee, tea, cocoa, and spices

513T Specialised wholesale of other foods

513V Frozen products

513W Non-specialised wholesale of food

² In full: Nomenclature d'Activités Française (NAF) - Classification de Produits Française (CPF).

³ The Wholesale-Trade Survey field covers Division 51 of the French Classification of Activities and Products (NAF-CPF) except the following categories: wholesale-trade intermediaries (NAF 51.1), wholesale of non-manufactured tobacco products (NAF 512J); wholesale of tobacco (NAF 513L), wholesale of waste and scrap (NAF 515Q); other wholesale trade (NAF 51.9).

Box 1: Field of coverage of Wholesale-Trade Survey (continued)

Wholesale of non-food consumer products

Pharmaceutical products

514L Perfumes and cosmetics

514N Pharmaceutical products

Clothing and textiles

514A Textiles

514C Clothing

514D Footwear

Domestic goods and maintenance

514F Electrical household appliances; radio and television goods

514H Tableware and household glassware

514J Home maintenance and furnishings

515H Hardware

515J Plumbing and heating equipment and supplies

Culture, recreational goods, and luxury goods

514Q Culture, recreational goods, and luxury goods (sector code 514Q of the Survey version of the classification amalgamates codes 514Q [stationery] and 514R [toys and games] of the official version)

514S Other wholesale of consumer products

Wholesale of intermediate goods

Agricultural raw materials

512A Grain and animal feeds

512E Live animals

512G Leather and hides

Energy

515A Fuels

Industrial intermediate goods

515C Minerals and metals

515L Chemical products

515N Other intermediate products

Intermediate goods for the building and public-works industries

515E Wood and wood-based products

515F Construction materials and plumbing fixtures

Wholesale of capital goods

Capital goods for the building and public-works industries

518C Extraction, construction, and civil-engineering machinery

Tertiary-sector equipment

518N Supplies and equipment for wholesale/retail trade and services

Agricultural machinery

518P Agricultural machinery

Computers

518G Computers, information-technology equipment, peripherals, and software

518H Other office machines and equipment

Industrial equipment

518A Machine tools

518E Machinery for textile and clothing industries

518J Components and other electronic equipment

518L Electrical equipment

518M Other industrial supplies and equipment

1.4. - Sampling plan

The unit surveyed is the enterprise.

Two criteria are used to classify enterprises: (1) principal activity, at the NAF700 level⁴; (2) workforce size and sales as indicators of enterprise size. For the second criterion, the brackets classify enterprises both by number of employees⁵ and by sales⁶. The larger of these two values determines the size of the enterprise⁷.

The sampling frame is the latest available Annual Enterprise Survey (Enquête Annuelle d'Entreprise: EAE).

The number of units surveyed in each stratum is chosen for consistency with the stratum's weight in total wholesale trade. It is proportional to the stratum shares of total sales determined from the Annual Enterprise Survey. This sample-construction method is used only for enterprises in brackets 1 to 4. Bracket 5 (200 or more employees, or sales above an NAF-linked threshold) is surveyed in full.

1.5. - Questionnaires

The Wholesale-Trade Survey is performed every two months, in January, March, May, July, September, and November. However, some questions are asked every six months or once a year⁸.

Two versions of the questionnaires have been developed to accommodate these specific variations:

- The March, May, September and November questionnaires include only the questions asked every two months. These are the months of the so-called "light-weight" survey.
- The January and July questionnaires include, in addition to the two-monthly questions, six-monthly questions on settlement times and late payments.

All questionnaires include a section to identify the surveyed enterprise. The section contains the business name and address of the enterprise, its SIREN number⁹, and the name of the person responding to the survey. Enterprises must also enter their NAF activity codes.

The list of the main survey questions is provided in Appendix 2. At the end of the volume, we reproduce the full text of the two questionnaire models for 2005.

⁴ French classification of activities (Nomenclature d'Activités Française: NAF) at the 700-heading disaggregation level.

⁵ Size brackets are defined as follows: bracket 1: fewer than 5 employees - bracket 2: 6-19 employees - bracket 3: 20-49 employees - bracket 4: 50-199 employees - bracket 5: 200 or more employees.

⁶ Sales-volume brackets are defined as follows: four increasing sales thresholds are determined for each industry, allowing the definition of five size brackets.

⁷ For example, an enterprise with 30 employees (bracket 3 on a workforce-size basis) with sales in bracket 2 will be classified in the third bracket in its activity classification.

⁸ Questions asked every year (known as "structural" questions) are discussed in §1.6.1.

⁹ The SIREN number is assigned by the Enterprise Directories Identification System (Système d'Identification des Répertoires des ENtreprises).

1.6. - Questions asked in the Wholesale-Trade Survey

1.6.1. - Two types of questions

As in nearly all other national business surveys, the French Wholesale-Trade Survey comprises two distinct categories of questions: structural questions, asked once a year, and short-term questions, generally asked at a sub-annual frequency. The data obtained from the second category allow a monitoring of short-term trends in the surveyed sector, while the structural data serve for weighting and stratification.

- **Structural questions** are asked every March. The responses are then preprinted on the questionnaires until the following January. The questions are quantitative, and concern the enterprise's total sales, sales by product, and workforce size.
- **The short-term questions** cover one of the following areas:
 - the enterprise itself: workforce size, cash-flow position, settlement times and late payments;
 - the enterprise's sentiment on the overall situation in the wholesale trade (question on general business outlook in total wholesale sector);
 - the enterprise's sentiment on each of the products it sells: sales, ordering intentions, stocks, and prices.

The short-term questions are qualitative, as the goal is to obtain information rapidly on variables that are not always immediately available in quantitative form.

1.6.2. - Main topics addressed by short-term questions

- Business activity

Measured by data on the enterprise's sales, export orders, merchandise received, and ordering intentions for each product, as well as product stocks.

Business owners are also asked about changes in French wholesale trade as a whole (general business outlook): the likeliest trend, in the three months ahead, in total French wholesale/retail sales.

- Prices

Prices are addressed from three angles: (1) past prices / expected prices; (2) purchase prices / selling prices; (3) overall prices / prices in foreign markets. Wholesalers are thus asked about: past (overall) selling prices, expected (overall) selling prices, expected export prices, expected purchase prices, and expected import prices. The price questions concern each of the enterprise's products.

- Employment

Business owners are asked about recent employment in their enterprises (change in workforce size in past two months), and about their employment expectations (change in workforce size in two months ahead).

- Cash-flow position

The enterprise's cash-flow position is covered repeatedly: first, via a two-monthly question on cash-flow position (three choices: "comfortable / normal / tight"); second, via six-monthly questions (asked in January and July) on settlement times and late payments (three choices: "getting shorter / unchanged / getting longer"). The cash-flow questions concern the enterprise as a whole.

1.6.3. - Some examples of short-term questions

Here are some examples, from the 2005 questionnaires, of qualitative questions asked in the Wholesale-Trade Survey¹⁰. Respondents are offered three choices for their answers: positive (increasing, above normal, etc.), intermediate (unchanged, normal, etc.) or negative (decreasing, below normal, etc.):

- Trend in your selling prices in past two months: increasing, unchanged, decreasing?
- For the season, are your current stocks: above normal, normal, below normal?
- Likely trend in orders you intend to place in the next two months: increasing, unchanged, decreasing?
- In the next two months, do you expect the number of persons employed in your enterprise to be: increasing, unchanged, decreasing?
- In the past six months, has the time you take to settle accounts with your suppliers: got shorter, stayed unchanged, got longer?

As we shall see in greater detail in the second and third sections (§2.4.3 and §3.1.1), the responses to each qualitative question are summarised in a single indicator called the *balance of opinion*. A balance of opinion is defined as the difference between the percentage of positive responses (increasing, above normal, etc.) and the percentage of negative responses (decreasing, below normal, etc.)¹¹. From experience, this type of indicator is both very legible and very useful for short-term analysis. The dissemination of results of business surveys such as the Wholesale-Trade Survey largely consists in publishing the main opinion balances computed from the responses and in interpreting their changes.

¹⁰ See also, at the end of the volume, the full text of the two questionnaire models for 2005.

¹¹ As a rule, enterprises' responses are incorporated into these percentages in weighted form (weighting by sales or workforce size, depending on the question).