

# Services producer prices for French market - Businesses (BtoB) - Base 2000 - Stopped series

Producing organisation: INSEE

## Introduction

The quarterly indices of business service producer prices measure movements in the prices of services based on the services sold to firms on the French domestic market. Initially published in 1997, they were then quarterly, half-yearly or yearly for certain sectors. From February 2008, all the indices became quarterly. From 2009, the producer price indices are expressed with a 2005 baseline and benchmark.

The indices are calculated from the quarterly price statements recorded as part of the “Observation of industrial and business service prices” survey.

## Definitions of calculated indices

The business service producer price indices on the French market measure fluctuations in the transaction prices, exclusive of taxes, of services sold on the French market (i.e. in France).

The indices are chained Laspeyres indices (constant weighting). Price fluctuations are weighted by the turnover in value.

New base lines are generally established every five years. The samples of firms are taken from the files of the most recent annual business survey, completed as required by statements from experts or by information forwarded by the trade unions.

## Scope

In the French classification, business service activities correspond to the EN item in the classification summary economic (NES): post office and telecommunications, consultancy and assistance, operational services, research and development. The current scope, however, is somewhat more restrictive as the price index calculations cover divisions 64 (post office and telecommunications), 71 (operator-free rentals), 72 (IT activities) and 74 (services provided mainly to firms), in other words the whole of the EN item except for the divisions 90 (drainage, road and waste management) and 73 (research and development).

Regarding this field still to be covered, price observations will gradually extend to division 90 by the end of 2008.

## Methodology

The methodology complies with the international recommendations specified in a joint OECD-Eurostat methodological manual ([Methodological Guide for Developing Producer Price Indices for Services - 2005](#)). Their calculation, harmonised within the European Union, complies with the European Union regulation on short-term economic statistics <sup>(1)</sup>.

The indices are calculated on the basis of quarterly price statements of roughly 7,900 services taken from a representative sample of 1,000 firms within the framework of the mandatory “Observation of industrial and business service prices” survey.

The processing of taxes in service producer price indices for the French market complies with the measurement of production in national accounts and with the request of Eurostat with the adoption of the 2005 base line. The French indices are therefore calculated excluding VAT and taxes other than VAT. The prices recorded for the treatment of waste on the French market will therefore exclude the general tax on polluting activities (TGAP).

The indices measure gross trends of price (without any correction for seasonal variations).

Service producer price indices are weighted on the basis of the 4-digit CPA product classification, by the output values for the sector as calculated by national accounting. The breakdown of the weighting within the branches is calculated according to the turnover in value of the firms questioned by the pollsters or according to external sources (as is the case for advertising and legal activities).

The date when the level of an index is equal to 100 is called the benchmark date. The indices are currently published with a 2000 benchmark, which means that the mean of the indices for 2000 is equal to 100. For the indices introduced after 2000, the benchmark date is the quarter during which the index was created.

## **Dissemination**

The service producer price indices are available less than 60 days after the end of the month in question. The calendar for publication is announced by the INSEE four months in advance. The indices are published on a preliminary basis for three months. The revisions include in particular any late responses from firms and changes to weighting as part of the ongoing renovation of the indices.

The indices are currently published in the classification “CPF Rév.1” (revision 1) (Classification of French Products). They will be included in the new classification “CPF Rév.2” (revision 2) as from 2009.

On the European level, the indices are forwarded every quarter to Eurostat, in particular with indices corresponding to the level of aggregation required since 2007.

## **Technical characteristics of the survey**

### **Choice of company samples and price statements**

For a given branch, the prices used to calculate the indices are provided by firms sampled in the survey databases of the INSEE (generally, the files of the most recent Annual Service Companies Survey) and after consultation of professional representatives to obtain optimal coverage of the field. The typical questionnaire is prepared by test visits to a few companies taking part in the survey.

An INSEE pollster then visits each company selected. The choice of the services monitored is the result of protocols developed by the pollster in agreement with the companies questioned, according to the type of information that can be provided easily, to limit the response burden of the company to the extent possible.

The questionnaire is therefore customised for each company taking part in the survey. Finally, prices are collected quarterly either by post or via internet.

## **Frequency of change of control transactions**

As part of the quarterly gathering of the prices of typical transactions, the services are regularly updated to take account of events affecting the life of the companies concerned (for example, mergers) or the disappearance of specific services (resulting from the disappearance of certain customers, for example) or changes in quality affecting the nature of the services initially monitored.

A more in-depth renovation is undertaken every five years (or less for branches subject to substantial technical developments) for each branch of activity. The pollster then visits the company to re-examine the typical transactions.

## **Choice of weightings**

The indices are calculated by successive aggregations. At each level, the aggregation uses an arithmetic mean of the lower level indices, to which weighting coefficients are applied.

At the first level, basic indices are calculated related to each typical transaction. A weighting is attributed to each of these typical transactions corresponding to the turnover of the family of services to which it belongs. This data is collected by the pollster during their visits in the firms.

Then, up to the 4-digit level of the CPF, the weighting associated with a family of services should reflect as closely as possible the real weight of that family within the branch as a whole. In practice, various sources are often combined (INSEE surveys, professional estimations) or only the figures of the companies included in the sample are taken.

## **Frequency of change of the base year and benchmark year**

In accordance with the European regulation on short-term indicators, the benchmark year is regularly changed every five years, at the same time as the weightings of the aggregated indices (at a level above that of the branch, i.e. 4-digit CPF level). A few service price indices are currently published with a 2000 benchmark, i.e. the mean of the 2000 indices is equal to 100. In 2009, the benchmark year will be modified and become 2005. It will then be possible to publish the majority of the service price indices with a 2005 benchmark.

## **Bibliography**

- “Industrial and Business Service Sales Price Indices”, Insee Méthodes No 89.
- “The methodological guide for developing producer price indices for services”

This document is a complement to the international manual of producer prices published by the IMF in 2004, and focuses on the specific aspects of services in the compilation of PPIs, explaining the conceptual framework, with the addition of detailed descriptions of the measurement of PPIs for various service sectors. This guide was drafted jointly by the OECD, Eurostat and the members of an OECD/EU task force.

The electronic version of the guide is available on the Web sites of both the OECD and of Eurostat.

- Monthly Statistics Bulletin, September 2003 (for the change to the 2000 base and benchmark).

## **Footnote**

1. EC No [1165/98](#) of the Council of May 19, 1998, modified by EC Regulation No [1158/2005](#) of the Council of July 6, 2005