

Instructions for price inquiry on producer price indices for manufactured products and services

Contents

1	General information about the data collection	2
2	Brief filling-in instructions for regular price data collection	2
3	Detailed filling-in instructions for regular price data collection	2
3.1	Price concepts of the data collection.....	3
3.2	An example of calculating the average price.....	4
4	Selecting a product/service in the data collection for producer price indices	4
4.1	What is included in the given product category?.....	4
4.2	Selecting a product or service for the price collection	4

1 General information about the data collection

In the data collection for producer price indices for manufactured products and services, data are collected monthly on the products and services produced by enterprises and on their prices. The data pertain to domestic market, export or import prices of products. Data on turnover and the distribution of turnover can also be asked from enterprises.

The collected data are primarily used to produce producer price indices that describe average price development of products and services from the viewpoint of their producer.

The regulations of the European Union in part require the collection of the data in question (Regulation of the European Parliament and of the Council (No 2152/2019/EU) and the Commission Implementing Regulation (No 1197/2020)).

Organisations have an obligation to provide data. The obligation to provide data is based on the Statistics Act (280/2004).

2 Brief filling-in instructions for regular price data collection

- Enter the price of each product without value added tax on the form for the period inquired.
- Comment on any exceptional price changes under Additional information. The drop-down menus on the form also help in reporting price and product changes.
- Change the product in price monitoring if the supply or production of the product (e.g. imports, exports or sales in Finland) has ceased altogether or is about to cease. This is done by selecting Edit the data on the form.
- If the product has not exceptionally been imported/exported or sold in the period in question, enter the same price as previously reported as the price for the inquiry month or quarter.

3 Detailed filling-in instructions for regular price data collection

- The producer price for manufactured products must be the average price weighted by the volumes of sales, exports or imports in the inquiry month. The producer price for services must be the average price for the inquired period.
- If the producer price for manufactured products weighted by volume, i.e. the average price, cannot be given, the price quotation can be the price for the delivery, invoice or payment time on the 15th day of the month. It can also be a question of a listed price, where possible discounts given are taken into account.
- It is essential that the **reporting bases remain unchanged from one month or quarter to another.**
- If a major change has occurred in the price (over 15 per cent), select the main reason for the price change in the menus on the form.

- If the product has not exceptionally been imported/exported or sold in the period in question, enter the same price as previously reported as the price for the inquiry month or quarter.
- If the imports, exports or production of the product or the offering of the service have ceased altogether or are about to cease, select a replacing product in its place:
 - Select on the form Edit the data, whereby you can edit the product data or features.
 - A replacing product belonging to the product group defined on the form must be selected in place of the exited product.
 - The description of the product is written under Product. The description must be precise enough so that we know in future (e.g. when the contact person changes) which product it has concerned.
 - Under Quantity enter the number to which the price applies (e.g. 10) and under Unit the unit (e.g. kg, number, hour) in which the price is reported.
 - Under Country, specify the country of imports/exports for the import/export price for manufactured products. If no individual country can be specified, please enter the market area. Then the price data must be the average price for the market area in question. With regard to producer prices for services, specifying the country is optional.
 - Under Currency, enter the currency in which the price is given.
 - If possible, **the price of the previous month or quarter must also be reported on the replacing product in addition to the price of the inquiry month or quarter.** If the previous price is not available, estimate the size of the price change under Additional information.

3.1 Price concepts of the data collection

The price concepts of producer prices for manufactured products are defined as follows (these price concepts do not apply to service products):

- **Domestic market price** (=factory price): The price received by the producer exclusive of excise duty and value added tax
- **Export price:** FOB price (Free on Board) reported in e.g. EUR, USD, JPY or SEK. Other than euro prices are converted into euros at Statistics Finland.
- **Import price:** CIF price (incl. Cost, Insurance and Freight) reported in e.g. EUR, USD, JPY or SEK. Other than euro prices are converted into euros at Statistics Finland.
- **Domestic market price incl. excise duty:** factory price + excise duty (e.g. in alcohols the alcohol tax, in cars and motorcycles the car tax), value added tax is not included. However, for cars and motorcycles, the price including excise duty is reported so that it also includes value added tax.

- **Import price incl. excise duty:** CIF price + excise duty (e.g. in alcohols the alcohol tax, in cars and motorcycles the car tax), value added tax is not included. However, for cars and motorcycles, the price including excise duty is reported so that it also includes value added tax.

3.2 An example of calculating the average price

During one month, a total of 50 wicker baskets have been sold at a total price of EUR 100 to enterprise A and 40 wicker baskets at a total price of EUR 88 to enterprise B. The average price weighted by volume is then calculated as follows:

The share of wicker baskets sold to enterprise A in total sales * average price for enterprise A + share of wicker baskets sold to enterprise B in total sales * average price for enterprise B

$$\frac{50kpl}{(40kpl + 50kpl)} * \frac{100€}{50kpl} + \frac{40kpl}{(40kpl + 50kpl)} * \frac{88€}{40kpl} = \frac{50}{90} * 2€/kpl + \frac{40}{90} * 2,2€/kpl = 2,09€/kpl$$

4 Selecting a product/service in the data collection for producer price indices

Statistics Finland defines the product category and price concept for the data supplier enterprise, according to which the products or services are selected on the web form. More detailed descriptions of the price concepts can be found in Section 3.1.

This section aims to help the respondent to select a suitable product or service for the data collection for producer price indices. This focuses especially on a situation where the products/services produced by the enterprise vary from customer to customer and no similarly recurring product/service is available.

4.1 What is included in the given product category?

Products and services are classified according to the EU's Classification of Products by Activity [CPA 2015](#). The CPA 2015 product classification can be used to examine where the given product category is in the classification hierarchy. It can be easier to perceive the content of the given category when viewing its upper and lower levels.

Further information specifying the CPA classification is available on products with the help of the [CN classification](#) maintained by Finnish Customs.

[The classification conversion key](#) helps examine how CN categories correspond to the CPA 2015 classification. If the CN category of the product is known, the classification conversion key can also be used to check to which precise CPA category the product belongs.

4.2 Selecting a product or service for the price collection

In general terms, the product must represent the given product category and its average price development as well as possible. The product must also represent the production, exports or imports of the data supplier enterprise, and it should be sold or imported regularly so that the price can be reported at regular intervals. The characteristics of the product or

service should remain unchanged as far as possible between the reporting rounds so that the price changes are comparable.

The price should be based on the actual sale or import prices and not on list prices. This means that the prices must include details of any possible discounts or campaigns.

The selection of products is described below starting from the simplest alternative:

1. **A standard product sold to all customers as identical:**
The product must be specified precisely (product name, serial number, quantity and/or package size, more exact description of characteristics, etc.) The pricing model used is the average price weighted by sales volume, which can also be called a unit price. The unit price is calculated by dividing the sales value of the selected product at the time of the inquiry by the sales volume of that product at the time of the inquiry.
2. **Products are often updated slightly but not significantly** (e.g. clothes collections): A basic product that remains as identical as possible, such as a white T-shirt, is selected. The pricing model is the average price weighted by sales volume, which can also be called a unit price. The unit price is calculated by dividing the sales value of the selected product by the sales volume of the product.
3. **A service is tailored for each customer and it is not repeated as identical but its price is based on the number of hours worked** (e.g. legal, consultancy and programming services): Experts' hourly price or the price based on some other time specifier is reported. Prices must be determined separately according to the competence level and the location of the expert if the employees providing the enterprise's services live in several different countries (e.g. Junior Analyst, Finland, EUR per hour; Senior Developer, India, EUR per hour).
4. **A product or service is always tailored according to customer need, but it is repeated as identical in the longer term** (e.g. cleaning services):
 - a) In such cases, the contract pricing method can be used. The idea is to report price development in contracts concluded with many different customers. Contracts signed with customers of different types and sizes must be included. The contract pricing method is an alternative if the contents of the contract remain unchanged, that is, the product or service remains identical, the price has been agreed for at least one year and the implementation of price changes has been specified in the contract.
 - b) Another alternative is to deliver a larger order stock to Statistics Finland as a data secure line transfer, and Statistics Finland will handle the calculation of price changes.
5. **Products are large and complicated and sold infrequently; the exact same product is never sold a second time** (e.g. paper machines): model pricing, component pricing or input pricing method

- a) **In the component pricing method**, the price of a product is formed by collecting prices for all components of the product and by adding them up. The final price of the product is the sum of the actual prices of the components and the profit margin of the producer. The components must be checked and updated regularly so that the result is as up-to-date and accurate as possible. The component pricing method is typically a suitable alternative if the share of the product assembly does not exceed 10 per cent of the total value of the product.
- b) **In the model pricing method**, one example product, i.e. a model product, is selected the characteristics of which correspond to a so-called basic product. All factors influencing the price, including the profit margin, should be taken into account in the model product. The theoretical price of this model product is filled in on the data collection form. The model pricing method differs from the component pricing method in that the price of the model product is rather an expert estimate than a sum of the prices of the components of the product. The model product must be updated regularly so that it remains representative.

Alternatives for determining the model product:

- A product sold recently and representing the enterprise's production.
 - A hypothetical product representing all products of the same type. This particular product may have never been sold, but it could actually be manufactured and sold.
 - Component model: when no individual one represents actual production, a model product can be formed of the main components of production. Components may be raw materials or parts of a product, for example.
- c) **In the input pricing method**, the price change of a product is estimated through changes in the prices of its inputs. First, a model is formed that includes all direct inputs (e.g. materials, components, labour force, energy), indirect inputs (e.g. administrative costs and depreciations), factors describing productivity and the profit margin. Weights are calculated for each input. The price change of the product is estimated by weighting together the price changes of inputs.