TRAINING WORKSHOP ON RETAIL TRADE TURNOVER STATISTICS

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OUTLINE

CONCEPTUAL FRAMEWORK

- PURPOSE
- DEFINITIONS
- CLASSIFICATION
- SCOPE AND COVERAGE
PURPOSE

- One of the Principle European Economic Indicators
- Indicates the economic situation from demand-side perspective
- Provides detailed monthly figures for Retail Trade sector
- first available official indicator for consumer behavior
- Shared on a monthly basis since July 2013 (Turkey) (2010 FIXED BASE YEAR)
Turnover comprises the totals invoiced by the observation unit during the reference period, and this corresponds to market sales of goods or services supplied to third parties. Turnover also includes all other charges (transport, packaging, etc.) passed on to the customer, even if these charges are listed separately in the invoice.
According to this definition, the items generally included are:

- sales of manufactured products
- sales of products manufactured by subcontractors
- sales of goods purchased for resale in the same condition as received
- invoiced services provided
- sales of by-products
TURNOVER - III

- invoiced charges for packaging and transport
- hours worked invoiced to third parties for labour only subcontracting
- invoiced mounting, installations and repairs
- invoiced instalments (stage payments)
- invoiced development of software and software licences
- sales of supplied electric power, gas, heat, steam and water
- sales of waste and scrap materials
- subsidies on products
Subject to the treatment of income classified as "other operating income, financial income and extraordinary income "in company accounts, the items generally excluded are:

- commissions
- leases and rentals
- leases for own production units and machines if used by third parties
- leases of company-owned dwellings
- receipts for license-fees
TURNOVER - V

- receipts from staff facilities (for example from a factory canteen)
- the supply of products and services within the observation unit
- sales of own land and fixed assets
- sales or leases of own properties
- sales of shares
- interest receipts and dividends
- other extraordinary income
TURNOVER - VI

- National statistical authorities should use this definition
- But accounting rules in force in each country should be used as guiding principles of what to include and to exclude
- The reality of each activity should be taken into account when measuring turnover
VALUE ADDED TAX - VAT

- VAT obtained from sales:

- The amount of the value added tax that the enterprise obtained from the sales.
VALUE ADDED TAX - VAT

VAT

- The treatment of VAT in turnover is a controversial issue, some consider that VAT should be included in the definition of turnover. The definition adopted for STS excludes VAT that is consistent with the definition adopted for SBS. There are some reasons for not including.

VAT in the turnover definition:

- The aim of STS is to follow developments over time and VAT does not have any impact on the tendency unless the rate of the tax is changed.
VALUE ADDED TAX - VAT

In fact, if there is a change in the tax of different products this could introduce an artificial element into the development of the turnover indicator.

- If VAT is included in the weights, it can distort the share of each activity; bearing in mind that the tax differs from product to product, the impact of VAT on these weights can have a negative impact on the quality of the index.

- The tax for domestic or non-domestic markets may differ.

- The tax differs between Member States.
CLASSIFICATION

- **Activity classification**
  - NACE Rev. 2

- **Product classification**
  - CPA 2008

- **Classifications according to purpose**
  - COICOP
CLASSIFICATION

- Classification is the most important point for quality statistics

- Common classification for international comparability

- Too many misclassification problems especially for trade

- Different classification point of view for trade
  - Firstly based on place of sale rather than product sold
The international system of economic classifications

- Economic Activities
  - World level: ISIC
  - EU level: NACE
  - National level: National versions of NACE

- Products
  - World level: CPC
  - EU level: CPA
  - National level: National versions of CPA

- Goods
  - World level: HS
  - EU level: PRODCOM
  - National level: National versions of PRODCOM

Is the reference classification. Classifications are linked by the structure.

Is the reference classification. Classifications are linked by conversion table.

Classifications are linked by conversion tables.
NACE

NACE is the “statistical classification of economic activities in the European Community” and is the subject of legislation at the European Union level, which imposes the use of the classification uniformly within all the Member States.
In section G, trade is distinguished between:

- 45 trade in motor vehicles
- 46 wholesale
- 47 retail sale
NACE: Section G – 47 (Retail Trade)

Within division 47 “Retail trade”, first an additional level of distinction has to be considered:

- the aggregation of groups 47.1 to 47.7 “Retail trade in stores”,
- the aggregation of groups 47.8-47.9 “Retail sale not in stores”
The first decision to take is on allocation of the unit to one of these two possibilities on the basis of the value added principle. If the choice falls on the aggregation level “Retail sale in stores”, then the second step consists of deciding between

- “non-specialised”,
- “specialised”

Finally, the choice has to be made, always applying the top-down method, between the groups and classes.
NACE: Section G - 47 (Retail Trade)

Division 47

In stores
47.1 – 47.7

Specialised
47.2 – 47.7

Food predominating
47.11

47.2 47.3 47.4 47.5 47.6 47.7

Non-specialised
47.1

Other
47.19

Not in stores
47.8 – 47.9

Via stalls & markets
47.8

Others
47.9
# NACE: Section G - 47

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>47.3</td>
<td>Retail sale of automotive fuel in specialised stores</td>
</tr>
<tr>
<td>47.30</td>
<td>Retail sale of automotive fuel in specialised stores</td>
</tr>
<tr>
<td>47.4</td>
<td>Retail sale of information and communication equipment in specialised stores</td>
</tr>
<tr>
<td>47.41</td>
<td>Retail sale of computers, peripheral units and software in specialised stores</td>
</tr>
<tr>
<td>47.42</td>
<td>Retail sale of telecommunications equipment in specialised stores</td>
</tr>
<tr>
<td>47.43</td>
<td>Retail sale of audio and video equipment in specialised stores</td>
</tr>
<tr>
<td>47.5</td>
<td>Retail sale of other household equipment in specialised stores</td>
</tr>
<tr>
<td>47.51</td>
<td>Retail sale of textiles in specialised stores</td>
</tr>
<tr>
<td>47.52</td>
<td>Retail sale of hardware, paints and glass in specialised stores</td>
</tr>
<tr>
<td>47.53</td>
<td>Retail sale of carpets, rugs, wall and floor coverings in specialised stores</td>
</tr>
<tr>
<td>47.54</td>
<td>Retail sale of electrical household appliances in specialised stores</td>
</tr>
<tr>
<td>47.59</td>
<td>Retail sale of furniture, lighting equipment and other household articles in specialised stores</td>
</tr>
</tbody>
</table>
## NACE: Section G - 47

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>47.6</td>
<td>Retail sale of cultural and recreation goods in specialised stores</td>
</tr>
<tr>
<td>47.61</td>
<td>Retail sale of books in specialised stores</td>
</tr>
<tr>
<td>47.62</td>
<td>Retail sale of newspapers and stationery in specialised stores</td>
</tr>
<tr>
<td>47.63</td>
<td>Retail sale of music and video recordings in specialised stores</td>
</tr>
<tr>
<td>47.64</td>
<td>Retail sale of sporting equipment in specialised stores</td>
</tr>
<tr>
<td>47.65</td>
<td>Retail sale of games and toys in specialised stores</td>
</tr>
</tbody>
</table>
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<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>47.7</td>
<td>Retail sale of other goods in specialised stores</td>
</tr>
<tr>
<td>47.71</td>
<td>Retail sale of clothing in specialised stores</td>
</tr>
<tr>
<td>47.72</td>
<td>Retail sale of footwear and leather goods in specialised stores</td>
</tr>
<tr>
<td>47.73</td>
<td>Dispensing chemist in specialised stores</td>
</tr>
<tr>
<td>47.74</td>
<td>Retail sale of medical and orthopaedic goods in specialised stores</td>
</tr>
<tr>
<td>47.75</td>
<td>Retail sale of cosmetic and toilet articles in specialised stores</td>
</tr>
<tr>
<td>47.76</td>
<td>Retail sale of flowers, plants, seeds, fertilisers, pet animals and pet food in specialised stores</td>
</tr>
<tr>
<td>47.77</td>
<td>Retail sale of watches and jewellery in specialised stores</td>
</tr>
<tr>
<td>47.78</td>
<td>Other retail sale of new goods in specialised stores</td>
</tr>
<tr>
<td>47.79</td>
<td>Retail sale of second-hand goods in stores</td>
</tr>
</tbody>
</table>
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<tr>
<th>Code</th>
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</tr>
</thead>
<tbody>
<tr>
<td>47.8</td>
<td>Retail sale via stalls and markets</td>
</tr>
<tr>
<td>47.81</td>
<td>Retail sale via stalls and markets of food, beverages and tobacco products</td>
</tr>
<tr>
<td>47.82</td>
<td>Retail sale via stalls and markets of textiles, clothing and footwear</td>
</tr>
<tr>
<td>47.89</td>
<td>Retail sale via stalls and markets of other goods</td>
</tr>
<tr>
<td>47.9</td>
<td>Retail trade not in stores, stalls or markets</td>
</tr>
<tr>
<td>47.91</td>
<td>Retail sale via mail order houses or via Internet</td>
</tr>
<tr>
<td>47.99</td>
<td>Other retail sale not in stores, stalls or markets</td>
</tr>
</tbody>
</table>
Some Problems with NACE

- Distribution of motor vehicles
  - For trade of motor vehicles, there is no retail and wholesale distinction

- Agents and brokers vs. merchants in Retail Trade is not separated
  - In particular, this is a problem in the measurement of retail sales of automotive fuel where merchants selling gasoline through a third party gasoline station operator are classified in the same industry as the gasoline station operators.

- The product and activity classification for 47-retail trade do not coincide

- Too many misclassifications within wholesale and retail trade
  - Many companies selling products one-by-one but, which are not for use of households are misclassified in retail
**SCOPE AND COVERAGE**

- Data is produced for Turkey total
  - No geographical detail
- Sales in border shops (free-shops) and sales to foreigners are also covered
# SCOPE AND COVERAGE

<table>
<thead>
<tr>
<th>Code</th>
<th>NACE Rev.2 Composition for Special Aggregates</th>
<th>Description in Releases</th>
</tr>
</thead>
<tbody>
<tr>
<td>G47</td>
<td></td>
<td>Retail trade</td>
</tr>
<tr>
<td>G47_FOOD</td>
<td>G4711, G472</td>
<td>Food, drinks and tobacco</td>
</tr>
<tr>
<td>G47_NFOOD_X_G473</td>
<td>G4719, G474 to G479</td>
<td>Non-food (except automotive fuel)</td>
</tr>
<tr>
<td>G47_NF_OTH1</td>
<td>G4741, G4742, G4753, G4761, G4762, G4764, G4765, G4776, G4777, G4778</td>
<td>Computers, peripheral units and software, books, telecommunications equipment, etc.</td>
</tr>
<tr>
<td>G47_NF_OTH2</td>
<td>G4743, G4752, G4754, G4759, G4763</td>
<td>Audio and video equipment, hardware, paints and glass, electrical household appliances, furniture, etc.</td>
</tr>
<tr>
<td>G47_NF_CLTH</td>
<td>G4751, G4771, G4772</td>
<td>Textiles, clothing and footwear</td>
</tr>
<tr>
<td>G47_NF_HLTH</td>
<td>G4773 to G4775</td>
<td>Pharmaceutical goods, medical and orthopedic goods, cosmetic and toilet articles</td>
</tr>
<tr>
<td>G4791</td>
<td></td>
<td>Via mail orders and internet</td>
</tr>
<tr>
<td>G473</td>
<td></td>
<td>Automotive fuel</td>
</tr>
</tbody>
</table>
SCOPE AND COVERAGE

- **Population**: All *enterprises* in Business Registers which are classified in “Division 47 - Retail Trade (Except Motor Vehicles and Motorcycles)” of NACE Rev.2 activity.
  - Except simple tax enterprises
  - Approximately 1 million Retail Trade enterprises in the population

- **Enterprise**:
  - *smallest combination of legal units*
  - *producing goods or services*
    - *In practice, enterprise is the company having a unique tax number*
The all enterprises with number employees of 50 or more were taken into account. The enterprises with employees 0-4 and 5-49 are selected by stratified random sampling. (1727 / 2015 BASE YEAR TOTAL 6211)
SCOPe AND COVERAGE

- Results are compiled according to NACE Rev.2 classification
- The special activity groups defined in STS regulation are utilized
- Product classification is not used
  - No commodity level data
THANK YOU