STATISTICAL COMMISSION
Ninth Session

REPORT OF THE EXPERT GROUP ON DISTRIBUTION STATISTICS

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CHAPTER I

INTRODUCTION

The Statistical Commission, at its eighth session, emphasized the importance of statistics of distribution and the resources involved in the distributive sector of the economy. It drew attention to the amount of work required to be done in this field in preparation for consideration of the subject by a group of experts, and accorded high priority to this work in the programme of the Statistical Office. The Commission recommended that particular attention be given to the development of basic concepts and definitions suitable for use internationally. In accordance with the decisions of the Commission, and following the completion of the necessary preparatory work by the Statistical Office, the Secretary-General convened a group of experts at United Nations Headquarters for the purpose of considering the concepts and coverage of distribution statistics, the periodicity of such enquiries, the data to be sought, and the definitions and tabulations to be recommended. In convening an international group of this kind the Secretary-General took account also of a resolution for the setting up by the United Nations of an international working party adopted by the Council of the International Chamber of Commerce at its 80th session in November 1953.

The Expert Group was comprised of experts from Brazil, Denmark, New Zealand, United Kingdom and United States, the governments of these countries having generously made the services of the experts available to the Secretary-General for this purpose. The International Chamber of Commerce, which had carried out much important work on distribution in the post-war years, also provided expert assistance. The Inter-American Statistical Institute cooperated by providing an observer to assist the Group.

The members of the Group were as follows:

1. Mr. Ovidio Andrade, Jr., from Brazil;
2. Mr. Henry Stjernqvist, from Denmark;
3. Mr. G.E. Wood, from New Zealand;
4. Miss M.D. Kennedy, from the United Kingdom;
5. Mr. Harvey Kailin, from the United States;
6. Mr. George L. Ridgeway and Mrs. Roberta M. Lusardi, from the International Chamber of Commerce;
7. Mr. Efraim Murcia Camacho, from the Inter-American Statistical Institute.

The Group was assisted by Mr. P.J. Loftus of the Statistical Office, who served as Chairman at the request of the Group, and by Mr. A. Aidenoff, also of the Statistical Office, who served as Secretary. Meetings were held over the period 3 October to 14 October 1955.

The Group took as the basis of its study two documents prepared by the Secretariat, viz:

1. Objectives and Concepts for Basic Distribution Statistics;

Under the first heading the Group discussed enquiries of annual or less frequent periodicity, and under the second, enquiries made monthly or quarterly.
CHAPTER II

QUINQUENNIAL AND ANNUAL ENQUIRIES

The Group noted that in the past ten years, 34 governments had taken censuses or other comprehensive enquiries covering wholesale, retail or related service establishments. In some countries the data were considered of such importance that they were the subject of an annual survey in addition to a less frequent detailed enquiry. This activity was the result of recognition by governments of the growing need for quantitative information on the distributive sector of the economy. The work of the International Chamber of Commerce had greatly contributed to the appreciation of the usefulness of such information for business purposes, and in most countries, the business interests were actively supporting the official statisticians engaged in this work. While methods of enquiry differed from country to country, two distinct patterns of enquiry could be discerned, viz:

i. Those based on censuses of establishments, which covered the whole field of production and distribution and were intended to provide information on the character and location of establishments with details of their labour force and other resources.

ii. Those based on censuses of distribution, which covered only the distributive sector and were intended to provide data on the character of the establishments and their resources and on the flow of goods and services over a period of time.

The Group noted also that the two types of enquiry were drawing closer together as censuses of establishments were extended to include data on the flow of goods and services and censuses of distribution to include data on the structure of the distributive sector and its place in the economy as a whole. It was, therefore, felt that the Group's recommendations, while covering only the field of distribution, should be applicable to both kinds of enquiries.
A. THE PROGRAMME

1. Frequency

The Group considered that the importance of the information yielded by comprehensive censuses was such that all countries should endeavour to take them every five years. It was recognized that countries at present taking censuses only decennially might find difficulty in changing over to a quinquennial basis. It was emphasized, however, that considerable advantages attached to the quinquennial enquiry because of the rapidity of change in the structure and activities of the distributive sector. In each of the intervening years there should be a less comprehensive enquiry concentrating on the basic aggregates. In many countries the need for the annual enquiry would be met by the collection of monthly and quarterly data in the current statistics programme. The Group wished to emphasize the importance of continuity in staff and other resources for purposes of carrying through these enquiries.

2. Coverage

The Group decided that the fields to be covered in the quinquennial (basic) enquiries should include wholesale, retail and related service establishments under the following groups of the International Standard Industrial Classification 1/:

i. 611, Wholesale trade;
ii. 612, Retail trade;
iii. 826, Business services except professional consulting, accounting and bookkeeping;
iv. 831, Motion picture production, distribution and projection;
v. 832, Theatres and related services;
vi. 833, Recreation services, except theatres and motion pictures;
vii. 842, Restaurants, cafes, taverns and other drinking and eating places;

viii. 843, Hotels, rooming houses, camps and other lodging places;  
ix. 844, Laundries and laundry service; cleaning and dyeing;  
x. 845, Barber and beauty shops;  
xi. 846, Portrait and commercial photographic studios;  
xii. 849, Personal service not elsewhere classified.

In the annual enquiries it was considered that initially the coverage might have to be limited to (i) group 612, Retail trade, and (ii) wholesale establishments which have stocks (merchants wholesalers and manufacturers' sales branches) in group 611, Wholesale trade. This is so because of the limitation of resources for this work in most countries and the lesser importance of information on wholesale agents and brokers and service establishments. However, as countries gain experience, it was hoped that the annual enquiries could be extended to the service field and the remainder of wholesale trade.

3. The Reporting Unit

The Group considered that the most suitable reporting unit was the establishment as defined in Annex II, although it was recognized that for a number of purposes and for certain items, business records might be maintained on an enterprise basis. 2/

4. Sources of Data

The Group discussed the various methods of collecting annual and less frequent data on the distributive sector. It distinguished five main sources of information.

i. Censuses of distribution or establishments, covering most of the distributive sector and yielding comprehensive and detailed data.

ii. Enquiries generally covering limited parts of the distributive sector and yielding aggregate data.

2/ See pp. 18 and 42 for fuller discussion of this.
iii. Enquiries other than establishment censuses that yield data on distribution as part of a wider enquiry into other fields of statistics—e.g., population censuses and labor force, employment and capital expenditure surveys.

iv. Data obtained from administrative records such as those of social security agencies and tax authorities.

v. Ad hoc surveys.

The Group wished to emphasize that each government should collect the items of data that are recommended for the distributive sector through the methods of enquiry that are most suitable to its country and statistical organization. In particular, governments may find social security schemes, population censuses and employment surveys useful sources for employment data; tax records possible sources of annual sales, purchase and related information; and economy-wide capital expenditure enquiries the best means for collecting capital investment data. In many countries, however, the absence of enquiries of the kind listed in (iii) and (iv) above makes distribution surveys the only feasible instrument for collecting all the items of data which the Group recommended. Such countries would require to collect in these enquiries not only the items of data which the Group placed in the category of first priority but also many of the items listed in the category of second priority. On the other hand, countries with well-developed statistical services may be able to obtain many of the items of data from administrative sources or specialized surveys other than distribution enquiries. The Group felt that countries should be encouraged to review their statistical programmes on distribution in order to decide on the appropriate source of information for each item of data.

5. Publicity and Disclosure

The Group wished to call attention to the need for co-operation in distribution enquiries on the part of the business community if they are to be successful. To obtain this co-operation, business establishments should

3/ See Annex I.
know about the purposes of the enquiry, the character of items of data sought and methods of collection used, and the confidential treatment of the data gathered. In that connexion, the Group wished to stress that countries should take steps to ensure that the tabulations published were not contrary to their disclosure laws or practices. Countries could of course avoid disclosure of confidential information by utilizing broad classifications for establishment characteristics.

The Group wished to stress the importance of working with organizations of the business community such as chambers of commerce and trade associations in order to plan distribution enquiries and give publicity to these surveys. The Group noted its appreciation of the useful work that the International Chamber of Commerce was doing in publicizing the value to the businessman of information on distribution.

6. Combination with Basic Industrial Enquiries

The Group discussed the advantages of gathering basic data on distribution and industry (e.g., manufacturing) at the same time and of co-ordinating or combining some of the operations in these two kinds of enquiries. Gathering information on these two sectors and coding it for kind of activity at the same time, eliminates some of the dangers of omitting or duplicating establishments that belong in one or the other of the enquiries. This is particularly true for establishments that carry on mixed kinds of activities or that are part of multi-establishment enterprises which straddle both sectors. Combination of these enquiries would also simplify the collection of information from such multi-establishment enterprises and reduce the cost and difficulty of field work if field work is utilized to locate or enumerate establishments. On the other hand, the Group wished to call attention to the fact that some of the items of data and definitions for the two sectors should differ because of differences in ways of doing business.

It was also pointed out that the combination of enquiries into distribution and industry might also facilitate efforts to gather information on the complete flow of goods through channels of distribution. The Group recognized that for many purposes it was important to gather such information since the sales of distributive establishments fall short of measuring the complete flow.
7. Information on Reliability of Results

The Group wished to emphasize that countries should issue information on the reliability and accuracy of the results of distribution enquiries. It would be desirable to furnish measures of the accuracy of key statistics. In any event, descriptions should be issued of (i) the field of distribution covered in the enquiry, (ii) definitions and classification for the items of data sought and (iii) the methods utilized to gather these items of data. Associated with this might be a discussion of the techniques for handling borderline cases of definition or classification.

B. ITEMS OF DATA TO BE SOUGHT

The items of data that are recommended for quinquennial and annual enquiries into distributive establishments are set out in Annex 1. The items of data are divided into primary and secondary classes of priority. The items of data included in the class of first priority are considered fundamental for annual or less frequent enquiries. While some of the items of data in the second priority are also basic to these enquiries, they were included in that class because they are particularly difficult to gather - for example, sales by kind of commodity. Other essential items of data were included in the class of second priority because in many countries, other sources of information are available for them, and distribution enquiries are not the primary instrument for their collection. Finally some of the detailed items of data recommended for second priority although valuable, are not as essential to distribution enquiries as their associated aggregates, and collection of the detailed items entails considerable work.

1. Establishment Characteristics

Information on (i) kind of activity (i.e., whether wholesale, retail, etc.) for all establishments and (ii) kind of business (i.e., type of commodities principally sold) and type of operation (i.e., way of doing business) for wholesale and retail trade establishments, is fundamental in defining the coverage of basic distribution enquiries and classifying the data collected. Classification of items of data by these establishment characteristics (i) reveals the structure of the distributive sector,
(ii) divides it into relatively homogeneous groups and (iii) facilitates the design of sample enquiries. Information on all these establishment characteristics has been commonly collected in basic enquiries. Type of operation is, however, a more frequent and necessary distinction for wholesale establishments than for retail establishments, since, for example, wholesale merchants, brokers and sales agents differ more substantially from each other than the various kinds of retail outlets, and the duplication in sales among the wholesalers is considerable. Consequently, the collection of information on type of operation for wholesale establishments has been recommended for first priority in annual and less frequent enquiries, but for retail establishments it has been included among items of data of second priority in quinquennial enquiries.

To measure the concentration of distributive activity and for purposes of sample design, information is necessary on kind of combination (i.e., whether part of a single or multiple-establishment enterprise). Information on kind of legal organization, although not comparable in all respects internationally, is needed for socio-economic uses at a national level. For these purposes, figures are needed on the prevalence of individual proprietorships, corporations and cooperatives.

2. Number of Establishments

The number of establishments is an item of data that has been commonly tabulated by the foregoing establishments characteristics to indicate the structure of the distributive sector of the economy.

3. Employment and Wages and Salaries

Data on numbers engaged in distributive establishments are needed (i) to help measure the employment provided by wholesale, retail and service establishments, (ii) to compare this with their level of sales and other activities and (iii) to classify these establishments by size. To satisfy these needs, the minimum information required is data on the number of working proprietors, unpaid family workers and employees engaged during one period (e.g., a pay period) every five years. All governments have gathered this information in quinquennial or decennial enquiries, and the International
Labour Organisation has suggested these enquiries as a source for basic data on establishment employment. Additional information is necessary, however, if the employment data is to be used as a measure of labour input or to be related to total sales. For these purposes, information is needed on the number of employees (i.e., workers who are paid) in wholesale, retail and service establishments for several periods during each enquiry year. A number of countries meet this need by information from other sources (e.g., employment surveys or social security schemes) and it would, therefore, be an unnecessary burden on the basic enquiry to request any more than the number of employees during one period. For this reason, the number of employees during several periods of each enquiry year was included among the items of data that are of secondary importance. It should be noted that reasonably adequate measures of annual employment can usually be derived from figures on the number of employees during one period in each quarter of the year.

For socio-economic purposes, information has been sought in the basic enquiries on the number of working proprietors, unpaid family workers and employees engaged during one period classified by age group (e.g., youth and adult) and sex. However, countries may have other adequate sources for this information. In these circumstances, the classification by age and sex need not have high priority as an item of data for quinquennial distribution censuses.

In a number of countries, part-time employment is common in distributive establishments, particularly in retail trade units. Figures on total number of employees may therefore be misleading with respect to the level of employment, particularly when used in studies of productivity and comparisons with wage and salaries paid. To help avoid this, the Group included in the class of second priority for quinquennial censuses, data on the number of full-time and part-time employees for one period.

A number of countries gather figures on numbers of employees and others engaged classified by functional status, particularly in censuses of establishments. When gathered in a census of establishments, these data furnish for the economy (i) a useful inventory of broad occupational groups
in the economy and (ii) a measure of the mixture of activities (e.g., manufacturing and wholesaling) in establishments. The collection of this item of data also yields information that might be correlated in productivity studies with figures on sales or operating expenses. However, at this juncture, the Group did not find it feasible to devise a functional classification of employees for use internationally. The Group noted that the International Labour Office was compiling a classification of occupations for international use which might ultimately be suitable for this purpose. It therefore did not recommend any classification of employees by function or occupation. Despite this, countries, particularly those which take censuses of establishments, may find it important and feasible to include this item of data in their basic enquiries.

Almost all governments have gathered figures on annual wages and salary payments to employees in their basic enquiries, and the International Labour Office has recommended that establishment censuses be used for this purpose. This practice is due to the fact that wage and salary payments are a key income flow and distribution cost. These figures also help measure the level of wages and salaries for employees engaged in wholesale, retail and service establishments. For the latter purpose, the division of wage and salaries according to payments to full-time and part-time workers is essential. This is so because the inclusion of payments to significant numbers of part-time workers in the total, especially in retail trade, results in misleading information as to the level of earnings of full-time workers. However, the collection of information on the level of wage and salary payments to individual employees cannot be considered as a primary function of distribution enquiries. As a result, the classification of annual wages and salaries into payments to full and part-time employees was included on the secondary list for items of data in quinquennial enquiries.

To provide a more precise measure of wage and salary levels in distributive establishments than that furnished by the foregoing, the Group included in quinquennial enquiries an item of data on wage and salary payments to full and part-time employees during the same period as the one for which number employed was gathered. This item of data was included among those
recommended in the second category because it would otherwise burden the basic enquiries, and in many countries, other sources may provide even more exact information on wage and salary rates.

4. Expenditures and Sales for Fixed Assets

Increasingly, governments are gathering annual information on acquisition and sales of fixed assets for wholesale, retail and service establishments. This is due to the fact that expenditures on new fixed assets are an important determinant in the level of economic activity, and figures on capital expenditures by distributive establishments are needed to estimate capital formation. It is also preferable to replace data on the value of holdings of fixed assets by the more easily gathered data on their acquisition and sale in measuring facilities for carrying on business. The Group however noted that for this purpose some countries may also find it desirable to gather information on the physical capacity of holdings of such fixed assets as power and transport equipment, and that the collection of such items of data is practicable if they are properly defined.

To obtain data both for estimating capital formation for the economy as a whole and the increase in capital for particular kinds of businesses, it is necessary to gather figures on expenditures for new and second-hand assets separately and on sales of fixed assets by wholesale, retail and service establishments. For the foregoing purposes, these aggregates are most useful if classified according to type of fixed assets - i.e., (i) machinery, fixtures and equipment other than transport, (ii) transport vehicles, (iii) buildings and other constructions and (iv) land. Because of the difficulties involved in gathering these detailed items of data from establishments, they

have been listed among the items of data that have second priority for inclusion in annual or less frequent enquiries. In particular, it may not be possible for establishments to divide their annual expenditures between new and second-hand fixed assets. However, for the economy as a whole, total annual expenditures on fixed assets adjusted by sales of fixed assets should approximate expenditures on new fixed assets. It might be noted that governments may find it expedient to utilize diverse sources for the collection of the recommended annual capital expenditure data - for instance, records that are the by-product of income tax administration, sample capital expenditure surveys into all kinds of establishments, or other sample surveys.

5. Inventories

Practically all the stocks of distributive establishments consist of goods intended for sale, whether processed or not - i.e. goods ready for sale or to be transformed before sale (e.g. tea blending), and materials that are consumed in rendering services (e.g., food products in restaurants). Data are urgently needed on these inventories, and they are the stocks for which it is easiest to gather total value figures. Figures on stocks of goods intended for sale are wanted in assessing business demand for goods and inventory accumulation and for purposes of their impact on economic conditions. Since the stocks of distributive establishments fluctuate substantially, figures on these fluctuations are excellent indicators of business conditions. Data on fluctuations in the value of these stocks are also needed in estimating capital formation and in computing gross margins in conjunction with purchase and sales information. For the foregoing purposes, at least annual figures are needed on the total value of stocks of goods intended for sale at the beginning and end of the enquiry year. As a matter of fact, these figures are wanted more frequently than annually, and annual data furnish base figures for rapid and economical collection of monthly or quarterly ones. For some of the foregoing purposes (e.g., to determine business demand and supply), stock figures are wanted according to kind of commodity. However, it may not be feasible to gather such figures in complete detail. Some governments may find it practicable to
gather intermittently, stock figures on selected commodities for which information is most urgently needed.

6. Sales

Total value of sales is of course a fundamental figure for enquiries into distributive establishments. It is a primary though crude measure of (i) the level of business activity, (ii) the magnitude of flow of goods and services through channels of distribution and (iii) marketing potentialities. It is also a basic element in the measurement of (i) consumption of goods and services and (ii) the contribution of distributive establishments to the national income. Indeed for many of these purposes, figures on total value of sales are needed more often than annually.

For some of the foregoing requirements (e.g., measurement of the flow of goods and services) and for classification of establishments, total sales should be divided into sales of goods and sales according to broad kind of service rendered. Because the distinction between sales of goods and sales of services is more fundamental and more easily gathered than the classification of sales of services according to kind, the Group recommended that the former distinction be considered for primary inclusion in quinquennial enquiries and the latter for secondary inclusion.

To reduce the duplication in total sales figures of distributive units and to measure national income, it is necessary to divide value of total sales into sales on own account and those on the account of others. Countries which adjust the content of their enquiry questionnaires to particular trades would find it desirable to seek this item of data for kinds of establishments that commonly engage in both kinds of sales. To ease reporting burdens in annual enquiries, the Group suggested that this item of data be included in the primary list for quinquennial enquiries, but in the secondary list for annual ones.

For marketing purposes, to assess the content of the flow of goods through channels of distribution and to determine the character of consumer demand, it is essential to divide value of total sales according to kind of commodity. However, it is difficult to collect reliable information of
this type that will be detailed enough to be much more useful than a classification of total sales by kind of business. This is so because of the lack of records on the part of many small establishments and the market divergence in the way in which summary sales records are kept by other establishments. In this connexion, the Group noted that work on the standardization of accounting records should help to eliminate these difficulties. Because of such problems, many countries either have not asked for a classification of total sales by kind of commodity or have sought this information according to broad commodity groups, a procedure which helps in the coding of establishments according to kind of business. For the same reasons, the Group included the classification of total sales by kind of commodity, despite its importance, in the second category of items of data for quinquennial enquiries. The Group felt that classification of total sales by detailed kind of commodity is a fruitful field for experimentation and the use of sampling. Experimentation like that being conducted in the United States might take the direction of gathering commodity figures on a sample basis from detailed purchase records. For many purposes, especially in the case of retail trade, commodity detail on purchases would be a suitable substitute for commodity figures on sales.

To determine the structure of distributive activities and the sources of demand for goods and in many cases, to code establishments, total sales should be classified by type of customer - for example, for export, for resale by wholesale or retail establishments, for use by households, etc. This is important for wholesale trade because of diversification in type of customer, but not for retail trade, for which households account for the bulk of sales. However, it is very difficult for respondents, even if they keep books, to determine their sales during a year according to type of customers. Therefore, the Group included this item of data among those of second priority for basic enquiries into wholesale trade. The collection of this item of data is also a field for which experimentation with sample enquiries based on detailed sales records (e.g., invoices) should be fruitful.

To measure the way in which purchases are financed and the rate of credit formation in the distributive sector, it is desirable that information
be gathered on value of total sales according to method of payment, and a number of countries do this. This is a difficult item of data to gather and it is easier to make useful distinctions according to method of payment for retail, than for wholesale, sales. Because of this, the Group included classification of value of sales by method of payment among the items of data for secondary consideration in quinquennial enquiries for retail trade establishments.

7. Accounts Receivable

An easier but related figure to gather than sales by method of payment, particularly for single-unit enterprises, is the value of accounts receivable outstanding at the end of the enquiry year. This item of data helps measure the volume of credit in an economy at a particular time, and the Group recommended that it be a primary item of data for annual collection.

8. Purchases

Data are needed on the value of purchases of goods intended for sale, whether later processed or not, in order to measure commodity flows through channels of distribution, for input-output tables and price collection schemes, and to compute gross margins. In conjunction with sales figures, purchase data might also be used as a basis for estimating monthly or quarterly inventory figures. For these and related purposes, a number of countries have sought figures on purchases of goods intended for sale, and a few countries have extended the purchase data that they seek to all commodities and services bought by distributive establishments. Despite this, some countries have found difficulty in including purchase information in their enquiries because of the fear on the part of respondents that it would be used to reveal gross margins. In including value of purchases during the enquiry year in the list of items of data, the Group recognized that some countries may not find it desirable to gather such figures.
C. GROSS MARGINS AND OPERATING COSTS

The Group noted that an important use of data on the value of sales and purchases and the value of inventories at the beginning and end of the year for goods intended for sale is the computation of gross margins - i.e., the difference between the value of the goods and services sold during an enquiry year and the gross cost of these goods and services. The gross cost of goods and services would be the value of purchases of goods intended for sale and of sub-contracted work during the enquiry year adjusted by the difference between the value of inventories of goods intended for sale at the beginning and end of the year.

The computation of gross margins is a major step in the direction of calculation of the national income and product generated in the distributive sector, and it provides the basis for comparisons of profitableness and efficiency between distributive establishments. It should be noted that gross margins exceed the contribution to national gross product of distributive establishments by the cost of (i) commodities consumed during the enquiry year, such as shop, office, repair and maintenance supplies and power and (ii) services used during the same period, such as repair, transportation, advertising, accounting, communication and licenses.

The Group felt that it would be highly desirable to have detailed data on the foregoing types of costs - i.e., operating costs (expenses) - for purposes of precise social accounting calculations and studies of efficiency of distributive establishments. For the former purpose, operating expenses might be classified by type of expenditure; and for the latter, by the aspects of the business for which the expenditure is made. However, the difficulties of gathering such information are great, while a total figure for operating costs without the subdivisions mentioned above is difficult to utilize. The difficulties of collection stem from (i) the fact that the enterprise rather than the establishment is by far the most suitable reporting unit for the purpose and (ii) considerable variation in the way in which operating expenses are classified and compiled in business account records. In this connexion the Group took note of the study of the International Chamber of Commerce on operating costs and, in particular, of the plans of
this organization for future work on the standardization of accounting records. The Group expressed the hope that the International Chamber of Commerce would give the necessary priority to this work and report at a later date to the Statistical Commission on its progress. The Group also noted that the Statistical Office was collecting information on country practices in the field of operating cost statistics as part of its work on enterprise statistics.

D. DEFINITIONS AND CLASSIFICATIONS FOR THE ESTABLISHMENT AND ITEMS OF DATA

The definitions and classifications that the Group recommended for the establishment and the items of data to be sought in distribution enquiries are set out in Annex II. In selecting these classifications and definitions, the Group considered the uses of distribution data and the practical problems of their collection.

1. The Establishment

The establishment is defined as one kind of activity or business carried on at a single location under one ownership so that the reporting unit for distribution enquiries will provide data which can be classified by kind of activity or business, location and size of establishment and coincides, on the whole, with the management unit. In practice, the definition is convenient in most situations. However, this may not be the case where one ownership carries on business at a number of locations (i.e., multi-establishment enterprises) or where one ownership does more than one kind of business at one location. This is so because separate summary records may not be maintained for the different locations or kinds of business. Nevertheless, because of the importance of gathering separate information on different locations and kinds of business, efforts should be made to treat each location or kind of business as a separate reporting unit. Respondents may be able to furnish separate information for each location from detailed records or other sources of information. In some of these cases, however, it may be necessary to combine the separate locations or kinds of business into one reporting unit. Once the practicable reporting unit is defined, it is best to cover all of its pertinent resources and activities in the distribution enquiry. In this
way, reporting is made easier and consistent figures are gathered on all the items of data.

2. Establishment Characteristics and Number of Establishments

The Group referred to the International Standard Industrial Classification for classification by kind of activity. The International Standard Industrial Classification does not subdivide wholesale and retail trade according to kind of business (i.e., according primarily to the major kinds of commodities sold). While the Group recognized the importance of this subdivision for wholesale and retail trade establishments, it felt that a classification scheme for this purpose could not be suggested without considerable further study. The Group noted that the Statistical Office will work on this question in considering revision of the International Standard Industrial Classification.

To separate wholesale establishments into homogeneous classes and to avoid duplication of data on sales, the Group felt that it was necessary to separate them, at least, into (i) wholesalers who buy and sell on their own account, (ii) manufacturer's sales offices and branches and (iii) agents and brokers. This classification by type of operation should be practicable for most countries. In addition, some governments may wish to subdivide the foregoing categories into classes that are appropriate for their country. Because distinctions between retail trade establishments according to type of operation are not uniform from country to country, the Group did not recommend a classification for this purpose.

The detailed classifications by kind of combination and kind of legal organizations that are most suitable for a country depends on the character of its economy and laws and customs. However, the Group felt that certain distinctions were useful and practicable for most countries. Therefore, the Group recommended only these distinctions - between single-establishment and multi-establishment enterprises for kind of combination and between individual proprietorships, limited liability organizations and others for kind of legal organization.
In classifying establishments by location, countries find that administrative areas are practicable and useful and that division by large and small areas is needed. Some countries may find it desirable to supplement this by establishing economic areas, since population density, marketing, transportation, or other kinds of areas may not coincide with administrative areas. In working out economic areas, it is most practicable to combine administrative areas.

Most countries classify establishments by number engaged and value of sales for socio-economic purposes and for comparisons of efficiency among distributive establishments. The Group therefore suggested that both criteria be used to classify establishments by size. The Group noted that some countries may find it more practicable to utilize number of employees than number engaged because of the source of their employment information and the nature of their economy. The Group considered that it would be desirable to obtain maximum possible uniformity in classification by number engaged, if practicable, for purposes of international comparison. It therefore suggested lower class limits that most countries have utilized. Countries may of course find it necessary to employ additional classes for their own purposes. The use of the suggested lower class limits will, however, permit regrouping country data into classes on an internationally comparable basis.

In order to obtain an unduplicated count of the business population, it is necessary to count the number of establishments in business on a particular day. However, for purposes of comparing statistics of employment, sales and other items of data to number of establishments, a count of the number of establishments that reported these items of data is needed.

3. Employment and Wages and Salaries

The figures that governments have gathered on numbers engaged by status as working proprietor, unpaid family worker or employee, have generally been counts of the different persons attached to an establishment (i.e., working in it or engaged in its activities on the outside) during some specified periods. This country practice is consistent with the recommendations on employment statistics which have been made by the International
Labour Organisation and by the Statistical Commission in connexion with basic industrial statistics. Individuals working for distributive establishments have been included in these counts irrespective of their duties in order to (i) account for all the labour used (and employment provided) by such establishments and (ii) simplify reporting, particularly when payroll and similar records are used. For the same reasons, persons on short-term leaves (e.g., sick leaves, paid vacations or casual leave) have been included among those attached to establishments. To obtain definite and additive figures on employment, countries have generally sought counts of the number of different individuals engaged at any time in short, specified periods rather than the maximum, minimum or average number engaged over extended periods of time. Except in censuses of establishments, the specified periods have been longer than a day (e.g., a payroll period or a calendar week or month) in order to facilitate reporting, although this may result in some duplication.

The definitions suggested for working proprietors, unpaid family workers and employees follow the consensus in country practice. These definitions also agree with recommendations which have been made by the International Labour Organisation and the Population and Statistical Commission of the United Nations. Working proprietors are restricted to owners (those who share in profits and direction) of unincorporated businesses who actively engage in the work of such establishments. Managers and directors of incorporated businesses are employees of these organizations. To avoid overstating the labour contributed by family workers, this count has been limited to household members of owners of unincorporated businesses, who worked for such establishments at least a minimum period of time. Unpaid family workers need not be blood relative of the owners of unincorporated businesses as long as they receive food, shelter and other sustenance as members of the households of these owners. It is common practice to define employees as all persons other than working proprietors or unpaid family workers engaged in the activities of the establishment and on its payroll - i.e., working for pay. It should be noted that members of boards of directors who are paid fees for attending meetings are generally not counted as employees.
Although countries have designed their division of persons engaged according to age so that adults are separated from minors, the exact age for accomplishing this depends on the laws and customs of each country. As a result, it is not possible to suggest an age for distinguishing adults from juveniles that would be similar for all countries. For like reasons it is not feasible to define the distinction between full and part-time employees.

The Group defined the items of data on wages and salaries so that data as complete as practicable are gathered on payments made to employees in connexion with their work. Payments to all persons included among employees are covered under wages and salaries. It might be noted that this makes possible the reporting of wages and salaries from payroll records. This was done so as to (i) obtain comparable data on employment and wages and salaries and (ii) measure labour income and costs completely. Wages and salaries encompass payments, in cash and in kind, for commissions, overtime, cost-of-living allowances, bonuses, dismissal pay and the like. To assess their worth to the employee, payments in kind should be valued at market price but it may be more practicable for establishments to report them according to the cost of the goods and services supplied. Payments are counted before deductions by the employer for withholding taxes, social security contributions and other employee obligations for which the employer is the collecting agent. Figures on payments by the employer for family allowances, social security and similar obligations are not to be included in wages and salaries but may be reported separately. As a matter of fact, some countries, where take-home pay for employees is substantially affected by deductions for their obligations as well as additions for family allowances and similar social security benefits, have gathered separate figures on both items. This furnishes a useful measure of disposable labour income.

4. Expenditures and Sales for Fixed Assets

Statistics on capital investment for wholesale, retail and service establishments should cover purchases or construction on own account of all new capital assets, including additions, alterations and renovations, so as to measure completely gross capital formation. From this point of view, only
major additions, alterations and renovations should be included in capital -
goods expenditures. In addition, data on used fixed assets and land provide
information on gross increases in the physical capital resources of each
kind of establishment. Repair and maintenance expenditures are excluded
from the items of data on gross capital formation. The distinction between
current and capital expenditure might be drawn at one year, as the Statistical
Commission has done in basic industrial statistics, since this is the length
of one accounting period.

In valuing purchases of capital goods, it is important to include all
costs involved in placing fixed assets in condition for use. This includes
in addition to purchase price, all development, delivery and installation
costs, taxes and other fees paid, but it excludes financing costs such as
broker's or underwriters' commissions and fees incurred for floating any
necessary loans. Any subsidies received in connexion with capital investment
should be deducted from the cost. Examples of development costs are fees
to architects and engineers paid in connexion with planning structures. For
fixed assets made by establishments on their own account, it has generally
been practicable to include only direct labour and material costs, although
a few countries have added overhead to these costs. It may be necessary
to value transfers of fixed assets from other establishments of the same
enterprise in the same way. The Group noted that in practice, countries
have found it best to obtain capital investment figures from the fixed-
asset accounts which establishments may maintain - in other words, to
accept the accounting practices of these establishments in defining scope
and valuation for these statistics.

The recommendation made that acquisitions of fixed assets from others
be recorded in the items of data on their delivery follows the definition laid
down by the Statistical Commission for basic industrial statistics. The
Statistical Commission has recommended this, since (i) establishments can
value their purchases of fixed assets more easily on delivery than before,
(ii) at that time, these assets add to their capital equipment, and (iii)
the dangers of double counting in estimating country-wide gross capital
formation is avoided. It should be noted that the time alternatives for
recording capital purchases give rise to important differences in figures only for capital goods which take a long time to make - for example, buildings in case of distributive establishments.

For capital goods that establishments make on their own account, the Statistical Commission has followed country practice in suggesting that capital expenditure statistics record the cost of work put in place during the year of enquiry. Thus, expenditures on fixed assets which are completed during a year or are still being constructed at its end but which were begun before the beginning of the year, are equivalent to the difference between the cost of the work in place at the end and beginning of the year.

Since data on expenditures for new capital goods are designed to measure gross capital formation in a country, new fixed assets should include all capital goods which have not been used in the work of any of its establishments. This would cover second-hand fixed assets which are imported. For similar reasons, renovations and alterations in fixed assets which have been used in a country, made before acquisition by one of its establishments, should ideally be included in the items of data on expenditures for new capital goods. Since this is not feasible, it has been suggested that second-hand fixed assets should include capital goods which have already been utilized by some establishment of the country, whether they were renovated or not before acquisition by another unit.

5. Inventories

The Group felt that the item of data on inventories that was both useful and practicable to gather, was stocks of goods intended for sale, whether processed or not by the establishment before sale. Included are goods ready for sale, goods transformed before sale and materials such as food in the case of restaurants, consumed in rendering services. Excluded are commodities such as packing supplies, fuels and repair and maintenance and office supplies. Goods intended for sale account for practically all the stocks held by distributive establishments and it is very difficult for them to provide figures on their stocks of supplies. The Group suggested that the data on inventories include goods intended for sale owned by the establishment.
irrespective of where held, in order to make stock figures consistent with those on sales and purchases. The Group noted that in some circumstances it may be more practicable to gather figures on inventories held by the establishments, but that in most cases, stocks held and stocks owned are either the same or approximate each other very closely.

The Group recognized that in recommending that stocks be valued at replacement cost (i.e., market price), it was formulating a principle from which in practice departures would be common. Nevertheless, it is important to set a uniform goal for the valuation of stocks toward which countries might work. Replacement cost was considered most suitable for this purpose because of its usefulness in valuing inventories for many purposes. The Group noted that the Statistical Commission has adopted replacement cost in its recommendations on items of data for inventories in basic industrial statistics. The Group wished to emphasize that in practice, the way in which distributive establishments valued inventories in their books must be accepted.

6. Sales

The item of data on total sales is defined so that it covers completely (i) the flow of goods and services from wholesale, retail and related establishments and (ii) the activities and receipts of these units. Sales of goods are included whether sold in the same condition as purchased or transformed by the establishment, or whether made on own account or on the account of others. Sales are to be recorded when transfers of ownership or control occurs and in the case of hire purchase or installment arrangements; at the time the contract is executed. In practice, the time at which sales are reported varies with trading customs, bookkeeping methods, and the records from which sales data are abstracted. They may be accounted for at the time transactions were contracted, goods or services are invoiced, goods are shipped, or other kinds of documents are prepared. For small establishments, they may even be reported on a cash-received basis.

In valuing sales of goods and services, governments should seek figures on the total sum involved in these transactions. These figures therefore are
net of returned goods and discounts, rebates and other allowances, but include charges for services such as delivery or installation, if provided by the seller. It is necessary to include indirect taxes and duties which are collected by respondent units in sales figures, since (i) such receipts are part of the market value of the goods and services sold and (ii) this simplifies the reporting of sales information. If possible, such tax receipts might be separated from other sales proceeds because they need to be excluded in valuation at factor cost. Similarly, if establishments receive subsidies in connexion with sales, it would be advantageous to gather figures on them separately so as to distinguish them from sales data.

In its recommendation on the division of the value of total sales into sales of goods and sales of services, the Group followed country practices. In classifying sales of services according to kind of service, governments have usually followed the classes which they employed to distinguish service establishments from each other in their distribution enquiries. For these reasons, the Group suggested that the categories of the International Standard Industrial Classification for services be used to classify sales of services according to kind of service. For establishments which usually sell goods on commission or consignment as well as on their own account, figures on total sales of goods have generally been separated into these two categories. This distinction hinges on whether or not the goods are owned by the establishment which sells them. Goods sold on own account are those to which the establishment or its parent enterprise holds title.

The recommendation of the Group on what sales of goods should be classified by kind of commodity, type of customer and method of payment was based largely on practical considerations. These items of data are very difficult to collect, and the Group felt that they should be restricted to sales concerning which the establishment was most likely to have detailed knowledge or records. This might be the case only for sales which an establishment negotiated in detail (e.g., invoice). Establishments may not invoice sales that they make on the account of others or that are made by others on their account. It should be noted that restricting in this way the sales of goods to be classified by kind of commodity, etc., does not result in two establishments reporting classifications for the same sales. The
Group did not find it feasible to suggest a classification scheme for kind of commodity for use internationally, and it called attention to the need for work on this question. The classification scheme that the Group suggested for sales by type of customer is one that would provide information on the character of the demand for goods and their flow through channels of distribution and for purposes of distinguishing wholesale from retail establishments. It would also provide information for social accounting and related purposes. The Group suggested minimum practicable categories for classification of sales by method of payment.

7. Purchase

In order to make the item of data on purchases consistent with those on sales and inventories, the Group recommended that purchases cover all goods intended for sale which establishments bought (i.e., acquired ownership of) or received from other establishments of the same enterprise (i.e., acquired control of) and all sub-contracted work. The transactions in goods should be recorded in purchase figures at the time ownership or control is acquired, and the cost of sub-contracted work at the time the work is done. In fact, the time at which it is practicable to record sub-contracted work or acquisitions of goods in purchase figures, depends on the accounting practices of distributive establishments. They may report them when (i) contracts are made, (ii) invoices, shipping or other bills are received, (iii) goods are delivered and services rendered or (iv) even when payment is made.

Purchases of goods should be valued according to cost on delivery. In addition to purchase price, this cost includes indirect taxes, (sales, excise and duties) and delivery and other charges involved in the purchase to bring the purchased commodities to the establishment or its agent. It excludes returns and deductions from purchase price such as discounts, rebates and other allowances. Allowances for trade-ins are not deducted because they are payments in kind. To determine delivered cost for purchases, any subsidies received in connexion with them should be deducted, and it may be useful to seek data on subsidies for purchases. To furnish consistent data on purchases,
transfers from other establishments of the same enterprise should be valued as though they were bought from others. This may be difficult in practice. If this is the case, these transactions might be valued at the cost incurred by the enterprise up to the point of delivery to the establishment. This cost would include (i) purchase cost to the enterprise and (ii) cost to the enterprise of the direct labour, materials and other charges and possibly, the overhead which is involved in processing, delivery and other handling between acquisition and delivery to the establishment. Sub-contracted work should be valued at actual cost to the establishment.

E. TABULATION OF ITEMS OF DATA BY ESTABLISHMENT CHARACTERISTICS

The recommendations of the Group on establishment characteristics by which items of data should be tabulated are set out in Annex III. It should be noted that these recommendations constitute a minimum tabulation programme for quinquennial and annual distribution enquiries. The Group suggested the tabulation of all items of data that are gathered by kind of activity for service establishments, by kind of business for retail establishments, and by kind of business and type of operation for wholesale establishments. It did this because tabulations by these establishment characteristics are fundamental to (i) description of the structure, resources and activities of distributive establishments, (ii) comparisons of performance among these establishments and (iii) studies of the inter-relations between the resources employed by distributive units and the activities that they carry on and between these characteristics and business conditions. The Group suggested tabulation of fewer items of data (in general, aggregates) by location and the foregoing establishment characteristics in order to describe the geographic distribution of distributive establishments and the employment and income contributed by them to different areas. Tabulations are suggested for only a few key items of data by size of establishments as measured by number engaged and type of operation, kind of business and/or kind of activity in order to indicate the structure of distributive sector of the economy. Tabulation of additional items of data are suggested for size of establishments as measured by value of sales because of the importance of this size criterion
in measuring the performance of distributive establishments. The recommended tabulations by kind of combination or kind of legal organization and type of operation, kind of business and/or kind of activity are restricted to a few items of data, since the main use of these tabulations is to describe the structure of the distributive sector.
CHAPTER III

MONTHLY OR QUARTERLY ENQUIRIES

Under this heading the Expert Group discussed the data to be collected and published at intervals of less than one year, since the annual series had been included under the heading of annual and less frequent distribution statistics.

The Group noted that about twenty countries were currently collecting and publishing monthly or quarterly data on sales and, in a number of cases, on inventories, of retail establishments. Certain of these countries collected and published similar data for wholesale trade establishments, while a small number also included service and manufacturing establishments whose activities were closely related with those of wholesale and retail establishments.

It was considered that the current statistics should provide frequent and up-to-date information on the activity of, and state of business in, the distributive sector. This need could be met only by monthly, or where this was not possible, quarterly data published very soon after the end of the month or quarter to which the data related. To make this possible for most countries, it is necessary to limit the programme to the data that could be collected and processed rapidly.

A. DATA RECOMMENDED FOR COLLECTION

The Group recommended that data be collected monthly or quarterly on the value of sales and on the value of inventories. Where, however, adequate data were available or could be more easily collected on purchases, a combination of purchase and sales data could be used to obtain an approximation to the changes in inventories and thus obviate the necessity of direct collection of inventory data.

The Group considered whether data should also be collected on employment and earnings which would be co-extensive with the data on sales. It was noted that these items were, in most countries, collected through
other statistical programmes, though not specifically for the distributive sector. Countries which do not have such alternative sources of data on employment and earnings should consider collecting them in their current distribution enquiries. It was concluded, however, that given present national practices, the inclusion of these items might in some countries be unduly burdensome on the monthly or quarterly programme.

B. COVERAGE AND REPORTING UNIT

The Group recommended that the monthly or quarterly data should cover the whole field of retailers and wholesalers who customarily hold stocks. This involved coverage of Group 612 (Retail trade) and that part of Group 611 (Wholesale trade) where stocks are customarily held. The Group felt that ultimately countries would wish to extend the coverage to other wholesalers and to certain types of service establishments included in Groups 826, 831-839, and 842-849 of the International Standard Industrial Classification. Consideration was given to the need for data covering the whole field of consumer expenditure as distinguished in national accounting. On this point the Group felt that the items they had recommended when classified by establishment characteristics (viz. kind of activity and business) provided an approximation to sales by commodity group. In addition they furnish as near an approximation to the commodity component of consumption expenditure as was likely to be obtainable on a monthly or quarterly basis.

The Reporting Unit should be the establishment as defined in Annex II of this report.

C. SOURCES OF DATA

Current distribution statistics may be gathered (i) as a by-product of the administration of schemes for the collection of turnover, excise or other taxes or (ii) directly in recurrent surveys that are specifically designed for this purpose. Some countries - for example, Australia, Norway and Western Germany - depend primarily on the first source for current information on sales but not inventories. Most countries employ recurrent enquiries for the direct collection of current data.
It is usually more economical to derive current distribution statistics from the administration of tax collection schemes than to gather these figures through special recurrent surveys. However, relatively few countries have tax collection schemes that are suitable for this purpose. Tax collection may yield sales figures but not inventory data. The coverage, definitions and records that are utilized in tax collection may not produce the current distribution statistics which are needed. There are also dangers of excessive delay in producing current figures from this source. For the foregoing reasons, the Group believed that in most cases it would be necessary to gather current distribution statistics directly instead of from administrative records.

D. DATA TO BE PUBLISHED

1. Sales

Absolute figures, and if this is not possible, index-numbers of the value of sales should be published for each calendar month or quarter, distinguishing sales of wholesale establishments from those of retail establishments. A suitable alternative for many countries would be the collection of data for periods of four or five weeks within each calendar month (or periods of 13 weeks within each quarter) and the publication of the results on a weekly average basis. It was considered desirable that the index-numbers should be adjusted for changes in the number of trading days and for seasonal fluctuations. In any event the unadjusted series should be published.

No recommendation was made as to the classification of sales by commodities, since it was felt that the classification by kind of activity and business used for national purposes would provide most of the information required without burdening the monthly or quarterly enquiry with too much detail.

2. Inventories

Absolute figures and if this is not possible, index-numbers of the value of stocks at the end of each month or quarter should be published distinguishing stocks of wholesale establishments from those of retail
establishments. As was the case when it considered the commodity classification for basic distribution statistics, the Group did not recommend a specific classification of commodities in the current statistics. It was felt that countries would wish, from time to time, to collect data on selected commodities about which information was required for national purposes. For general purposes, the grouping of data by kind of activity and business would provide most of the information necessary. In view of the importance of an appropriate commodity classification for both sales and inventories, the Group felt that countries should be encouraged to experiment in this direction.

E. DEFINITIONS

It was considered important that the same definitions be used in the current statistics as were used in the basic enquiries discussed earlier in this report.

F. CLASSIFICATION OF DATA BY ESTABLISHMENT CHARACTERISTICS

The figures of sales and of stocks, or the index-numbers, should be classified into summary groups according to kind of activity and subdivided by kind of business (i.e., kinds of commodities handled). Such groups may be wider than those used in the basic enquiries. Where resources permit and where there is reason to expect differences in activity in different regions of the country, the data should be presented separately for each region.
CHAPTER IV

SAMPLING IN DISTRIBUTION STATISTICS

While the material on the design of samples in this chapter applies most directly to the collection of annual and monthly or quarterly data, the Group wished to emphasize that sampling could be used to advantage in all kinds of distribution enquiries.

A. USE OF SAMPLING

Because sampling as compared to the census approach reduces the number of establishments from which data need be gathered, it is particularly appropriate in basic enquiries for items of data that are not tabulated by detailed classifications for establishment characteristics (e.g., small areas) or are difficult and costly to gather. Sampling is valuable in gathering data from small establishments and in collecting figures on such items of data as capital expenditures and the classification of sales by kind of commodity, kind of customer and method of payment. Countries will find sampling useful for many of the basic items of data that the Group placed in the category of second priority. Samples of establishment returns would also help to tabulate rapidly preliminary data in basic enquiries. In doing this care must be taken that the sample selected is representative of all establishments covered in the enquiry. Countries engaged in taking annual and monthly or quarterly enquiries find it essential to use sampling to reduce the number of respondents. Otherwise, the cost of these enquiries would be prohibitive, and the results could not be issued rapidly enough.

B. NEED FOR PROBABILITY SAMPLING

To ensure that the units enumerated in a survey are representative of all the establishments to which the survey relates, probability sampling should be utilized, i.e., each establishment in the field of enquiry should have a known chance, other than zero, of being included among the respondent units. Probability sampling also has the advantage
of yielding measures on the accuracy of the enquiry results, and the size of the sample could be varied to obtain given degrees of accuracy. Although many countries now utilize other means of selecting samples, an increasing number are turning to the use of probability samples.

The Group noted that the samples which are utilized by some countries are known to give inadequate representation to certain kinds of establishments in rural areas. It was considered essential that in such cases, estimates should be made of the extent of the under-representation, with a view to the taking of corrective steps where under-representation was serious. Under-estimates of this kind are usually due to:

i) the lack of identifying information on all of the establishments covered by the enquiry; and

ii) the costs and difficulties of obtaining information for certain types of units.

It was noted that insufficient information might be available to:

i) delineate the universe of establishments at the time the enquiry is started; and

ii) identify subsequent additions to the universe.

The Group drew attention to the need for almost complete response from establishments included in a sample before making estimates from it. In this connexion note was taken of the work being done in certain countries to deal with the problem of non-response in sample enquiries.

C. KINDS OF SAMPLES

1. List Sampling

In selecting respondent units for annual and monthly or quarterly enquiries, governments have utilized list sampling (i.e., selection of respondent units from lists of the establishments or enterprises covered by the survey) more often than area sampling. They did this because of the fact that sampling from a complete and up-to-date list of establishments was likely to be more efficient than area sampling 1/. This is due,

1/ By efficient is meant the attainment of lower variance in the estimates from the sample at a given cost, or lower cost for a given variance.
in part, to (i) marked differences in the weight in sales or stocks for all retail or wholesale trade that is carried by establishments in different kinds of business or size classes and (ii) the divergent trends in sales or stocks among these groups of establishments. Under these circumstances, it is efficient (i) to divide the universe of establishments into strata according to kind of business, size and possibly location and (ii) to select samples of varying size independently from each stratum. The size of the sample (e.g., the sampling fraction) for each stratum should depend on (i) the contribution that it makes to figures for the universe, (ii) the costs of enumerating establishments in the stratum and (iii) the variance for establishments in it. List sampling is also more efficient than area sampling because units to be enumerated are selected directly; whereas in the latter case, they must be located and identified in sample areas before they can be enumerated.

List sampling coupled with stratification and variable sampling fractions, has been utilized by countries such as Canada, the Netherlands, New Zealand, Sweden and the United States in selecting respondent units for annual and more current surveys. In general, they have varied the sampling fraction in relation to the size of the establishment or enterprise and sometimes, to the kind of business and/or area. In these cases, all of the largest establishments (e.g., those that are part of chains, large department stores, or those with sales above a given magnitude) have been included in the samples. Where this is done it may be possible for countries to issue separate data on chains or department stores.

Although list sampling is more efficient than area sampling for current distribution enquiries, it is not always feasible for all kinds of establishments covered in these surveys. This is due to the fact that list sampling must be based on complete lists of the establishments that are covered in these enquiries, and it may not be possible to start and maintain such lists for small or other kinds of units. Countries generally obtain lists of establishments from which to start or rejuvenate current enquiries from such sources as basic distribution enquiries or tax, licensing, social security and other administrative schemes. If administrative sources are
used for this purpose, they may furnish incomplete lists or information for the smallest establishments. More important, countries depend on administrative records for lists of establishments that begin business after the start or rejuvenation of current enquiries. They need these lists in order to add to samples for current surveys respondent units which represent new establishments. Administrative lists may be especially deficient in this regard for small distributive units. It should be noted that because of the difficulties of adjusting samples for new establishments, (births) the results of some current distribution enquiries are biased, particularly for small retail units.

2. Area Sampling

Some countries employ area sampling in annual or more current distribution surveys to (i) select respondent units from among small establishments or (ii) adjust figures for births among establishments. It should be noted that the use of area samples ensures the inclusion of respondent units that represent new establishments. Canada uses area sampling to adjust current survey results for births, and the United States employs it for small retail establishments and to adjust for large establishments omitted from mailing lists. Sweden is planning to use area sampling for the same purpose as the United States.

In area sampling, areas are selected in which all establishments that fall into the current enquiry are located and identified, and all these establishments or a sample of them are enumerated. For this purpose, maps, lists or other materials are needed so that the country may be divided completely into defined areas from which sample areas are chosen. In general, area sampling is more efficient if (i) areas are stratified according to their contribution to sales and/or stocks for all wholesale or retail trade, and (ii) the size of the sample from each stratum is varied. The number of the sample areas selected from each stratum should depend on (i) the weight of the stratum in sales and/or stocks for all wholesale or retail trade, (ii) the costs of listing and enumerating establishments in its areas and (iii) the variance between areas in the
stratum. Basic distribution enquiries should produce the information required for stratification. If such enquiries have not been taken, population figures might be used, particularly for retail establishments. Multi-stage sampling - for example, firstly, selecting primary sample areas and, secondly, sample areas within them for which establishments are listed - might also add to the efficiency of area sampling. Multi-stage area sampling would help keep down travel costs and, at the same time, spread sample areas over the country. Thus, the United States and Canada both utilize stratified, multi-stage area sampling.
ANNEX I

ITEMS OF DATA TO BE SOUGHT IN QUINQUENNIAL AND ANNUAL ENQUIRIES

(X, unless otherwise noted, indicates that the item of data should be sought.)

<table>
<thead>
<tr>
<th>Item of Data</th>
<th>Five Year Enquiries into Wholesale and Retail Trade and Service Establishments</th>
<th>Enquiries for Each Intervening Year into Wholesale and Retail Trade Establishments</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Establishments Characteristics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Kind of activity</td>
<td>( ^1/ )</td>
<td>( ^2/ )</td>
</tr>
<tr>
<td>2. Kind of business</td>
<td>Wholesale and retail trade</td>
<td>Wholesale and retail trade</td>
</tr>
<tr>
<td>3. Type of operation</td>
<td>Wholesale trade</td>
<td>Retail trade</td>
</tr>
<tr>
<td>4. Kind of combination</td>
<td>X</td>
<td>Retail trade</td>
</tr>
<tr>
<td>5. Kind of legal organisation</td>
<td>X</td>
<td>Wholesale trade</td>
</tr>
<tr>
<td>B. Number of establishments as of One Day</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>C. Employment and Wages and Salaries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Number of working proprietors, unpaid family workers and employees separately for one period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Total</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>b. Distinguished according to sex and adult and youth</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>2. Number of employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Distinguished according to full and part-time for same period as in 1</td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

1/ Classification of establishments as to whether wholesale, retail or service and of service establishments according to kind of service rendered.

2/ Wider categories for kind of business should be used for annual enquiries than for quinquennial ones.
<table>
<thead>
<tr>
<th>Item of Data</th>
<th>Five Year Enquiries into Wholesale and Retail Trade and Service Establishments</th>
<th>Enquiries for Each Intervening Year into Wholesale and Retail Trade Establishments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Primary</td>
<td>Secondary</td>
</tr>
<tr>
<td>b. For several periods possibly one in each quarter of the enquiry year, one of which might be same period as in 1</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>3. Wages and salaries paid during enquiry year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Total</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>b. Distinguished according to full and part-time</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>4. Wages and salaries paid during same period as in 1, distinguished according to full and part time employees</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>D. Expenditures and Sales for Fixed Assets during Enquiry Year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Expenditures on fixed assets distinguishing new from second hand goods, where possible; and machinery, fixtures and equipment other than transport; transport equipment; buildings and other construction and land</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>2. Sales of fixed assets distinguishing machinery; fixtures and equipment other than transport; transport equipment; buildings and other construction and land</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Item of Data</td>
<td>Five Year Enquiries into Wholesale and Retail Trade and Service Establishments</td>
<td>Enquiries for Each Intervening Year into Wholesale and Retail Trade Establishments</td>
</tr>
<tr>
<td>-------------</td>
<td>--------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>Primary</td>
<td>Secondary</td>
</tr>
<tr>
<td>E. Inventories at beginning and end of enquiry year of goods intended for sale, whether processed or not</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>F. Value of All Sales during Enquiry Year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Total</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>2. Distinguished according to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Sales of goods and sales of services</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>b. Sales of services by kind of activity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. Sales on own account and sales on the account of others</td>
<td>X²</td>
<td></td>
</tr>
<tr>
<td>d. Sales by kind of commodity</td>
<td></td>
<td>Wholesale and Retail trade 4/</td>
</tr>
<tr>
<td>e. Sales by type of customer</td>
<td></td>
<td>Wholesale</td>
</tr>
<tr>
<td>f. Sales by method of payment</td>
<td></td>
<td>Retail trade</td>
</tr>
<tr>
<td>G. Accounts Receivable as of End of Enquiry Year</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>H. Value of All Purchases during Enquiry Year of Goods Indented for Sale, whether Processed or not</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

² If feasible, this distinction should be made only for kinds of business for which sales on the account of others are common (e.g., wholesale agents and brokers).

⁴ Value of sales or purchases should be classified by kind of commodity, whichever it is more practicable to do.
ANNEX II

DEFINITIONS AND CLASSIFICATIONS FOR THE ESTABLISHMENT AND ITEMS OF DATA IN DISTRIBUTION ENQUIRIES

A. THE ESTABLISHMENT

1. Definition

The most suitable reporting unit is, in general, the establishment - i.e., the store, shop, office, or other single location at which a combination of resources and activities are directed by one ownership in carrying out one kind of business. This definition contrasts the establishment to (i) the enterprise, which may consist of a number of establishments at different locations and in different kinds of business or (ii) departments, which are sub-divisions of the establishment engaged in the different activities involved in doing one kind of business. The establishment includes associated auxiliary units - e.g., subsidiary warehouses, garages, offices in its proximity. In practice, the extent to which information can be obtained for different kinds of business at one location or for one kind of business at different locations determines whether it is feasible to divide them into different establishments. In some cases, it may be necessary to combine into one establishment (a) different kinds of business carried on by one ownership at one location or (b) one kind of business carried on by one ownership at different locations.

2. Totality of Coverage

The items of data gathered for establishments which fall into the coverage of distribution enquiries should encompass all of the pertinent resources and activities of these establishments.

B. ESTABLISHMENT CHARACTERISTICS AND NUMBER OF ESTABLISHMENTS

1. Kind of Activity

The major kind of activity carried on by the establishment - i.e., wholesale trade, retail trade, or kind of service. The International
Standard Industrial Classification of all Economic Activities¹ might be utilized to classify establishments by kind of activity.

2. Kind of Business

This distinction is based primarily on the major kinds of commodities sold by wholesale or retail trade establishments. Without further study it is not feasible to suggest guiding principles or a system for classifying these establishments by kind of business.

3. Type of Operation

The principal way or means of doing business of wholesale and retail establishments. For wholesale establishments, classification is suggested into (a) wholesalers who buy and sell on their own account - sometimes called merchant wholesalers, (b) manufacturer's sales offices and branches - those who sell for a manufacturing enterprise of which they are a part and (c) agents and brokers - those who buy and sell on the accounts of others. It may also be desirable to (a) separate assemblers of agricultural products from other wholesalers who buy and sell on their own account and (b) distinguish between manufacturer's sales offices and manufacturer's sales branches. The latter distinction might be based on whether the establishment invoices sales or holds stocks, whichever is most appropriate for a country. Subdivision of the foregoing broad categories into more detailed ones that correspond to common ways of wholesaling may be appropriate for some countries. Examples of more detailed classes are division of (a) all or some of the foregoing broad categories into domestic, import and export trade, (b) merchant wholesalers into wholesalers and manufacturers, wholesalers only, and wholesalers and retailers, (c) domestic merchant wholesalers into full-service and limited service (e.g. cash-carry, wagon distributors, desk jobbers, drop shippers).

¹See International Standard Industrial Classification of all Economic Activities, Statistical Papers, Series M, No. 4; United Nations, New York. The Group felt that the treatment of mixed kinds of business should be examined in the light of country practices.
For retail establishments, classifications that are most appropriate for
the country might be used - for example, store (self-service or not), stall,
public market, leased department, mail order house, house-to-house
canvassing or vending machine operator.

4. Kind of Combination

The number of wholesale, retail or service establishments owned by the
same enterprise. The classification might at least distinguish between
single-establishment and multi-establishment enterprises. Multi-establishment
enterprises might be divided into classes according to the number of esta-
blishments that are most appropriate for each country.

5. Kind of Legal Organisation

The legal form of the enterprise which owns the establishment. The
classification by kind of legal organisation should at least distinguish
individual proprietorships, limited liability organizations (for example,
corporations, joint stock companies, co-operatives) and all others. In
addition, governments might make distinctions which are meaningful according
to their requirements, laws and customs.

6. Location

The place at which the establishment is physically located. A country
should draw distinctions according to the areas that are used for adminis-
tration, ranging from large areas (e.g., divisions or provinces), interme-
diate areas, to local areas (e.g., towns). In addition, countries may find
it desirable to distinguish economic areas, utilizing for this purpose,
population density and distribution or geographic patterns of transportation
marketing or industrial characteristics.

7. Size of Establishment

Number of engaged (working proprietors, unpaid family workers and
employees) during one period and value of sales during the year of
enquiry, should be utilized to classify establishments by size. Some
countries may find it desirable to substitute number of employees for
number engaged because of their source of employment statistics and the character of their economy. In classifying establishments according to number engaged, at least 1, 2, 5, 10, 20, 50 and 100 might be utilized as lower class limits.

8. Number of Establishments

For a count of the population of establishments, the number of establishments in business on a particular day. For many other purposes, it will be found necessary to utilize the number of establishments to which the data relate.

C. EMPLOYMENT AND WAGES AND SALARIES

1. Numbers Engaged

The number of different working proprietors, unpaid family workers and employees who worked for an establishment (in or outside it) at any time during a specified period, preferably a pay period or calendar week. Included are persons on short term leaves such as sick leave, casual leave or paid vacations; excluded are persons on unlimited leave, military leave or pensions.

2. Status Groups

Working proprietors are all owners of an unincorporated business (individual proprietorship or partnership) who were actively engaged in the work of its establishment. Unpaid family workers are members of the household of any of the owners of an unincorporated business who worked for its establishment without pay for at least a minimum amount of time - possibly one-third of the normal working time for similar establishments. Employees are persons other than working proprietors and unpaid family workers who worked for pay.

3. Distinction between Adults and Juveniles

It is not feasible to suggest a standard age for distinguishing adults from juveniles. The distinction might be made in accordance with the existing laws and customs of each country.
4. Distinction between Full-time and Part-time for Employees

It is not feasible to suggest a standard distinction.

5. Wages and Salaries

All payments, in cash or in kind, made by an establishment to employees in connexion with their work during the period of enquiry - for example, a calendar year. Included are wages and salaries, commissions, bonuses, cost of living or dearness allowances and dismissal grants paid to employees in the course of the year; and withholding taxes, social insurance contributions and the like payable by them and deducted by the employer. Excluded are social security contributions payable by the employer and family allowances, pension payments and other social insurance benefits paid2/. Payments in kind (e.g., free accommodations, food, clothing) should be valued at the market price of the goods and services provided. In practice, it may be necessary to value payments in kind according to the cost to the establishment of the goods or services involved.

D. EXPENDITURES AND SALES FOR FIXED ASSETS

1. Scope and Valuation of Expenditures

All acquisitions for the establishment's own use, whether obtained from other establishments or produced by its employees, of physical assets which are expected to have a productive life of more than one year (land, buildings, stores and shops, fixtures and furniture, machinery, equipment and vehicles), both new and second-hand, including major alterations and renovations but excluding repairs and maintenance. Acquisitions from other establishments should be valued at full cost incurred - i.e., at delivery price plus the cost of installation, including any necessary fees and taxes, and they should be recorded as expenditures only on their completion and delivery to the control of the establishment. For fixed assets produced by the establishment for its own use, the cost of all work put in place during the year

2/ Some countries may find it desirable to gather separate data on the excluded payments and to distinguish tax and social security deductions included in wages and salaries from the rest of wages and salaries.
should be recorded, whether they are completed or not, and the cost of the labour and materials and, if possible, the overhead utilized in this work should be included. In practice, the figures reported by establishments with developed accounting systems will relate to the expenditures charged to the establishment's fixed asset accounts. A number of conceptual difficulties can be avoided by seeking these figures, although the data are likely to depart, by understatement, from the concept defined above.

2. Distinction between New and Second-Hand Fixed Assets

New fixed assets are capital goods which have not been used before in the country, including all imported fixed assets whether new or used. Second-hand fixed assets are all capital goods other than new; i.e., all fixed assets previously used in the country, including those which have been reconditioned or altered before acquisition.

3. Scope and Valuation of Sales

All disposals of fixed assets which have been used by the establishment, regardless of their condition, valued according to the proceeds received for them.

4. Distinctions between Buildings and Structures; Machinery, Fixtures and Equipment other than Transport; Transport Equipment; and Land

Buildings and structures include (i) all structures such as stores, shops, warehouses, garages and offices, (ii) integral parts of these structures such as elevators, heating and ventilating systems and (iii) improvements to land such as clearing and preparing construction sites and landscaping. Fixtures, machinery and equipment other than transport include (i) furnishings such as counters, shelves, storage bins and store and office furniture, (ii) machinery such as generators, motors and grinders and (iii) equipment such as refrigerators. Transport equipment includes automobiles, trucks, carts, ships, aircraft and other means of road, water and air transport. Land includes the value of sites without taking into account improvements and structures.
E. INVENTORIES

1. Coverage

Value at the beginning and end of the enquiry year for goods intended for sale, whether later processed or not, that are owned (i.e., to which title is possessed) by the establishment, irrespective of where held. An establishment which is part of a multi-unit enterprise owns goods if the parent enterprise possesses title to these goods and they are controlled by the establishment, whether held by it or not. In practice, it may be necessary to exclude certain kinds of goods owned by the establishment but not held by it - for example, goods bought by overseas agents and not received by the establishment. Goods intended for sale, whether later processed or not, include goods ready for sale and materials that are transformed by the establishment before sale in the form of either goods or services - for example, tea that is blended, green coffee beans that are roasted and blended, or foods used by restaurants to serve meals.

2. Valuation

In principle, stocks of goods intended for sale should be valued at replacement cost - i.e., at delivered price to the establishment - at the date of enquiry. In practice, it may be necessary to accept the values kept by each establishment in its accounting records, which may be replacement cost, original cost or some other value.

F. SALES

1. Coverage

The sales value of all goods, whether transformed by the establishment or not, transferred to the ownership of others and all services rendered during the enquiry period, irrespective of time or method of payment. Here purchase or installment contracts should be included in sales when they are made. Included are goods which are sold by an establishment on its own account and that of others or withdrawn by the owners of an establishment for their own use. Excluded are goods shipped for sale on consignment for display or similar purposes, or to other establishments of the same
enterprise. In practice, the time at which sales would be reported depends on the time at which the transaction is recorded by the establishment. This may be at the time the sale is contracted for or invoiced, goods are shipped, services are rendered, or payment is made.

2. Valuation

The sales value of goods and services is the total sum to be paid. Included are sales price, sales, excise and other indirect taxes and duties collected, and financing, delivery and installation charges if these services are rendered by the establishment. It may be desirable to report indirect taxes and duties collected separately and, in addition, to obtain separate figures on subsidies received in connexion with sales. Sales price is net of discounts, rebates and similar allowances granted, but it includes the value of goods traded in or bartered as part of the sale. Goods withdrawn by the owners of the establishments and services rendered to them should be valued at the appropriate market price - in other words, as if sold to a customer.

3. Classification According to Sales of Goods and of Services by Kind of Activity

The value of sales should be divided into sales of goods and receipts by kind of service rendered, according to whether the principal activity involved in each sale is the transfer of goods or the rendering of a particular kind of service. The value of commodities used in the rendering of services (e.g., food in restaurants) would be included in receipts for services. The classification of receipts for services should be in accordance with the categories of the International Standard Industrial Classification or, if desired, subdivisions of them, - for example, restaurants, lodging, laundering and cleaning and dyeing, and barbering and beauty culture.

\[3/\] See International Standard Classification of All Economic Activities, op. cit.
4. Distinction between Sales on Own Account and on the Accounts of Others

Sales of goods on own account are all transfers of goods owned by an establishment to another ownership. Sales of goods on the account of others are all transfers of goods by an establishment which does not hold title of ownership in the goods.

5. Classification of Value of Sales by Kind of Commodity, Type of Customer and Method of Payment

Value of sales should be classified by kind of commodity, type of customer and method of payment for sales that are negotiated in detail by the establishment itself (e.g., invoiced by it), whether on its own account or that of others. It is not feasible at this juncture to suggest a system or guiding principles for classification by kind of commodity for use internationally. In classifying sales by type of customer, value of sales should be distinguished according to sales to (i) foreign customers and (ii) domestic customers, which might be further classified into (a) sales for resale to wholesale establishments, (b) sales for resale to retail establishments, (c) other sales to business establishments including manufacturing establishments, (d) sales to educational, health and welfare institutions, (e) sales to government and (f) sales to households. In classifying sales by method of payment, a few broad categories that draw distinctions according to length and method of payment and financing charges should be used. Cash, installment or hire-purchase (spread of payment over an extended period of time with right of repossession) and all other methods of payment are suggested.

C. PURCHASES

1. Coverage

The delivered value of goods intended for sale, whether later processed or not, the ownership of which has been acquired by the establishment through purchase, barter, or transfer from other establishments of the same enterprise to its control; and the cost of sub-contracted work. Purchases of goods should be recorded at the time of transfer of ownership or control
and cost of sub-contracted work at the time of completion, irrespective of
time of payment. In practice, when purchases are reported would depend on
the time at which they are recorded by the establishment. This might be
(a) at the time of contract, (b) transfer of title or control through
shipping bills or similar documents, or (c) at time of receipt.

2. Valuation

Purchases of goods should be valued at delivered cost to the establish-
ment, including as well as purchase price, sales, excise and other indirect
taxes and duties, and delivery and similar charges involved in the purchases
and net of returns, discounts, rebates, and other allowances received. In
the price of purchases by the establishment there should be included the
value of goods traded in or bartered in payment for the purchase. Transfers
from other establishments of the same enterprise should be valued as though
purchased. When this is not possible in practice, transfers might be valued
at cost to the enterprise on delivery to the establishment - i.e., original
purchase price, delivery and similar charges, labour and material directly
used and possibly overhead. Sub-contracted work should be valued at its
actual cost to the establishment.
ANNEX III

MINIMUM TABULATIONS FOR THE PRESENTATION OF ITEMS OF DATA BY ESTABLISHMENT CHARACTERISTICS IN QUINQUENNAL AND ANNUAL ENQUIRIES

(X indicates that the item of data is suggested for tabulation by the establishment characteristics, provided the pertinent establishment characteristics and the item of data has been recommended for collection for wholesale, retail or service establishments in quinquennial or annual enquiries.)

<table>
<thead>
<tr>
<th>Type of Operation, Kind of Business and/or Kind of Activity and:</th>
<th>Type of Operation</th>
<th>Kind of Business</th>
<th>Kind of Activity</th>
<th>Kind of Combination</th>
<th>Kind of Legal Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Location</td>
<td>According to</td>
<td>According to</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number Engaged</td>
<td>Value of Sales</td>
<td>Sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Number of Establishments</td>
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<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>B. Employment and Wages and Salaries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>l. Number of working proprietors, unpaid family workers and employees for one period</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Total</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>b. Distinguished according to status group</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. Distinguished according to sex and adult and youth</td>
<td>X</td>
<td></td>
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</tr>
<tr>
<td>Item of Data</td>
<td>Size of Establishment</td>
<td>Kind of Combination</td>
<td>Kind of Legal Organisation</td>
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<tr>
<td></td>
<td>Type of Operation, Kind of Business and/or Kind of Activity</td>
<td>Location</td>
<td>According to Number Engaged</td>
<td>According to Value of Sales</td>
<td></td>
</tr>
<tr>
<td>2. Number of employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Distinguished according to full and part-time for same period as in item 1a.</td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>b. Average for year computed from number for several periods, possibly one in each quarter of the enquiry year, one of which might be the same period as in 1a.</td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>3. Wages and Salaries paid during enquiry year.</td>
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</tr>
<tr>
<td>a. Total</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>b. Distinguished according to full and part-time</td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>4. Wages and salaries paid during same period as in item 1a., distinguished according to full and part-time.</td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Item of Data</td>
<td>Type of Operation, Kind of Business and/or Kind of Activity</td>
<td>Location</td>
<td>Size of Establishment</td>
<td>Kind of Combination</td>
<td>Kind of Legal Organisation</td>
</tr>
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</tr>
<tr>
<td><strong>C. Expenditures and Sales for Fixed Assets during Enquiry Year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Gross additions (where possible, expenditures on new fixed assets plus the difference between expenditures and sales for second hand fixed assets other than land; otherwise, the difference between expenditures on and sales of fixed assets other than land)</td>
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<tr>
<td>2. Expenditures on fixed assets distinguishing new from second hand goods, where possible; and machinery, fixtures and equipment other than transport; transport equipment; buildings and other constructions, and land</td>
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<tr>
<td>Item of Data</td>
<td>Type of Operation, Kind of Business and/or Kind of Activity and:</td>
<td>Size of Establishment</td>
<td>Kind of Combination</td>
<td>Kind of Legal Organisation</td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Type of Operation, Kind of Business and/or Kind of Activity</td>
<td>Location</td>
<td>According to Number Engaged</td>
<td>According to Value of Sales</td>
<td></td>
</tr>
<tr>
<td>3. Sales of fixed assets distinguishing machinery, fixtures and equipment other than transport; transport equipment; buildings and other constructions, and land</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D. Inventories at the beginning and end of enquiry year of goods intended for sale, whether processed or not</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>E. Value of Sales during Enquiry year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Total</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>2. Distinguished according to:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Sales of goods and sales of services</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1/ These tabulations are recommended only for large areas such as states.
<table>
<thead>
<tr>
<th>Item of Data</th>
<th>Type of Operation, Kind of Business and/or Kind of Activity and:</th>
<th>Size of Establishment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Type of Operation, Kind of Business and/or Kind of Activity</td>
<td>Location</td>
</tr>
<tr>
<td>b. Sales of services by kind of activity</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>c. Sales on own account and sales on the account of others</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>d. Sales by kind of commodity</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>e. Sales by kind of customer</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>f. Sales by method of payment</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>F. Account Receivable as of End of Enquiry Year</td>
<td>X</td>
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1/ These tabulations are recommended only for large areas such as states.
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COUNTRY EXPERIENCE IN DISTRIBUTION STATISTICS

1. The Statistical Commission may wish to have a description of the practices of countries in the field of distribution statistics in considering international recommendations with respect to these data. The purpose of this paper is to summarize these practices. Covered are the experiences of 27 countries\(^1\) which, in recent years, have taken annual or less frequent (basic) inquiries into wholesale, retail and service establishments and of 19 countries\(^2\) which gather and publish monthly or quarterly data for retail and/or wholesale trade. It should be noted that in preparing its Report (E/CN.3/L.36), the Expert Group on Distribution Statistics took account of the practices of these countries, and that this paper is organized in the same manner as the Report.

I - BASIC DISTRIBUTION STATISTICS

A. The Programme

2. Frequency: Most countries that carry out exhaustive censuses into distributive establishments do so every five or ten years for the purpose of gathering detailed data on their structure and on the flow of goods and services between them. It should be noted that a number of countries (e.g., Ceylon, Colombia, Finland, Jamaica, Nicaragua) have only recently taken their first distribution censuses and the frequency of future censuses is not known with certainty. Since resources are ordinarily not available to governments to take these censuses more frequently they are often complemented by annual or biennial inquiries into the investment expenditures, inventories, sales and purchases as well as by data collected from their current monthly or quarterly

\(^1\) Argentina, Australia, Belgium, Brazil, Canada, Ceylon, Colombia, Costa Rica, Denmark, Finland, Great Britain, Greece, Italy, Jamaica, Japan, Netherlands, New Zealand, Nicaragua, Philippines, Sweden, Switzerland, Thailand, Turkey, Union of South Africa, United States, Venezuela and Western Germany.

\(^2\) Argentina, Australia, Austria, Belgium, Canada, Denmark, Finland, France, Great Britain, Japan, Netherlands, New Zealand, Norway, Sweden, Switzerland, Union of South Africa, United States, Western Germany and Yugoslavia.
programmes. A number of European countries (e.g., Denmark, Netherlands, Western Germany) gather basic data on the structure of the distributive trades only at ten-year intervals as part of their decennial censuses of establishments.

3. Coverage: All countries, with two or three exceptions, cover both wholesale and retail trade in their censuses of distribution. In addition, service establishments in ISIC groups 831-833 (recreation services), 842-843 (restaurants, hotels and other eating, drinking and lodging places), 826 (business services) and 844-849 (personal services) are ordinarily included. A few countries (e.g., Japan, Great Britain, New Zealand) exclude from service establishments, hotels and other lodging places, while a number of others (e.g., Canada, United States, Venezuela) exclude professional, consulting, accounting and bookkeeping services. Due to the importance of small distributive establishments in the economy, only two countries (Nicaragua and the United States) have a lower size cut-off but even here the limit is low enough to exclude only a relatively insignificant part of total trade. Due to the difficulty of locating and obtaining data from mobile and non-recognizable business units, such as itinerant street vendors and trade carried on in homes, they are often specifically omitted from the survey. Even when they are in principle to be included the actual coverage is apt to be poor unless the survey is carried out in conjunction with a population census. It should be recognized, however, that in some countries retail trade activities carried on by street vendors and in homes is very important. This is especially true in some of the under-developed areas of the world.

4. The Reporting Unit: Most countries attempt to use the establishment (i.e., one kind of activity or business carried out at a single location under one ownership but including auxiliary units such as warehouses and power plants) as the reporting unit in their inquiries into wholesale, retail and related service trades because it is the most desirable unit for this purpose. Reporting on an establishment basis helps to delineate the structure of distribution and its role in the economy as well as the employment, physical resources and activities involved in each of the different aspects of distribution. Since the establishment is usually limited to one location its use as the reporting
unit also assists in mapping the channels for distribution and in separating out flows of goods and services and employment and other activities according to locality.

5. Practical problems arise, however, in using the establishment as the reporting unit when one ownership does different kinds of business at the same location, such as departments in a department store or manufacturing combined with retailing. In dealing with these problems, countries have generally combined the individual activities into one establishment, classified according to the most important activity, unless separate and complete accounting records are maintained. Some countries have attempted to separate out the individual activities even when separate records were not available, but they have encountered difficulties in the collection of data for each of the units, particularly with respect to such items as employment, purchases and capital expenditures.

6. A more serious problem arises in the case of multi-unit enterprises because certain types of data may not be available on an establishment basis. Although in such cases countries have found it possible to collect data on employment, wages and salaries paid, and sales according to different locations, this has been difficult with respect to data on purchases, inventories and expenditures for capital goods. This has been due to the fact that separate records are not maintained with respect to these items of data for each of the locations or different kinds of activity. For this reason, some countries have gathered these items of data for groups of locations according to the way in which records are kept, with efforts to separate out the kinds of business and the other items of data on an individual location basis. Other countries, however, have wished to use the same unit for all items of data, and to do this, they have often had to combine establishments according to the same kind of business or some general location together or even to utilize the enterprise as a whole for this purpose. It should be noted that for data of a financial type (e.g., operating costs) which cannot be allocated by location, countries have generally found it necessary to utilize the enterprise as the reporting unit.
B. Items of Data to be Sought

7. Establishment Characteristics: All countries in their annual and less frequent inquiries seek information on kind of business (i.e., type of commodities sold) carried on by wholesale, retail and related service establishments. They do so because the classification of items of data by this characteristic (1) reveals the structure of the distributive sector, (2) divides it into relatively homogeneous groups and (3) facilitates the design of sample inquiries. Classification of items of data by type of operation (i.e., way of doing business) serves a similar purpose but it is much more important for wholesale trade where the various types of traders, such as merchant wholesalers, brokers, sales agents, exporters, etc., differ more substantially than the various kinds of retail outlets. Actually, only about half of the countries that take basic distribution censuses seek data on type of operation and then only in their decennial or quinquennial inquiries.

8. Almost all countries gather data for establishments on kind of legal organization (e.g., whether individual proprietorship, partnership, co-operative or corporation) and on kind of combination (i.e., whether part of a single or multiple-unit enterprise). The former is useful for socio-economic studies at the national level while the latter is necessary for a study of the degree of concentration among distributive establishments and for purposes of sample design. Some countries collect identifying data on other establishments belonging to the same enterprise solely for the purpose of ensuring that they are covered in the census. Since kind of legal organization and type of operation are not ordinarily subject to frequent change the corresponding information is seldom sought in annual or more frequent inquiries.

9. Number of Establishments: All countries that undertake basic distributive inquiries have tabulated the number of establishments by some or all of the foregoing characteristics as well as by size and/or location in order to describe the structure of the distributive sector of the economy. They have also utilized number of establishments to indicate the importance of wholesale, retail and service units and the extent to which they are covered in basic inquiries.
10. **Employment**: All countries have sought in their basic distribution censuses data on the employment of different status groups (working proprietors, unpaid family workers and employees) during at least one period of the inquiry year. Countries which take censuses of establishments seek employment data as of the census day, whereas other countries use as a reference period a day, week, month or, more frequently, a pay period. Since the employee group is more important and is subject to more frequent change, most countries have in addition collected figures on the number of employees engaged during two or more periods. Only a few countries (e.g., Brazil, Finland, Jamaica, Nicaragua, Philippines) seek data on working proprietors and unpaid family workers for more than one period during the inquiry year. Two countries (Philippines and Venezuela) combine these two groups.

11. These data are necessary in order to (1) describe the structure of employment, (2) measure the opportunities for employment provided by distributive establishments and their demand for labour and (3) to evaluate the welfare and efficiency of labour engaged in distribution. Practically all countries seek information on the number of employees by functional status (e.g., administrative personnel, sales personnel, etc.) because it is useful as an inventory of broad occupational groups in the economy and as a measure of mixed activities, such as wholesale trade and manufacturing. It should be noted, however, that the functional status groups used are not always uniform in detail from country to country, although they may be in broad aspects.

12. Because of its importance in socio-economic studies practically all countries collect data on the various status groups by sex. Of these countries about half seek additional information on age (usually youth and adult categories). Because the distinction between full-time and part-time employees is often important, especially in retail trade, a number of countries (e.g., Brazil, Denmark, Great Britain, Sweden, United States) gather such statistics in their basic distribution censuses. Such a distinction may be useful in making valid comparisons between employment and wage and salary payments and in productivity studies.
13. Wages and Salaries: Because wage and salary payments are a key item in measuring income flows, distribution costs and employee welfare, all countries, with the exception of a few European countries that take censuses of establishments (e.g., Germany, Netherlands, Switzerland), seek such data in their basic distribution inquiries. It is generally easier to obtain data on the various characteristics of numbers employed than it is to obtain the corresponding figures on wages and salaries paid. It is apparently for this reason that countries seek more details on the former than on the latter. Except for the functional status groups, for which about half of the countries seek wage and salary information, few countries seek such data by other characteristics, such as sex, age, etc.

14. Data are generally sought on wages and salaries paid during the inquiry period, which in most cases is a calendar year. In addition, several countries (e.g., Belgium, Great Britain, Union of South Africa, United States) seek additional information on payments made during a specified month, work week or pay period. This is done in order to get a more precise measurement of labour costs.

15. Expenditures and Sales for Fixed Assets: Although an increasing number of countries are attempting to gather data on expenditures for and sales of fixed assets, less than a third of those countries surveyed have done so in their recent annual or less frequent inquiries. Even those countries which have sought this information have not always done so in the detail required for estimating capital formation in the economy as a whole or in individual branches of distribution. Thus, for example, the United States in its annual capital expenditure survey seeks only data on new machinery and equipment and on new buildings and Denmark in its decennial establishment census seeks only a combined figure for new and used machinery and equipment. Although important as a determinant of the level of economic activity, many countries have not collected these data because of difficulties in obtaining reliable information. This is probably due to the fact that many establishments do not keep accurate and detailed records of capital expenditure, especially for work done on own account. Furthermore, these records are often kept on an enterprise basis rather than for individual establishments.
16. Inventories: Inventories held by distributive establishments and changes in them are important indicators of business conditions and demand for goods and are also necessary for the computation of gross margins and value added by distribution. For this reason nearly all countries, with the exception of a few European countries that take establishment censuses, have sought information in their basic inquiries on stocks held by distributive establishments. Most countries collect data on stocks of goods for sale at the beginning and end of the inquiry year because these goods make up the bulk of stocks held by wholesale and retail establishments and because they are relatively easier to obtain. This is borne out by the fact that only a few countries (e.g., Brazil, Finland, Greece) seek data on materials and parts for transformation and rendering services although these are often important in service establishments (such as restaurants). A number of countries seek only a total figure on the value of stocks of all commodities for use in the business (e.g., Japan, Denmark, Italy, Sweden). Although stocks of individual commodities or groups of commodities are often of special importance to the economy, no country seeks such information on quantities in their basic inquiries and only three countries (Canada, Greece and New Zealand) collect any value figures.

17. Sales. All governments, except three that took censuses of establishments (Belgium, Netherlands, Switzerland) have gathered figures on the value of all sales and services in their basic inquiries. Most countries have sought separate figures for goods and services sold but only a few (e.g., Canada, Denmark, Finland, Sweden) have made a distinction between goods sold without transformation and those sold after transformation. The latter distinction is necessary for separating the distributive and manufacturing aspects of a business but many establishments apparently do not keep detailed enough records to enable them to supply the required data without difficulty. Another important distinction to make, in order to avoid duplication for national accounting purposes, is that between sales on own account and sales on the account of others. However, not many countries have attempted to make this separation in their basic inquiries.
18. Reliable information on sales by individual commodity or by type of customer is important for analysing the structure of distributive establishments and the demand for goods. Fewer than half of the countries surveyed, however, have sought such data because of the costs and difficulties involved. Those countries that collect such information often lessen the collection burden by restricting the data to specific kinds of commodities or traders. For example, Great Britain has limited the request for commodity-line data to large retailers while the United States gathers such information from wholesale units only. Many countries restrict the collection of sales data by type of customer to wholesalers only, since the bulk of sales by retail establishments is to households. A distinction of sales by method of payment (e.g., cash, charge account, instalment or hire-purchase) is important for a study of credit and how sales are financed but only about a quarter of the countries seek such data in their basic inquiries. Because of the difficulty of obtaining this information, most countries have restricted collection to their decennial or quinquennial censuses for wholesale and retail establishments or to retail units only.

19. Purchases: Data on purchases are necessary for the purpose of (1) computing cost of goods sold and margins, (2) determining the buying patterns of distributive establishments and (3) measuring commodity flows. In conjunction with sales they may also be used as a basis for estimating monthly or quarterly inventory figures. In spite of this, however, fewer than half the countries surveyed have attempted to collect information on the value of purchases in their basic inquiries. This may be due to resistance on the part of the business community against divulging figures from which gross profits can be derived.

20. Country practice varies widely as to the components of purchase data that are sought. Only two countries (Jamaica and Finland) seek separate figures on goods ready for sale, materials and parts for transformation. Apparently only the larger distributive establishments keep detailed enough accounts to distinguish purchases by use.
C. Gross Margins and Operating Costs

21. Information on margins and value added is necessary for measuring the contribution of distributive establishments to the national product and income and it facilitates comparison of importance, profitableness and efficiency between different kinds of wholesale, retail and service establishments. A number of countries have collected inventory and purchase data which, when subtracted from sales, would provide information on margins or value added. No country, however, has gathered these data in enough detail to compute cost of goods sold or mark-ups precisely. This is due to the difficulty they have experienced in obtaining separate figures for inventories and sales with and without transformation.

22. A number of countries collect data on operating costs in their basic distribution inquiries either for the purpose of evaluating net profit, measuring the differences in efficiency among establishments or for measuring the gross national product and income originating in these establishments. Countries have experienced difficulty in obtaining such data, at least in the required detail, because of the lack of uniformity in accounting practices between countries and because accounts are often kept only on an enterprise basis. Some countries (e.g., Netherlands and Western Germany) obtain these data by means of special operating cost surveys.

D. Definitions and Classifications for the Establishment and Items of Data

23. Employment: Nearly all countries seek in their basic distribution inquiries, in conformity with standards recommended by the International Labour Office on the subject, data on numbers engaged according to the following status groups: proprietors, unpaid family workers and employees. Working proprietors are sometimes explicitly defined as proprietors and partners who devote the major portion of their time to the business or those who are actively engaged in the business. This is done to exclude those persons who share in the profits but who do not work in the establishment. The United States defines working proprietors as those who work at least 15 hours during the work week. Unpaid family workers are usually defined as members of proprietors' families who work in the business without pay. Western Germany defines them as persons working in the establishment
who are not covered by social security. Sometimes they must work a specified
length of time to be included (e.g., one-third of the normal working time in
Jamaica, half-time or more in Turkey, 15 hours a week or more in the United States).
24. Most countries define employees as all persons engaged, except working
proprietors and unpaid family workers. Employees usually include persons
temporarily absent because of sickness, vacation, holidays, etc. Homeworkers,
part-time workers, workers on strike or on military leave are not uniformly
treated. Some countries specifically exclude one or more of these categories
while others specifically include them. In general, however, international
standards are followed by most countries.
25. Although the distinctions made concerning the functional status of employees
vary in detail and kind, most countries classify employees by nature of work.
Belgium and Japan use as a criterion the method of payment (wage earners and
salaried employees) while a number of countries (Nicaragua, Greece, Italy,
Sweden, Switzerland) make use of both criteria. An increasing number of countries
are seeking employment figures on sales personnel because of its special
importance in the distributive trades.
26. The precise definition of the age and part-time categories must necessarily
accord with local laws and customs. In the case of age, countries generally use
youth and adult groups and the majority define adults as persons 18 years of
age and over.
27. Wages and Salaries: Countries have generally sought information on wages
and salaries paid to employees in conformity with international recommendations
on the subject. Thus, almost without exception, these payments have included all
payments in cash and in kind, commissions, bonuses, payments for sick leave, casual
leave and vacations before deductions of employees' obligations for social
security contributions, income taxes, unemployment insurance, retirement and
pension schemes, etc. Payments by employers for family allowances, social
security and similar obligations are either not included (e.g., Belgium, Thailand)
or are shown separately (e.g., Finland, Italy). It is not always clear from
the census schedules or instructions how payments in kind are to be valued.
A number of countries (e.g., Ceylon, Denmark, Italy, Sweden) specify explicitly
that they be valued at market prices. Jamaica, on the other hand, values them
at cost. These payments are sometimes shown separately (e.g., Union of South Africa). Gratuities are generally included in wage and salary payments but two countries (Brazil and the United States) specifically exclude them.

28. **Expenditures and Sales for Fixed Assets:** For the purpose of collecting information on the gross capital investment of wholesale, retail and service establishments, a number of Governments have covered purchases or construction on own account of all new capital assets, including additions, alterations and renovations. Country practice differs, however, in the detail in which these figures are sought (e.g., machinery and equipment, buildings and construction, land) and in the treatment of used fixed assets and repair and maintenance expenditures. Thus, some countries do not seek expenditures for land (Denmark, Italy), for buildings and construction (Denmark) or for used fixed assets (United States). Canada, for example, combines used with new fixed assets. A number of countries (e.g., Denmark, Finland, Italy) seek repair and maintenance expenditures separately while in the United States they are excluded.

29. Purchases of fixed assets are usually valued at cost to the establishment and include the purchase price plus transportation and installation costs. Work on own account is usually valued at cost of labour and raw materials used. In practice, valuation will vary depending upon how, if at all, establishments keep capital expenditure accounts. Country practice also varies as to the stage at which capital expenditures are valued, i.e., whether at the time the assets are ordered, paid for or delivered. Most countries, however, follow the latter practice and this accords with recommendations of the Statistical Commission in the field of industrial statistics.

30. Problems similar to those above are encountered in the case of the sale of fixed assets. Very few countries seek data on sales, however, possibly because of their minor importance.

31. **Inventories:** Data on inventories collected by most countries in their basic distribution inquiries refer to the value of stocks owned by the establishment, regardless of where held. This makes inventory data consistent with data on sales and purchases. Because they are generally easier to collect, a few countries (e.g. Australia, Ceylon, Japan) seek data on stocks physically
held by the establishment. The United States, for example, seeks information on stocks owned in its quinquennial census but stocks held in its annual inquiries.

32. Since goods ready for sale (whether or not processed by the establishment) are of major importance in distributive trades, all countries seek data on the value of stocks of these goods. A number of countries (e.g., Denmark, Finland, Greece, Jamaica) seek additional information on raw materials, supplies and fuel, either included with goods for sale or as a separate item. Goods received on consignment are either excluded or are sought separately.

33. In order to ease the reporting burden on establishments, most countries seek inventories as valued on the books of these establishments. This results in a lack of uniformity since some business units may value at replacement cost (i.e., market value), at cost to the establishment, or they may use some other method in accordance with accounting practices of the country. Ideally, countries should value inventories at replacement cost because the resulting figures are more appropriate for assessing business and supply-demand conditions and for social accounting work. A few countries (e.g., Canada, Great Britain, Sweden, United States) either use the replacement cost method entirely or a combination of replacement cost and cost to the establishment, whichever is lower.

34. Sales: Many countries which collect data on sales separate receipts for the sale of goods from those for services. These data cover goods sold in the same condition as purchased as well as goods transformed by the establishment, although a number of countries (e.g., Denmark, Finland) seek separate figures for these two items of data. Proprietors' withdrawals, goods transferred to other units of the same firm and goods sold on consignment or commission are generally included. Some countries (e.g., Brazil, Denmark, Venezuela) seek goods sold on consignment separately. Receipts which are not ordinarily part of the establishment's business, such as from the sale of fixed assets, rents, etc., are usually excluded by most countries.

35. Country practice varies as to how sales and receipts are valued and when they are recorded. Most countries seek data on net sales, i.e., gross sales less discounts, rebates, returns, allowances, etc., but including sales and other taxes.
Where proprietors' withdrawals are included they are usually valued at retail market value. Many countries give no explicit instructions to respondents as to when sales should be recorded since this would depend upon accounting practices of the individual establishments. Common practice, however, seems to record them at the time transfer of ownership or control takes place.

36. **Purchases:** Countries that collect data on purchases usually include, in addition to goods for resale, transfers from other establishments of the same enterprise and work done on sub-contract for the reporting unit. Materials for processing, fuels and supplies are also included by some countries (e.g., Ceylon, Denmark, Great Britain, Jamaica, Union of South Africa) but are not always sought separately. Purchases of fixed assets and materials used in their production are generally excluded.

37. Nearly all countries value purchases at delivered cost to the establishment. This includes, in addition to the purchase price, sales, excise and other taxes, customs duties, packing and delivery charges, etc., but excludes discounts, returns and other allowances (except trade-ins, since they are a payment in kind). Most countries that include transfers from establishments of the same enterprise value them as though purchased. The Union of South Africa, however, values transfers at cost to the enterprise of producing the goods plus charges of transfer to the establishment. Work performed by other firms on sub-contract is valued at cost of processing, excluding the value of materials used. As in the case of sales, the time of recording purchases will vary according to the accounting practices of countries. Many countries, however, seem to record purchases at the time contracts are made, irrespective of when payments are made.

E. **TABULATION OF ITEMS OF DATA BY ESTABLISHMENT CHARACTERISTICS**

38. Because of the fundamental importance of classifying wholesale, retail and related service establishments by kind of business, all countries tabulate the items of data which they collect by this characteristic in their annual and less frequent distribution inquiries. In addition, a number of countries (e.g., Canada, Brazil, Great Britain, Philippines, Western Germany) tabulate the data by type of operation or by type of operation and kind of business. This is, however, more important in the case of wholesale trade.
39. Most countries also tabulate a few key items of data by size (usually value of sales, number of persons engaged, or both), by size and kind of business and/or by size and type of operation. Numbers engaged is useful for describing changes over time in the structure of distributive establishments in different kinds of business whereas value of sales is a more significant criterion for comparing the level of activity, margins and efficiency between establishments in the same kind of business for the same period. Numbers engaged are more commonly used than numbers employed by countries because of the importance of owner and family employment in many distributive units.

40. For the purpose of making useful geographic comparisons all countries classify fewer items of data (generally aggregates) by location. For this purpose they often use administrative areas ranging from local areas (counties, cities and towns) to larger areas (departments or provinces). Practically all Governments have tabulated data for each of their important local urban areas.

41. Most countries tabulate items of data (usually, key aggregates) by kind of legal organisation for the purpose of defining the legal structure of distribution. This classification is easily made but the actual groups used will necessarily depend upon the laws and customs of the country. Tabulation by kind of combination (i.e., whether single or multi-unit) is also important for the purpose of studying the structure and degree of concentration of distributive establishments. Only a few countries (e.g., Canada, Brazil, Great Britain, New Zealand, United States) classify data sought by kind of combination. The classes used for separating multi-unit from single unit enterprises vary from country to country. They depend upon the frequency of such enterprises and the extent to which they combine establishments.

II. CURRENT DISTRIBUTION STATISTICS

A. TYPE OF STATISTICS, FREQUENCY AND REPORTING UNIT

42. Few countries find it feasible to collect on a current basis more than sales and inventory data from retail and wholesale establishments. To do so would impose too heavy a burden upon respondents and would unduly delay publication. Besides, many countries do not possess the resources needed to carry out detailed monthly or quarterly surveys.
43. All of the 19 countries which undertake current inquiries into retail trade collect information on the value of sales. In addition, about half of these countries (e.g., Canada, Finland, Great Britain, Japan, New Zealand, United States, Yugoslavia) collect figures on the value of inventories. Eleven of the nineteen countries also collect current data from wholesale establishments. Five of these (Great Britain, Netherlands, Union of South Africa, United States, Yugoslavia) seek both sales and inventory figures, four (Australia, Belgium, Finland, Western Germany) seek data on sales only and two (Denmark, Norway) inventory data only.

44. Monthly figures on sales and inventories are of course more valuable than those collected on a quarterly basis. All countries which collect sales data do so every month. Only Japan collects retail inventory data quarterly, while Norway and Denmark seek wholesale inventories quarterly and semi-annually, respectively.

45. Countries which use the establishment as the reporting unit in their basic distribution surveys try to do likewise in their current inquiries in order to maintain comparability of data. Furthermore, current inquiries usually do not seek items of data such as purchases, capital expenditures or operating costs, which are often not available on an establishment basis. When such data are sought currently, they are usually made the subject of special inquiries carried out on an enterprise basis. However, a number of countries find that the collection of monthly or quarterly data can be speeded up considerably if sought from the enterprise rather than from the establishment. Thus, multi-unit enterprises, such as retail chain stores, are important in a few countries (e.g., Canada, United States) and are sometimes enumerated on an enterprise basis.

B. COVERAGE

46. With only a few exceptions (e.g., Argentina, Union of South Africa), all countries cover the entire national territory in their current distribution inquiries. Coverage by kind of business, however, is not complete in most countries. In the case of retail trade, only Canada, Finland, New Zealand, United States, Western Germany and Yugoslavia include all kinds of business and in wholesale trade only Australia, Finland, United States and Yugoslavia have
complete coverage. A number of countries (e.g., Netherlands, Union of South Africa) attain virtually complete coverage by including all of the major kinds of business in their inquiries. Some countries restrict the inquiries to particular kinds of business (e.g., department stores in Japan, retail food in France, wholesale textiles in Great Britain, etc.). Other countries restrict the coverage of retail trade to all fixed retail outlets (United States), department stores employing fifty or more persons (Japan), chain stores (Belgium), co-operative societies (Finland), all establishments except markets and stalls (Sweden), etc. In the case of wholesale trade, coverage is sometimes limited to merchant wholesalers (United States), wholesale food merchants (Belgium), independent wholesalers (Western Germany), all manufacturers and wholesalers except those dealing in tax-exempt goods (Australia), etc. Countries often find it desirable to impose such restrictions on the coverage in order to obtain quickly and at minimum cost reliable indicators of the trend of business in important sectors of retail and wholesale trade.

C. DATA TO BE PUBLISHED, DEFINITIONS AND CLASSIFICATION

47. More than half of the countries that take current distribution inquiries publish only index numbers of sales and/or inventories, apparently because, as indicators, they are less subject to error than absolute figures. Other countries that employ either no sample (e.g., Japan, Yugoslavia) or that make use of scientific sampling methods (e.g., Australia, Canada, Great Britain, United States) publish absolute figures or both absolute figures and indexes.

48. Countries generally use the same definitions for items of data collected in current and basic inquiries in order to make the data comparable.

49. Most countries classify sales and/or inventory figures by kind of business or other establishment characteristic (e.g., food, clothing, furniture, etc., or department store, chain store, co-operative, independent retailer, etc.) in order to make the information more valuable. Since it is difficult for most countries to obtain details on individual commodities this type of classification gives a rough but useful approximation on commodity sales and inventories. In addition, a few countries (e.g., Australia, Canada, Norway, New Zealand, United States, Yugoslavia) classify the data by location, using for this purpose wide administrative areas.
D. METHODS FOR COLLECTION AND ESTIMATION

50. A few countries (e.g., Norway, Western Germany) seek data on the value of sales as a by-product of administrative schemes for the collection of sales, excise or other taxes. Although this is usually a more economical way to derive current distribution statistics most countries do not have administrative schemes which are suitable for the purpose. In any case, the concepts and coverage used may not produce the desired statistics and the delays entailed by using this indirect method may be too long. In addition, data on inventories are not likely to be available at all from such sources. For this reason nearly all countries use special and direct methods for the current collection of sales and inventory data from retail and wholesale establishments.

51. In order to obtain sales and inventory data quickly and at a minimum cost most countries use sampling methods in their current distribution inquiries, at least for the smaller establishments. Few countries have the resources to enumerate every retail and wholesale unit each month or quarter unless the coverage is restricted to certain segments of trade, e.g. all chain stores (Belgium), all co-operatives (Finland), all large department stores (Japan). As an exception, Yugoslavia takes a complete census of retail and wholesale establishments every month.

52. Scientific sampling methods are not employed by all countries because the inquiries are often carried out on a voluntary basis. In addition, the representativeness of the sample is sometimes poor, especially in rural areas. List sampling is used principally with adjustments made for establishment births and deaths. A number of countries (e.g., Canada, United States) use area sampling or a combination of list and area sampling.