

International Comparison Program

Fast Evolving Technology Products Approach and Data Requirements

Draft version



Operational Guide

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Fast Evolving Technology Products¹

1. Introduction

Technology products such as audio-visual, office and information processing equipment pose unique challenges for ICP collection and PPP computation. Challenges are primarily related to short life cycles and the overall fast changing nature of these price products. To further complicate the task, introduction of new models may not be simultaneous across different markets and/or consumer electronics companies may tend to create market fragmentation by introducing models with minor variations for certain groups of countries or even for individual countries. In general, standard ICP practices cannot produce satisfactory PPPs.

An approach to resolve this problem is based on the following four main elements:

- 1) Focus on products with wide availability, low number of alternative models for the same product type, and relatively long lifespan or with replacement models which can be clearly identified
- 2) Improve the item specifications so that they list the key price determining factors and indicate a product series instead of a single model
- 3) Use the whole scope of the basic heading(s)
- 4) Collect brand and model information for validation purposes

The first element identifies clearly universal products, such as media players or tablet computers, which can be priced by all countries. The second element guides the pricing of products which are not identically available in all countries. It should be noted that the key parameters for a variety of products differ relatively little across the countries and are also fairly stable over a certain period of time, even if the models and especially the model codes vary and change constantly. The third element is meant to ensure that the item list contains also easier priced product categories included in the Basic Heading. The final element will be used in the validation work as outlier prices can be checked for potentially differing models and crosschecks for priced models can be made across the countries.

¹ This chapter is prepared by Marko Rissanen with input from Michel Mouyelo-Katoula and Nada Hamadeh.

2. Basic Heading covered

The issue of fast evolving technology relates mainly to the following Basic Heading²:

1109111 Audio-visual, photographic and information processing equipment

Annex 1 gives a full description of this Basic Heading. Although similar obstacles can be observed with other household products, such as fridges and vacuum cleaners, the magnitude of the problem with those types of products is considerably smaller.

3. Operational activities

Based on the four elements described above, the Global Core List (GCL) is being revised to include 16 new items related to the “*1109111 Audio-visual, photographic and information processing equipment*” Basic Heading. Prices for these items are to be collected in the remaining months and quarters (Q3 and Q4). The treatment of these items is the same as for any other GCL item.

Prior to the addition of these new items, the GCL already included items – herein referred to as old items - under the above mentioned basic heading. Regions can decide on the treatment of these old items and their respective prices based on the results for the Q1 and Q2 price collections. It is not required to collect prices for the old items within Q3 and Q4. The new items have new item codes, but potential overlap can be expected for 3 items. However since the item specifications have been modified, it is not guaranteed that the price data collected for these items is comparable.

Regional Coordinators can add additional regional items to their regional lists following the approach described herein, if needed. The old items can either be kept or deleted depending on the results for previous quarters.

For each new item, price collectors are requested to specify (i.e. write down) the priced brand and model into the comments cell. This information can be used during the intra or inter-country validation process, when outlier prices and comparability of the price data across locations/countries are checked.

4. Item specifications

Below is an example of an item specification that defines the series for the given brand and the key price determining parameters for the product. Reference to an actual model code is not made directly; it is included only as an example. This is because the model code can differ across countries for exactly the same product and change quickly even within a country due to possibly very minor changes with actual product. Series on the

² For Eurostat-OECD comparison this is 3 different BHs as follows:

- 11.09.11.1 Equipment for the reception, recording and reproduction of sound and pictures
- 11.09.12.1 Photographic and cinematographic equipment and optical instruments
- 11.09.13.1 Information processing equipment

other hand are more universal and stable. In addition to the series, the key product features are clearly listed to facilitate the price collection and to assist the price collectors and shop assistants in finding comparable models at the national market. It is important that the model code is recorded exactly, as a one-to-one match between the model code and the characteristics can often exist; characteristics can always be checked on the manufacturer's website. The model code will be an important check for the collected item when matched with the characteristics.

Basic Heading: 1109111, Audio-visual, photographic and information processing equipment

Product: 110911160- BRAND X Series Y netbook computer

Brand: BRAND X
Series: Series Y
Model: e.g D255E-13639
Type: netbook computer
Screen size: 10.1"
Processor: Letni Atom N455
Installed memory: 1 GB
Hard disc: 250 GB
Wireless connectivity: Wi-Fi (WLAN), Bluetooth
Exclude: 3G/4G models
Number of units: 1
Unit of measurement: piece
SPECIFY: brand and model

5. Pricing guidelines

The following three simple pricing rules should be followed during the price collection:

1. Price only the brand(s) and series listed in the item specification

Brand(s) and series define features such as physical characteristics, type of the product and used technology in general terms. In order to collect comparable price data only listed brands and series should be priced. In addition only original brands are to be priced; imitations or illegal copies should not be priced.

2. Price the cheapest product that fulfills the given item parameters

Even within a series there may be available models which are more expensive. In this case the cheapest product that fulfills the given item parameters should be priced.

3. If a product with suggested key parameters is not found, the closest one should be priced and differences written down.

Availability of identical products across the countries may be limited. Nevertheless, products with very similar specifications can still be found. Therefore the closest match should be priced and the differing parameters along with the model number should be written down into the comments cell. The key parameters in item specifications assist in finding equivalent products.

Annex 1: Classification of Audio-visual, photographic and information processing equipment Basic Heading

11.09.11.0 Audio-visual, photographic and information processing equipment [COICOP 09.1.1, 09.1 2 and 09.1.3]

11.09.11.1 Audio-visual, photographic and information processing equipment (D)

OECD 11.09.11.1 Equipment for the reception, recording and reproduction of sound and pictures (D)

Television sets, video-cassette players and recorders, television aerials of all types; radio sets, car radios, radio clocks, two-way radios, amateur radio receivers and transmitters; gramophones, tape players and recorders, cassette players and recorders, CD-players, personal stereos, stereo systems and their constituent units (turntables, tuners, amplifiers, speakers, etc.), microphones and earphones; *excludes* video cameras, cam-corders and soundrecording cameras (11.09.12.1).

OECD 11.09.12.1 Photographic and cinematographic equipment and optical instruments (D)

Still cameras, movie cameras and sound-recording cameras, video cameras and cam-corders, film and slide projectors, enlargers and film processing equipment, accessories (screens, viewers, lenses, flash attachments, filters, exposure meters, etc.); binoculars, microscopes, telescopes and compasses.

OECD 11.09.13.1 Information processing equipment (D)

Personal computers, visual display units, printers and miscellaneous accessories accompanying them; computer software packages such as operating systems, applications, languages, etc.; calculators, including pocket calculators; typewriters and word processors; includes telefax and telephone answering facilities provided by personal computers; *excludes* pre-recorded diskettes and CD-ROMs containing books, dictionaries, encyclopaedias, foreign language trainers, multimedia presentations, etc. in the form of software (11.09.14.1); video-game software (11.09.31.1); video-game computers that plug into a television set (11.09.31.1); typewriter ribbons (11.09.53.1); toner and ink cartridges (11.09.53.1); slide rules (11.09.53.1).