



Ring Comparison Product List

Sixth ICP Regional Coordinators Meeting

Washington D.C. Sept. 2005

Yonas Biru



Ring Schedule Adopted in March 2005

Ring Comparison Workshop

	Responsible	2005											2006			
		March	April	May	June	July	August	September	October	November	December	January	February	March	April	
SHOP ITEMS																
Ring Countries Send Responses	NC/RC															
Prepare First Draft by Purging Similar Items	GO															
Regions Comment on the Draft, Including What Items are Representative (Pre-Survey)	RC															
Regions Meet With Countries	RC															
Regions Send Comments to Global Office	RC															
Global Office Prepares PSs	GO															
Global Meeting With Regional Coordinators	GO															
Global Office Prepares Final PS	GO															
Translation (Regions)	RC															
Data Collection																



Ring List Development Process

- Global Office (GO) prepared a consolidated first draft global list for “shop items” containing product specifications from all six regional list of specifications
- Over 5500 products were divided by Basic Heading (BH) & further grouped by clusters within the respective BHs
- The list was sent to the ring countries with a request to identify and mark items that are available in their markets (no pre-survey was required at this stage)
- Meanwhile a list for “non-shop” items was drawn by GO primarily from the Eurostat list and sent to the participating ring countries to identify products they can price
- The total list of “shop” and “non-shop” items was pruned down to 1200 based on first country responses
- The pruned list was sent back to ring countries with a request to identify products they can price and to identify and mark those that are representative of their markets
- Regional Coordinators met with their respective ring countries to go through the list and provide the GO with consolidated comments and final country responses
- GO incorporated regional comments and added value through internet research
- A catalogue of standardized and harmonized list of product specifications and images was prepared by the GO for discussion to finalize the ring list



Second Draft List Of Specification

- Challenges to reduce the list from 5500 to around 1200 included
 - Determining the number of products into 91 Basic Headings constituting “shop” & “non-shop” consumption items
 - Distributing the pruned product list by cluster within each basic heading
- The number of items constituting each Basic Heading vary depending on:
 - The expenditure share of the Basic Heading in question
 - The homogeneity of the items represented in the basic heading
 - The degree of price variation within each basic heading
- We determined the number of products per Basic Heading as follows
 - We counted the number of items per Basic Heading from existing lists (Asia 1993, CIS 1999 and Eurostat 2002)
 - We calculated the share of each BH as % of the total No. of products
 - We took the average share for the three regions



Second Draft List (Continued)

- A product was kept in the reduced list if it met the following criteria
 - The product should be selected preferably by at least one country in each region
 - Product selected by a maximum number of countries.
 - The best case scenario would be a product picked by all ring countries
 - At least one product per basic heading outside own region selected by each country
 - This helps to establish a minimum overlap between countries across the six regions
- The products thus chosen were analyzed to eliminate duplicates and to make sure that the distribution of products across BH was sensible
- Product names were occasionally modified to better describe the product



RAM Ring Analysis

11.02.11.1 Spirit				7	7	8	9	9	4	7	5	9	1	3	2	4	5	5	3	2	4		
S.No	Regio	Product C	Product Name	R-Rate	C-Rate	AS				AF				CS	EU				LC	W.A			
			44 P-Rate			HK	MY	PH	LK	CM	EG	KE	ZA	SN	RU	EN	JP	SI	GB	CL	BR	JO	OM
			39 P-Ratio			22/59 56.41	16/59 46.15	23/59 58.97	19/59 48.72	27/59 69.23	5/59 12.82	12/59 30.77	10/59 25.64	25/59 64.10	3/59 7.69	9/59 23.08	6/59 15.38	12/59 30.77	11/59 28.21	15/59 38.46	13/59 33.33	4/59 10.26	7/59 17.55
23	EU	11.02.11.1	Well-known Vodka	4/5	12/18			A	A	A	A	A	A	A	A					A	A	A	A
18	AF	037.13	Smirnoff Vodka	3/5	7/18	A		A								A	A	A	A				A
24	LC	11.02.11.1	Whisky Johnny W	4/5	12/18	A	A	A	A	A	A		A	A		A		A	A				A
7	W.A	11.02.11.1	Whisky Black an	3/5	7/18		A	A	A	A		A		A				A					
25	LC	11.02.11.1	Whisky White Hc	3/5	6/18	A			A	A				A		A		A					
13	W.A	11.02.11.1	Gin	3/5	11/18	A	A	A	A	A		A	A	A			A	A	A				
14	EU	11.02.11.1	Gordon's Dry Gin	3/5	10/18	A	A	A	A	A		A	A	A						A			A
4	CS	02.111b	Local Cognac B	4/5	11/18		A	A	A	A	A								A	A	A	A	
3	EU	11.02.11.1	Well-known Bla	2/5	10/18	A	A		A	A	A	A	A							A	A		
				2/5	8/18	A	A	A	A							A	A	A	A				
10	AF	037.02	Marie II VSO P																				
5	EU	11.02.11.1	White Rum	2/5	8/18	A	A	A	A	A		A		A						A			
21	EU	11.02.11.1	Spirit, Vodka	2/5	8/18	A		A	A	A		A		A						A	A		

“R-Ratio”: number of regions the product is available to the total number of regions excluding the region where the product originated

“C-Ratio” - number of countries that the product is available to the total number of countries

“A” represents country response indicating that the product is available in the country excluding the region where the product originated



Preparation of the Third Draft List

- The selected products and the corresponding images (where available) were prepared and uploaded to the RAM software and sent to the ring countries for their comments
- It was agreed that some basic headings may require pre-surveys
- In some cases where translation is required, it was agreed that regional coordinators will assist countries to go through the list
- Countries were asked to go through the second draft to:
 - Provide detailed comments and propose changes, additions and deletions
 - Identify those products that are representative of their markets and mark them with “R” and indicate those that are available but not representative with “A”
- Regional coordinators met with their countries to finalize this process and sent the GO consolidated regional comments on the specifications as well as specific country responses showing “A” or “R”



Preparation of the Fourth Draft List

- Regional comments were incorporated into the list and some product specifications were revised
- In some cases new products were proposed and in other cases two products were merged and duplicates were dropped
- Country responses regarding the availability and representativity of products were analyzed BH by BH
- Each BH was analyzed to ensure that there are adequate number of products to calculate robust elementary indexes
- The concept of statistical value of a product was introduced into the analysis
- Each product in the list was assigned a value based on three criteria
 - The number of REGIONS where the product was representative [only countries outside the originating region are counted]
 - The number of regions where the product was “R” or “A”
 - The number of COUNTRIES where the product was found



Draft Product catalogue

- The products in each BH were rearranged with the most valuable ones bubbled up to the top of the list
- Based on the product statistical value, weak products were identified. A product was deemed weak if the product was not representative in any region other than its own originating region
- The weak products were colored gray in BH matrices and eliminated after closer examination by the global office staff
- A draft catalogue of standardized and harmonized list of PSs and images is prepared for discussion
- Draft catalogue to be discussed at the global ring meeting in Washington (September 19-22)
- The final list will be drawn after comments from ring meeting are incorporated
- The ring list is considered to be global in its coverage and specification
- The list will provide robust global core products



Basic Heading Analysis Matrix

11.09.42.1 Cultural services																									
S.No	Reg	Product Code	Product Name	AS				AF					CS		EU				LC		WA		RT	N	
				HK	MY	PH	LK	CM	EG	KE	ZA	SN	KZ	RU	EN	JP	SI	GB	CL	BR	JO	OM			
1	EU	11.09.42.1da	Developing Colour Film - 36 prints	R	R	R	R	A	R	A	A	R		R					A		A	R	4	5	13
10	AF	101.01	Passport pictures	R	R	R	R						R	R	R	A	R	R	A		A	R	4	5	13
4	CS	11.09.42.2ab	Ticket, Cinema	R	R	R	R	A	A	A		A			R	A	R	R	A		A	R	3	5	15
12	LC	11.09.42.1-05-1	Rental of DVD movie	A	R	R	R	A		A		A	A	A	R	A	R	R			A	R	3	5	15
5	LC	11.09.42.1-04-1	Ticket, Cinema	R	R	R	R	A	A	A		A			R			A			A	R	3	4	12
13	AS	11.09.42.1-05-1	Rental of video tapes					A	A	A		A	A	R	R	A	A	A				R	3	4	11
2	EU	11.09.42.1db	Developing Colour Film - 36 prints (R	R	R	A	A	A	A		A	R	R					A		A	A	2	5	13
6	CS	11.09.42.2c	Ticket, Theatre	R	R	A	A	A	A			A			R	A	R	R	A		A		2	5	13
14	CS	11.09.42.2g	Cable TV service (NTV+)	R	R	R		A	A						R	A	R					A	2	4	9
3	AS	11.09.42.1-03-2	Photo Enlargement					A	A			A			A	A	A	A	A		A	A	0	4	10
7	CS	11.09.42.2b	Ticket, circus						A									A	A		A		0	4	4
9	EU	11.09.42.1ac	Ticket, Musical					A	A			A		A					A				0	3	5
8	EU	11.09.42.1aa	Ticket, opera house						A				A	A					A				0	3	4
11	EU	11.09.42.1dd	Photos for passport, self-service					A	A	A											A	A	0	2	5
15	EU	11.09.42.1ba	Licence for radio and television							A													0	1	1



Challenges in Finalizing the Final Global PS



Challenges to Finalize Global PSs

- What is price determining characteristic of a product in one region / country may not be price determining in another region / country
- High/Medium/Low brand stratum may not be helpful to build a global PS. A high-end brand in region A may be a medium brand in region B
- Some brand names are produced in different regions. The same brand name may have different quality depending on where it is produced
- International/Regional brand distinction is helpful for regional comparison, but it has limited value when drawing a global list (a regional brand in Africa is different from a typical regional brand in Europe)
- Global brand names tend to be relatively high-end brands and may not be widely consumed in all regions and countries
- The use of terms such as “well-known brand” can be used at national and, to some degree, at regional level, but are difficult to apply at a global level
- What does “brandless” product means in a global context? We cannot compare brandless in Europe with brandless in Asia or Africa?



Preparing a Draft Product catalogue

- Tables showing Product Specifications and comments, including comments for deletion, revision were prepared in preparation for the global ring meeting
- Recommended changes in the PSs were shown in red and a summary of country responses were added to help show the importance of the product in terms of number of countries that have marked it as “R” or “A”.

Product Name		Proposed for Delete	Additional Comments	No. of Countries With "R" or "A"	AF	AS	CIS	WA	EU	LAC
Lunch dish with minced meat	Size of Unit: 1 Unit of Measure: Service Establishment: Pub/cafeteria Service: At the table (with waiter service) Type of meal: Lunchtime Content: Meat dish (minced meat) Side dish: 2 (e.g. fries, salad) Price includes: Service charge Specify: Name of the dish			8A 6R	3A 1R	1A 2R	1A	1R	2A 2R	1A
Meat curry at Restaurant	Size of Unit: 1 Unit of Measure: Service Establishment: Restaurant Standard of Restaurant: Fresh clean tablecloth, comfortable seats, good service from waiters, etc Main Dish with meat: Curry Types of Meat: Any red meat Type of processed ingredients: Cut up Small pieces Serving size: Approximately 300 Grams		Served with side dish? (rice, and or one vegi)	8A 6R	3A 1R	1A 2R	1A	1R	2A 2R	1A
Lunch dish with minced meat	Size of Unit: 1 Unit of Measure: Service Establishment: Pub/cafeteria Service: At the table (with waiter service) Type of meal: Lunchtime Content: Meat dish (minced meat) Side dish: 2 (e.g. fries, salad) Price includes: Service charge Specify: Name of the dish	Delete	Duplicate Product	5A 3R	1A 1R	1R	1A	1R	2A	1A



Non-Durable Goods

- If all/most price determining characteristics could be identified and described with concrete values, brand names would not be critical
- Brand names would be helpful if and when price determining characteristic values are difficult to describe and measure
- For some products, for example clothing, footwear, furniture, etc price determining characteristic values are difficult to identify and measure
- For such products the challenge is how to capture quality differences by identifying price determining characteristics and assigning values to them or how to classify global/regional/national brands by quality stratum
- High/Medium/Low brand stratum can be used only if we succeed in preparing a global list of brand names and group them by quality stratum
- International/regional brand distinction requires identifying well-known regional brand names and classifying them by high/med/low quality standard
- A global brand name list with quality distinction is critical to compare prices of equivalent brand names



Durable Goods

- In general for durable products brand names could be useful and could be an essential part of the product specification
- For electronic goods, for example cameras, cell phones, printers, etc it is possible to have a tighter PS with specific models and brands
- The global office has proposed brands and models. If the proposed brands and models are not widely available their equivalent brands could be priced, provided that they have similar price determining characteristics
- For major household appliances the Global Office received significant input from UK-ONS colleagues, as coordinators of Eurostat/OECD ring countries
- UK-ONS started with the draft ring list descriptions as their starting point, amending them as required
- The brand clusters suggested for durable goods are used only as indicative of quality stratum
- The brand clusters need to be discussed and agreed upon



“Non-Shop” Items: Enhancing the List

- The first draft for non-shop items was drawn primarily from the Eurostat product list
- Our Ring Product Matrix analysis indicates out of 91 Basic Headings 10 are found to be problematic in terms of the number of countries that picked them as representative items
- GO tried to draw PSs from other regions to enhance the list, but without much success
- The workshop can propose additional items for consideration



..... The End