

Additional Methodological Guidelines

Machinery and Equipment

Product Brands

As prices are being collected in the ICP countries and economies, questions and feedback have been received which require the relevant methodological materials to be updated or some additional guidance to be provided. In this respect, the Global Office finalized “*Additional Guidance on 2011 HHC Price Surveys*” which was distributed on November 30, 2011 to the Regional Coordinators. The note was prepared to clarify some aspects related to brands strata for clothing and footwear. It aims to complement the Global Core List (GCL) item specifications. Three basic headings under consideration are:

- 1103111 Clothing materials, other articles of clothing and clothing accessories
- 1103121 Garments
- 1103211 Shoes and other footwear

There are basically three categories of branded items:

1. Specified Brands (SB)

These are international brands or shop-chains brands which are referred to in the item description either as a single specified brand to be priced or a set of specified brands deemed comparable/equivalent. For these items, any of the brands listed may be priced, because they are assumed to have equivalent brand-value. It may not therefore be necessary or even possible to price all of the specified brands. However, surveyors should note that the string of brands mentioned in the item description is not a mere list of examples, but it's rather the list from which the brand(s) to be priced must be chosen. Brands which are not included in the item definition should not be priced for this item.

2. Generic type - Well Known Brands (WKB) or Popular Brands

This category includes all international

brands or multinational shop-chains brands, typical for a specific country, as well as brands and shop-chains brands nationally or regionally renowned or spread. Products to be priced must primarily be identified on the basis of their physical characteristics as indicated in the item specifications. Price collection has to comply with the consumers' purchasing pattern and cover mainly representative brands.

An additional parameter, the “Brand stratum”, should be considered for most of the WKB item specifications. It refers to three different segments within the market supply of branded clothing and footwear:

- High - shown as *Well Known: High* or *Popular Brand: High*
- Medium - shown as *Well Known: Medium* or *Popular Brand: Medium*
- Low - shown as *Well Known: Low* or *Popular Brand: Low*

The additional guidance includes an indicative brand-stratum chart that maps brands to strata.

Countries are also encouraged to price their representative brands not appearing in the list. They will identify these items on the basis of their experience and in the light of the general brand-value concept.

3. Generic type - Brandless

These are products from unidentified or not renowned producers or without “brand-value”, although in some cases their “labels” or logos may seem similar to international brands. Typical example would be a sportswear item with two or four stripes, which may deceive purchasers into thinking that it's an ADIDAS item, yet genuine ADIDAS items have three stripes. Usually such products do not have their own catalogues or own advertising campaigns and the quality of design, materials and finishing is lower than specified, well-known or popular brands.

The ICP survey for Machinery and Equipment Goods was launched in September 2011 in most ICP regions and will last till the end of this year. Countries of Eurostat-OECD and CIS conducted their survey earlier this year. During different workshops, and through email communications, the regions have requested the Global Office to clarify what is meant by a Machinery and Equipment item in terms of being “specified” as opposed to “unspecified” on one hand, and “comparable”, “equivalent”, “identical”, “similar” to a “specified” item on the other hand.

The answer provided by the Global Office in document “*Additional Guideline to Machinery and Equipment Goods Survey*” can be summarized as follows.

1. Specified vs. Unspecified Items

A *specified* item is an item in the Global List that has all its specifications fully stated in the structured product description (SPD) including name, brand, model and an extract of up to twelve most important elements of the item specifications sheet, usually provided by the manufacturer. An *unspecified* item has the same specifications as an existing item, except for the brand and/or model name.

2. What are the differences between the concepts of comparability, equivalence, and identity as regards specified items?

- An item is deemed *comparable* to a given specified item if it has the same (or very close) specifications as the specified item except for the make and/or model. The notion of close specifications is based on the judgment of experts, but more importantly on the relevant manufacturers' marketing strategies.
- An item is deemed *equivalent* to a specified item when it has same purpose, same use, usually comparable physical appearance (but not necessarily), meets

well known international standards, has same quality, and comparable specifications. The same company may have delocalized the production of some of its products to another area in the world and assign an identical (or regional) model number to the products. It may even shift from an existing model to a newer equivalent one. These are usually closest equivalent items to a given set of specifications. A competitor may also provide a comparable item.

- An *identical* item meets and matches exactly the prescribed SPD specifications. It is also referred to as an “exact match”.

3. What do experts say about these concepts?

- Some items have stable standard specifications and price structure across the world.
- Some items are unique as they are designed to meet the need of the customer but they should comply with international standards in terms of selected characteristics such as size, components and security features. Examples are fuel tanks and selected health and security related items.
- Comparability of some items requires meeting all the specifications while carefully selected specifications will be enough to identify comparable items in participating ICP regions.
- Equivalent items have the same specifications. Some of them have the same brand and different models, while others have different brands.

4. Regional strategies for data collection on Machinery and Equipment Goods

the Global Office reiterates the need for knowledgeable experts to be entrusted this work under the supervision of the National Statistical Office in order to maximize data quality and coverage of national/regional market of Machinery and Equipment Goods. Another strategy could be for National Statistical Offices to collect prices for the easiest part of the list and refer to national/regional experts for more specialized items.

It's worth noting that some items in the list of Machinery and Equipment goods are

also included in the household consumption survey, which may lead some countries to borrowing price quotations from the latter survey. This should not be done for the following reasons:

- The types of prices to be reported are different;
- Tax structures and levels are different;
- Delivery costs and/or discounts may apply for Machinery and Equipment Goods.

5. What to do if production of an item is discontinued?

If the product is no more available on the market, data collectors are invited to check if an equivalent or comparable item in the list could be priced instead of the one that was discontinued. Also, a comment should be provided that the prescribed item is discontinued.

Exhaustiveness Questionnaire

The Global Office has prepared the *GDP Exhaustiveness Questionnaire - Very Simplified Version* upon requests from countries and regions. The main objective of the revised questionnaire is to make it easier for countries with lower National Accounts capacity to provide the required information.

The differences between the very simplified version and the complete one are:

- Only the expenditure approach is included;
- The expenditure approach has been reordered to be in alignment with the ICP classification;
- A numeric version of the exhaustiveness questionnaire have been added;
- A indicative version based on the numeric version of the exhaustiveness questionnaire have been added.

It was noted that the collection of information on the Output of goods and services (basic prices) for the output approach is optional. The form was dispatched to the Regional Coordinators on November 30. ■

Mission Information

Supervision missions were jointly organized by the Global Office and the African Development Bank (AfDB) in early November in selected countries to not lose the achievements gained so far and the momentum as the 4th Regional workshop, which was originally scheduled in October, was postponed. The mission was carried out by two Global Office consultants, each visiting three and four Southern African Development Community (SADC) countries, respectively.

The aims of the mission include:

- Assist the National Accounts department to complete the MORES, QAF and Exhaustiveness questionnaires.
- Provide technical assistance to ensure the effective implementation of the ICP special surveys.
- Review the data validation process for the Households Consumption Price Survey, if any needs arise.

Findings and lessons from the missions will be translated into relevant operational materials and be shared with other regions and countries.

Construction

On November 8, 2011, the “*Additional Guidance 2 on 2011 ICP Construction Survey*” was sent to the Regional Coordinators, following its *Additional Guidance 1*. The purpose of the document is to complement the specifications and instructions given in the ICP Construction Price Survey Form. The provided complementary information does not replace or contradict the original items specifications.

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