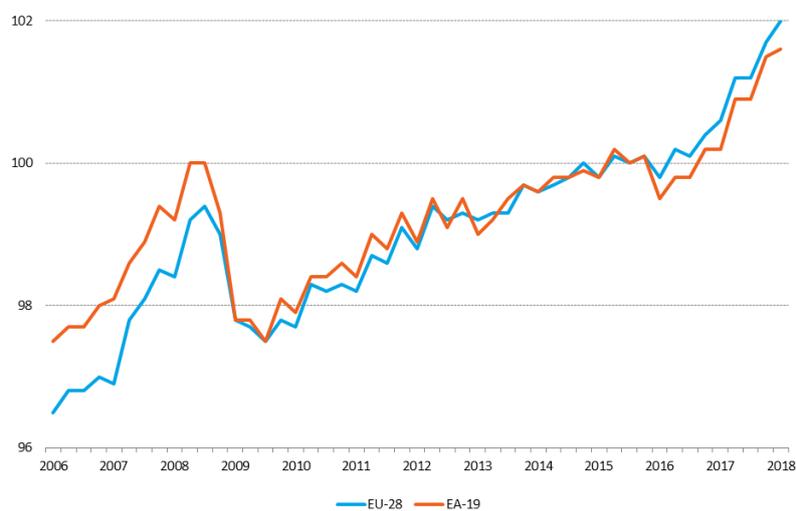


# Services producer price index overview

Statistics Explained

*Data extracted in July 2018.  
Planned article update: August 2019.*

**Service Producer Prices (as requested by the STS-Regulation) EU-28 and Euro Area**  
(2015=100)



Source: Eurostat (online data code: sts\_sepp\_q)

eurostat 

**Service producer prices as requested by the STS-regulation (NACE groups 49.4 – 81.2), EU-28 and Euro area (2015=100) - Source: Eurostat (sts\_sepp\_q)**

This article presents the [services producer price index \(SPPI\)](#) (also called service output price index), measuring prices of services, as it is calculated and used at the level of the [European Union \(EU\)](#) and its Member States.

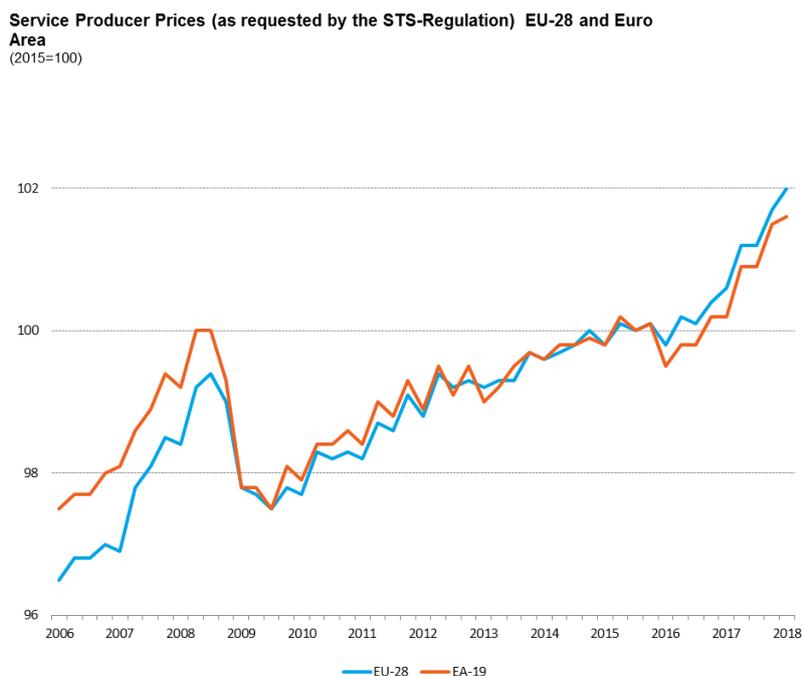
## General overview

The services producer price index is a [business cycle](#) indicator which provides information on the development of prices for numerous service industries. This information is used for the analysis of [inflation](#) and its sources, but also for the [deflation](#) of value measures in the service sector.

This article presents services producer prices for all uses (B2All indicators), i.e. services consumed by private consumers, by business consumers and others. However, the bulk of the service industries covered by the indicator are those which are, as a matter of fact, mainly demanded by businesses (B2B indicator, including also transaction with the Government/State, i.e. B2G), they include for example freight transport, legal and accounting services, advertising and market research (see below).

## Services producer prices - development since 2006

Figure 1 presents aggregated services producer prices for the EU-28 and the Euro area. The indicators combine all service areas for which services producer prices are collected under the short-term statistics Regulation (EC) No 1165/98, i.e. road, water and air transport, storage and cargo handling, telecommunication services, legal and accounting services, management consulting, advertising and market research, employment, security and cleaning services. Between their introduction in 2006 and mid-2008 aggregated services producer prices showed a relatively steady increase. During the economic and financial crisis prices fell between mid-2008 and mid-2009. Since the third quarter of 2009 prices have been more or less steadily increased and the price aggregate for the Euro area already surpassed the pre-crisis high at the end of 2014. In the beginning of 2016 prices dropped again but afterwards recovered quickly. Today the overall level of service producer prices in the European Union and the Euro area is around 2 percentage points higher than during the pre-crisis peak.



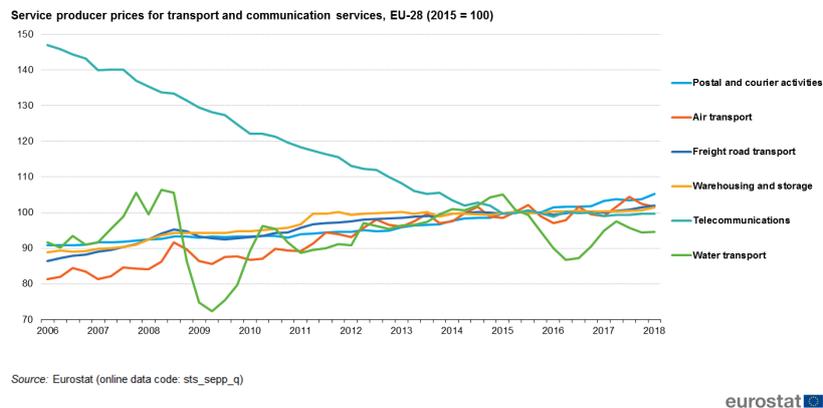
eurostat

**Figure 1: Service producer prices as requested by the STS-regulation (NACE groups 49.4 – 81.2), EU-28 and Euro area (2015=100) - Source: Eurostat (sts\_sepp\_q)**

## Overview of prices for various transport and communication services

With few exceptions service producer prices develop in a relatively steady manner. Figure 2 provides an overview of prices for various transport and communication services. The main exceptions from the overall stable upward trends are telecommunication services which – like many technology related activities – have displayed a continuous downward trend for all years for which data are available. For sea and costal water transport producer prices underwent a rather special development with a pronounced fall between the last quarter of 2008 and the

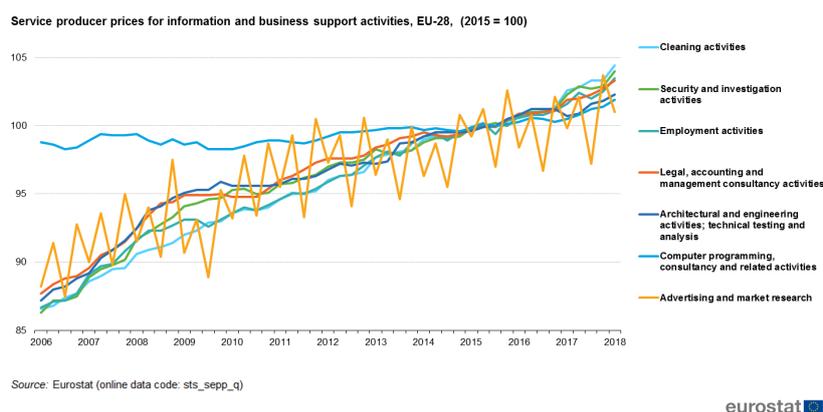
second quarter of 2009, possibly reflecting over-capacities at the beginning of the crisis, and an equally steep upturn on the following periods. Despite their relative small share in the total STS service aggregate the steep decline in sea and costal water transport prices (by 34 percentage points) is one of the main reason behind the drop in the prices of the STS service aggregates.



**Figure 2: Service producer prices for transport and communication services (NACE divisions/groups 49.4, 50, 51, 52.1, 52.24, 53, 61), EU-28 (2010=100) -Source: Eurostat (sts\_sepp\_q)**

## Overview of prices for information and business support activities

For many other business services (Figure 3) the general development since 2006 is more stable than for transport and communication. It can be assumed that many of these services (e.g. cleaning, security) are based on long-term contracts. Moreover, some services such as legal and accounting services may be considered largely indispensable by businesses and were not or not significantly reduced during the financial crisis so that there was no incentive for service providers to adjust prices. For many services producer prices displayed a rather stable upward trend. For computer services (including programming and consultancy) price levels remained almost unchanged. Only prices for advertising and market research showed a reaction to the financial and economic crisis. The indicators for this service area dropped by several percentage points in 2009 but has since then regained and surpassed the pre-crisis level.



**Figure 3: Service producer prices for information and business support activities, EU-28, (2015 = 100) (NACE divisions/groups 62, 63, 69\_70.2, 71, 73, 78, 80, 81.2) - Source: Eurostat (sts\_sepp\_q)**

## Source data for tables and graphs

- [Download Excel file](#)

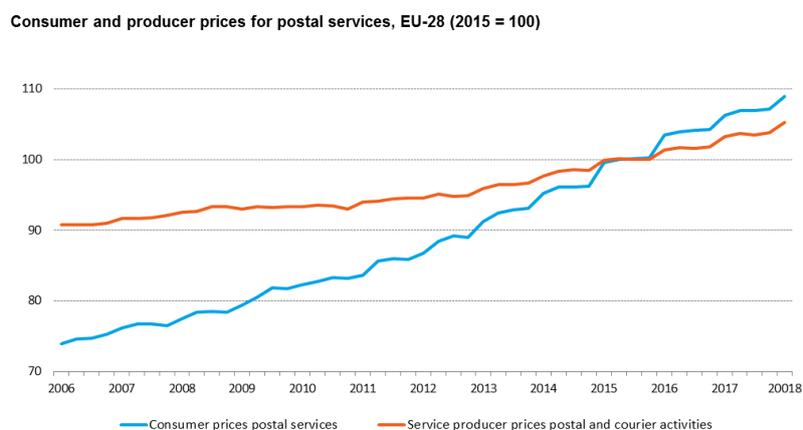
## Data sources

Information on output prices of services is generally collected by business surveys. However for some prices other sources are used, for example information from regulatory bodies for telecommunication prices or for legal services. Web surveys are also used to collect certain price information. The service price indices are calculated on a quarterly basis, data are available from 2006 on. The collection of price data for services poses a number of statistical problems due to the special nature of services. In particular it is difficult to ascertain the quality of services and therefore difficult to collect price data for services of a comparable nature and quality over time. Measurement problems are also due to the fact that services are often consumed on production and that many services are unique and tailor-made for the client.

Producer prices (output prices) represent the prices from the point of view of the producer. The prices are transaction prices and take into account discounts, rebates, surcharges and similar price determining elements but not product taxes. There are several important differences between producer prices and consumer prices, notably:

- Producer prices are calculated without VAT and similar taxes since they do not count as revenues from the point of view of the producer. Consumer prices include such taxes since the consumer has to pay them.
- Producer prices cover output produced by domestic producers – including output that is exported. Consumer prices include the prices of imported goods.
- An important use of producer prices is to deflate value data to produce information on real output, consumer prices are used to deflate expenditure data.

Figure 4 illustrates the difference between consumer and producer prices with the example of postal services.



Source: Eurostat (online data code: sts\_sepp\_q)

eurostat 

**Figure 4: Consumer prices and Service producer prices for postal services, EU-28 (2015=100) - Source: Eurostat (sts\_sepp\_q) and (prc\_hicp\_midx)**

## Context

Services are an important part of European economies and contribute substantially to output and employment. Traditionally short-term statistics mainly covered industrial and construction activities. When the monetary union was prepared it became clear that better and more complete data for the service sector were necessary. Regulation 1158/2005 of 6 July 2005 amended the short-term statistics regulation of 1998 ( [short-term statistics Regulation 1165/98](#) ) and introduced the collection of output service prices on a quarterly basis. First data became available in 2009. The service output price index is today one of the [Principal European Economic](#)

[Indicators \(PEEs\)](#) which are used to monitor and steer economic policy in the EU and in the euro area. Aggregate service producer price indicators for the total of services covered by the STS-regulation have only been published since June 2012.

## Other articles

- [Background articles on short-term indicators](#)

## Tables

- [Industry, commerce and services \(t\\_sts\)](#) , see:

Trade and services (t\_sts\_ts)

## Database

- [Short-term business statistics \(sts\) \(New activity classification \(NACE Rev 2\)\)](#) , see:

Trade and services (sts\_ts)

Other services (sts\_os)

Producer prices index (PPI) (sts\_os\_pp)

Service producer prices index - quarterly data - (2006=100) (NACE Rev.2) (sts\_sepp\_q)

## Dedicated section

- [Short-term business statistics](#)

## Publications

- [Business services: recent economic developments](#) - Statistics in focus 35/2011
- [Service producer price indices \(SPPI\): a new European economic indicator](#) - Statistics in focus 103/2008

## Methodology

- [Eurostat-OECD Methodological Guide for Developing Producer Price Indices for Services \(2nd edition\)](#)
- [Methodological guide for developing producer price indices for services](#)
- [Methodology of short-term business statistics – interpretation and guidelines](#)
- [Methodology of short-term business statistics – associated documents](#)
- [Short-term business statistics - Metadata in SDMX format \(ESMS metadata file — crim\\_esms\)](#)
- [More information on Metadata in Eurostat](#)