

What do newly developed ONS business surveys tell us about the UK economy?

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Things to consider

- All data discussed today is still provisional & subject to change
- Proportions will be used rather than levels

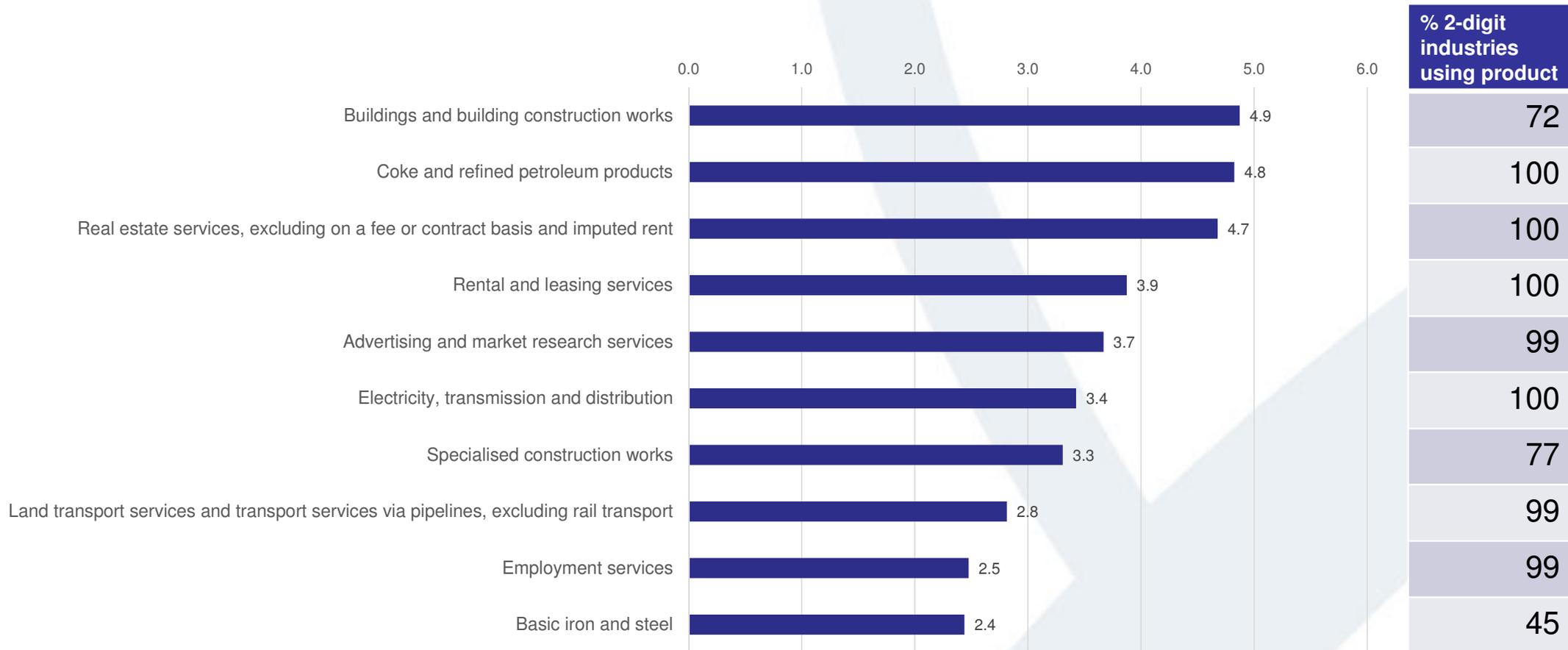
Annual Purchases Survey

- Reintroduced in 2015 - analysis uses 2015 reference period data
- Measures the goods and services used in production process by UK businesses – known as intermediate consumption
- Products measured mirror the 110 products x 110 industries Supply-Use matrix level
- Covers a large element of economy, but excludes parts of agriculture, forestry and fishing, public administration, activities of households and activities of extraterritorial organisations

Why was the survey reintroduced?

- Original Purchases Survey had sample cut by 50% in 2006 to save costs, but was considered insufficient quality and was suspended
- Supply-Use tables have since used product patterns from the 2006 survey (reference period 2004) to apportion total industry data and high level product data from the Annual Business Survey, including additional adjustments to reflect any structural changes
- The survey was reintroduced to reflect detailed changes in the intermediate consumption of businesses since 2006

Products making up highest proportions of intermediate consumption across all industries



Service industry IC

vs.

Manufacturing industry IC

Product	Proportion
Real estate	7.8
Coke and refined petroleum products	6.2
Advertising and market research	5.9
Rental and leasing	4.4
Computer programming and consultancy	3.6
Land transport and via pipeline	3.5
Employment services	3.2
Head offices and management consultancy	3.1
Warehousing and transportation support	3.1
Electricity	2.5

Product	Proportion
Basic iron and steel	7.7
Crude petroleum and natural gas	6.0
Fabricated metal	5.9
Motor vehicles, trailers and semi-trailers	4.5
Machinery and equipment n.e.c	4.4
Coke and refined petroleum products	4.2
Rubber and plastic products	3.9
Petrochemicals	3.6
Agriculture and hunting products	3.5
Other basic metals and casting	3.3

Of all energy consumed which industries used the most

Section	Percentage
D - Electricity, gas, steam and air conditioning supply	40.8
C – Manufacturing	16.5
G – Wholesale and retail trade; repair of motor vehicles and motorcycles	12.2
I – Accommodation and food service activities	5.8
J – Information and communication	4.8
M – Professional, scientific and technical activities	3.1
N – Administrative and support service activities	2.9
H – Transportation and storage	2.9
E – Water supply; sewerage, waste management and remediation activities	2.7
Other	8.3
Total	100.0

Largest flows - which industries use most of which products?

Extraction of crude petroleum and natural gas

used 83.3% of all

Mining support services

Electric power generation, transmission and distribution

used 82.2% of all

Coal and lignite

Manufacture of coke and refined petroleum products

used 77.8% of all

Crude petroleum and natural gas

Programming and broadcasting

used 76.2% of all

Programming and broadcasting services

Food and beverage serving

used 71.2% of all

Alcoholic beverages

Annual Survey of Goods and Services

- Launched in summer 2017 – reference period 2016 used in analysis
- Measures service industry turnover broken down into the services from which it is generated, with a total for goods produced
- Products are collected at 6-digit CPA level (Classification of Products by Activity), and broken down by domestic and export sales.
- For the purposes of this analysis, CPA products have been aggregated to 110 by 110 Supply-Use level

Innovative Development

- Developed in a short time frame – survey was out in the field only 14 months after the initial feasibility study
- Data collected via electronic questionnaire, built in collaboration with IFF Research, a market research agency
- Allows measurement of approximately 1200 detailed products, with functionality for businesses to search for any additional services

Why was this survey introduced?

- Very detailed survey exists for the manufacturing industries, which breaks down sales into products (Prodcom)
- The services industry represents a much larger proportion of GDP than manufacturing, and needs to be more appropriately measured to meet a key recommendation from the Bean review
- Businesses are becoming more diverse and providing services and goods outside their main industrial classification, however, this isn't being widely measured

Off-diagonal

	Industry 1	Industry 2	Industry 3	Industry 4	Industry 5	Industry 6	Industry 7	Industry 8	Industry 9	Industry 10	
Product 1	Diagonal					Off-diagonal					
Product 2		Diagonal				Off-diagonal					
Product 3			Diagonal			Off-diagonal					
Product 4				Diagonal		Off-diagonal					
Product 5					Diagonal	Off-diagonal					
Product 6						Diagonal					
Product 7						Off-diagonal	Diagonal				
Product 8						Off-diagonal		Diagonal			
Product 9						Off-diagonal			Diagonal		
Product 10						Off-diagonal				Diagonal	
						Industry total					

Diagonal

Products produced inside main industrial classification

Off-diagonal

Products produced outside main industrial classification

Propensity to produce products off-diagonally (at 2-digit)

- Overall, 20.0% of service industry turnover was off-diagonal at the 2-digit level
- All industries had an element of off-diagonal turnover at this level, with five industries having more than 50% turnover from off-diagonal activities:

	% off-diagonal	% on-diagonal	Next largest product share of total (%)
96) Other Personal Service Activities	74.5	25.5	41.9
82) Office Administrative, Office Support And Other Business Support Activities	71.0	29	12.8
39) Remediation Activities And Other Waste Management Services	62.2	37.8	26.0
95) Repair Of Computers And Personal And Household Goods	56.0	44.0	20.2
74) Other Professional, Scientific And Technical Activities	51.4	48.6	7.4

Predominant off-diagonal products

Across all industries' off-diagonal turnover, production made up the highest proportion:

	% of all off-diagonal turnover
Production	33.5
Head office services and management consultancy	7.3
Retail	6.7
Wholesale	5.3
Services auxiliary to financial services and insurance services	3.7

Production by Service Industries

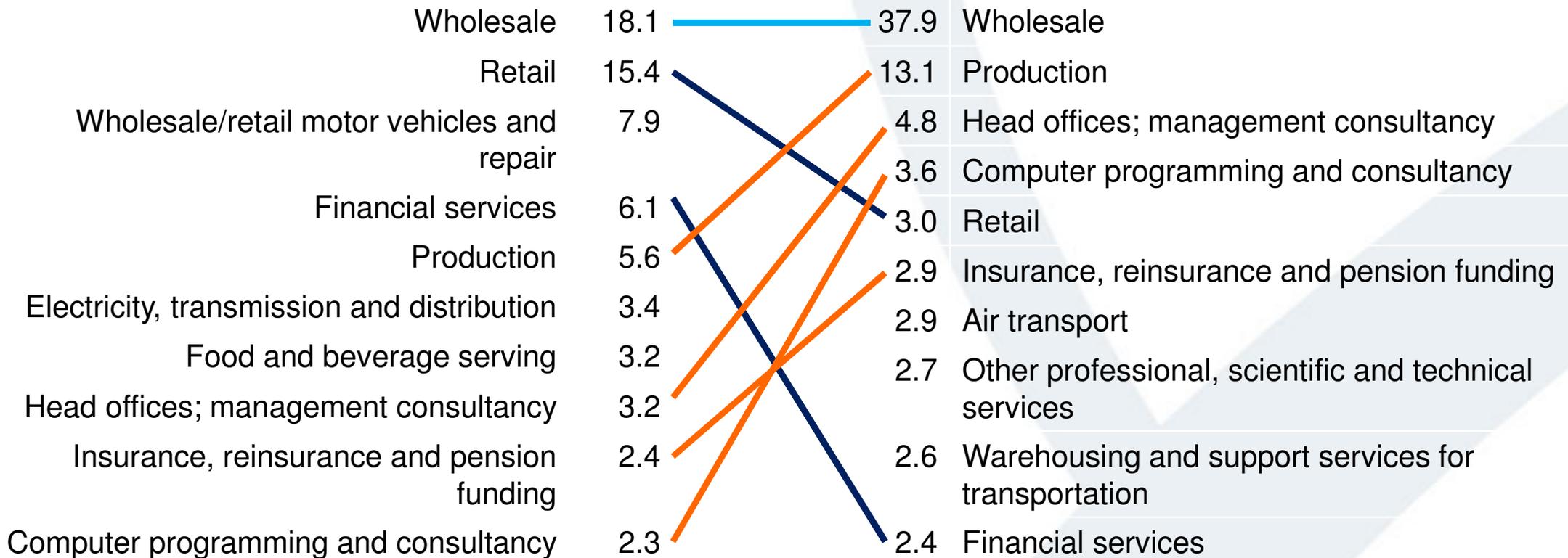
- 6.7% of all service industry turnover came from production – this was mainly driven by the retail and wholesale industries who manufacture a lot of the goods they go on to sell (62.5% of all service industry production)
- This was followed by computer programming and consultancy, and architectural and engineering divisions, whose production was 6.9% and 6.4% of all service industry production respectively
- From the Prodcom survey, 4.4% of manufacturing industry turnover came from “non-production income” in 2016

Domestic products rank

Export products rank

% of total domestic turnover

% of total export turnover



Same Position domestically and overseas



Higher rank domestically than overseas

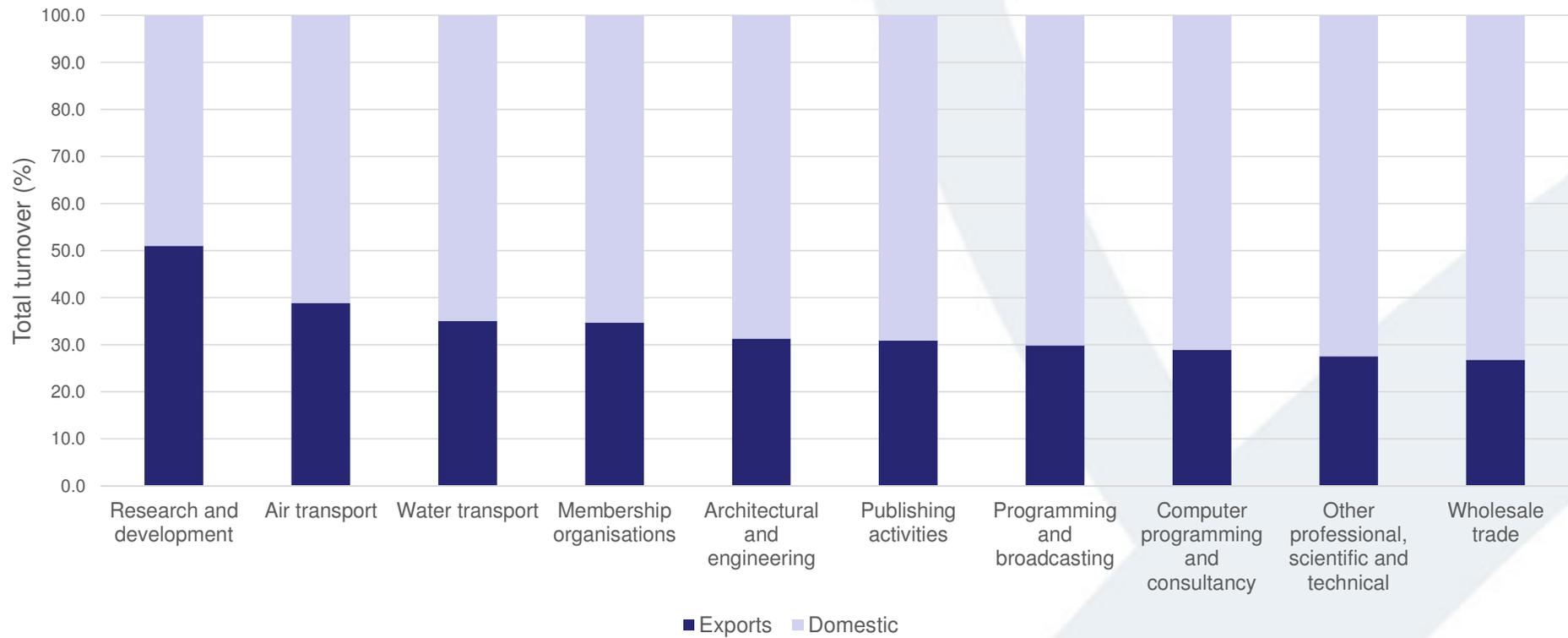


Higher rank overseas than domestically



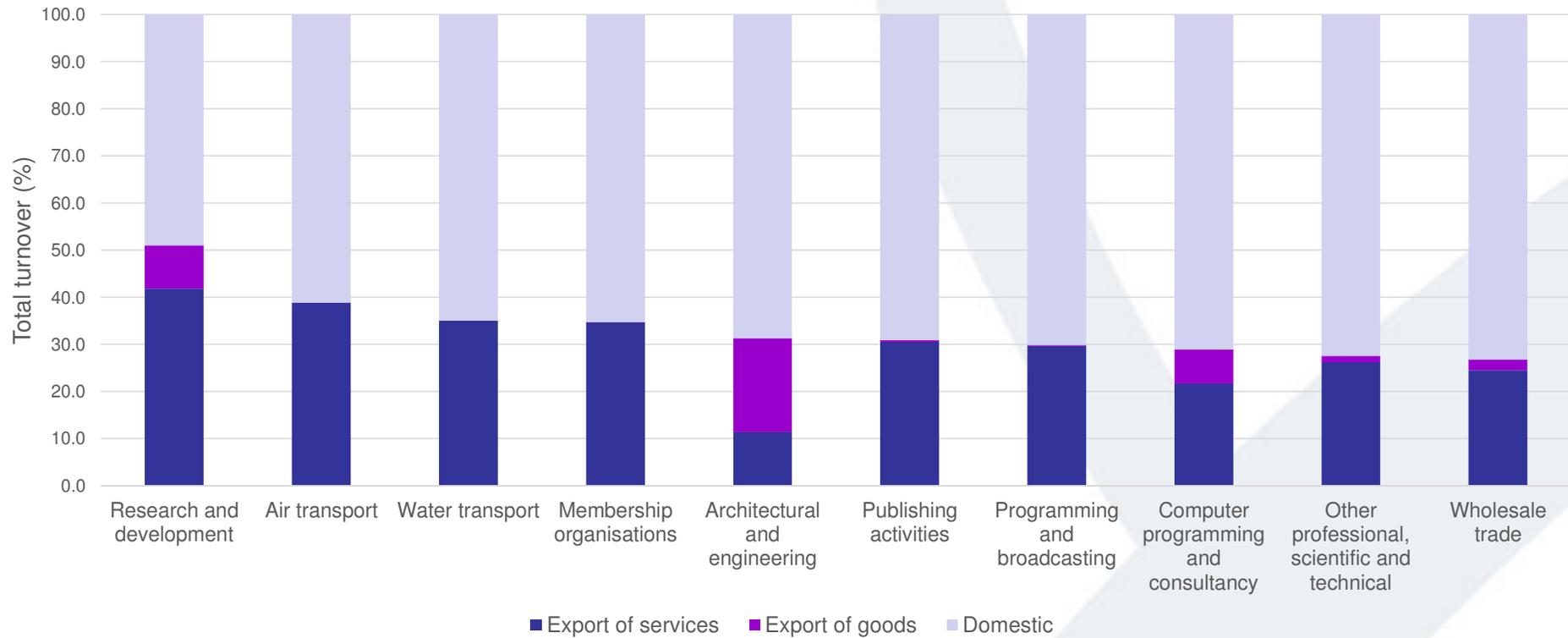
Export Intensity

Highest Export Intensity Industries



Export Intensity

Highest Export Intensity Industries

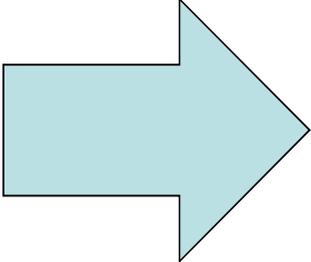


Export/Domestic on/off diagonal split (%)

	% turnover from Domestic sales	% turnover from Exports
% turnover from products inside industrial classification	69.0	10.9
% turnover from products outside industrial classification	15.8	4.3

Industry case study – accommodation

Inputs		%	% Outputs	
Alcoholic beverages		11.6	62.4	Accommodation
Real estate services		9.5	25.9	Food and beverage serving
Electricity, transmission and distribution		6.8	1.9	Wholesale, retail and repair of motor vehicles
Preserved meat and meat products		6.1	1.4	Personal service activities
Travel agency, tour operator and reservation services		6.1	1.3	Sporting, amusement and recreation services
Fish, fruit and vegetables		5.6	1.3	Office administration and support
Food and beverage serving		4.6	1.2	Other retail
Services to buildings and landscapes		4.4	1.1	Real estate
Advertising and market research		3.8	1.0	Goods/production
Other		41.6	2.5	Other



Future aims

- Plans to include Purchases Survey in National Accounts in Blue Book 2019, subject to quality assurance, and ASGS in a future Blue Book
- Plans for forthcoming article describing the development of the ASGS (link to article of [Purchases Survey development](#))



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Thank you for listening

Any questions?

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