

Mini-presentation on Turnover and Output for Hotels and similar accommodation (NACE 55.10) in Sweden

**34TH Voorburg Group Meeting in Paris 30
September – 4 October 2019**

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1. Descriptions and characteristics of the industry

1.1 Definition of the industry

In the UN classification ISIC Rev.4 all *Short term accommodation activities* are grouped together in ISIC 5510. At European level this ISIC class corresponds to the NACE classes 55.10 *Hotels and similar accommodation* and 55.20 *Holiday and other short-stay accommodation* in NACE Rev.2. These classes belong to division 55 *Accommodation* within section I *Accommodation and food service activities*. The primary focus in this paper will be on the NACE class 55.10.

In the Swedish National Classification (SNI2007) there is a possibility to divide NACE classes further into sub-classes. In table 1 below all relevant classes for short term accommodation from ISIC, NACE and SNI are shown.

Table 1. Industrial classification by activity for Short term accommodation in ISIC, NACE and SNI

ISIC	ISIC Description	NACE Class	SNI2007 5-digit level	NACE and SNI Description
5510	Short term accommodation activities	55.10		Hotels and similar accommodation
			55.101	Hotels with restaurants except conference centres
			55.102	Lodging activities of conference centres
			55.103	Hotels without restaurant
		55.20		Holiday and other short-stay accommodation
			55.201	Youth hostels
			55.202	Other short-stay accommodation

Within the NACE class 55.10 Hotels and similar accommodation the Swedish classification has three subgroups as shown in table 1. The national classification distinguishes hotels with restaurants from hotels without restaurants and places activities of conference centres in a separate class. The NACE class 55.20 has two subgroups in SNI, youth hostels and other short-stay accommodation.

Table 2a. Classification of products for ISIC 55.10 Short term accommodation in CPA 2.1 and SPIN2015

CPA Ver.	CPA Description	SPIN2015	SPIN Description
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2.1			
55.10.10	Room or unit accommodation services for visitors, with daily housekeeping (except time-share)	55.101.00	Hotels with restaurant, except conference centres, services
		55.102.00	Lodging conference centre services
		55.103.00	Hotels without restaurant, services
55.20.11	Room or unit accommodation services for visitors in youth hostels and holiday cabins	55.201.00	Room or unit accommodation services for visitors in youth hostels and holiday cabins
55.20.12	Room or unit accommodation services for visitors in time-share properties	55.202.01	Room or unit accommodation services for visitors in time-share properties
55.20.19	Other room or unit accommodation services for visitors, without daily housekeeping	55.202.02	Other room or unit accommodation services for visitors, without daily housekeeping

The Swedish product classification SPIN2015, is in most parts equal to the CPA Ver 2.1 classification (table 2a) but the code structure is slightly different. The first four digits are always equal but the fifth digit in CPA is not always the same in SPIN. Instead, SPIN has the same code structure as the national activity classification SNI (compare table 1 and table 2a). For hotels and similar accommodation the breakdown in SPIN is more detailed than CPA but for holiday and other short-stay accommodation the structure is identical in CPA and SPIN.

Table 2b. Classification of products for ISIC 55.10 Short term accommodation in CPC

CPC Ver. 2.1	Description
63111	Room or unit accommodation services for visitors, with daily housekeeping services
63112	Room or unit accommodation services for visitors, without daily housekeeping services
63113	Room or unit accommodation services for visitors, in time-share properties
63114	Room or unit accommodation services for visitors, in rooms for multiple occupancy

The CPC classification divides the short term accommodations into four different products as shown in table 2b. One distinction is made between units with and without housekeeping services.

1.1 Market conditions and constraints

The section I *Accommodation and food service activities* accounts for 5 per cent of the employees and 1.8 per cent of the net turnover in the total business sector in Sweden. In this section we find both accommodation (NACE 55) and restaurants (NACE 56). In table 3 the number of employees and net turnover by size class can be studied for NACE 55.

Table 3. Number of employees and turnover by size class for NACE 55 Accommodation 2017 (enterprise level)

Size class (number of employees)	Number of employees (FTE)	Net turnover, SEK million
0-19	11 205	14 909
20-49	8 457	11 096
50-99	5 098	7 179
100-249	4 994	6 932
250-	6 793	8 299
Total	36 547	48 415

More than 30 per cent or 11 200 of the employees in NACE 55 are working in enterprises with less than 20 employees. The net turnover for the smallest size class was 14 900 SEK million in 2017 which is approximately 1 550 MEUR. The largest enterprises employed approximately 6 800 full time equivalents (19 per cent) and had 8 300 SEK million or 860 MEUR (17 per cent) of the net turnover 2017.

If we study the NACE class 55.10 *Hotels and similar accommodation* more specific it contributes with 28 per cent of the net turnover and 23 per cent of the employees in section I *Accommodation and food service activities*. Some basic data for 55.10 are shown in table 4.

Table 4. Basic data on NACE 55.10 Hotels and similar accommodation 2017 (enterprise level)

Variable	Total
Number of enterprises	3 051
Number of employees (FTE)	32 946
Net turnover, SEK million	43 501
Value added, SEK million	18 780
Total assets, SEK million	79 160
Net investments, SEK million	2 617

In 2017 almost 33 000 persons were employed in hotels and similar accommodation. The net turnover from this activity was 43 500 SEK

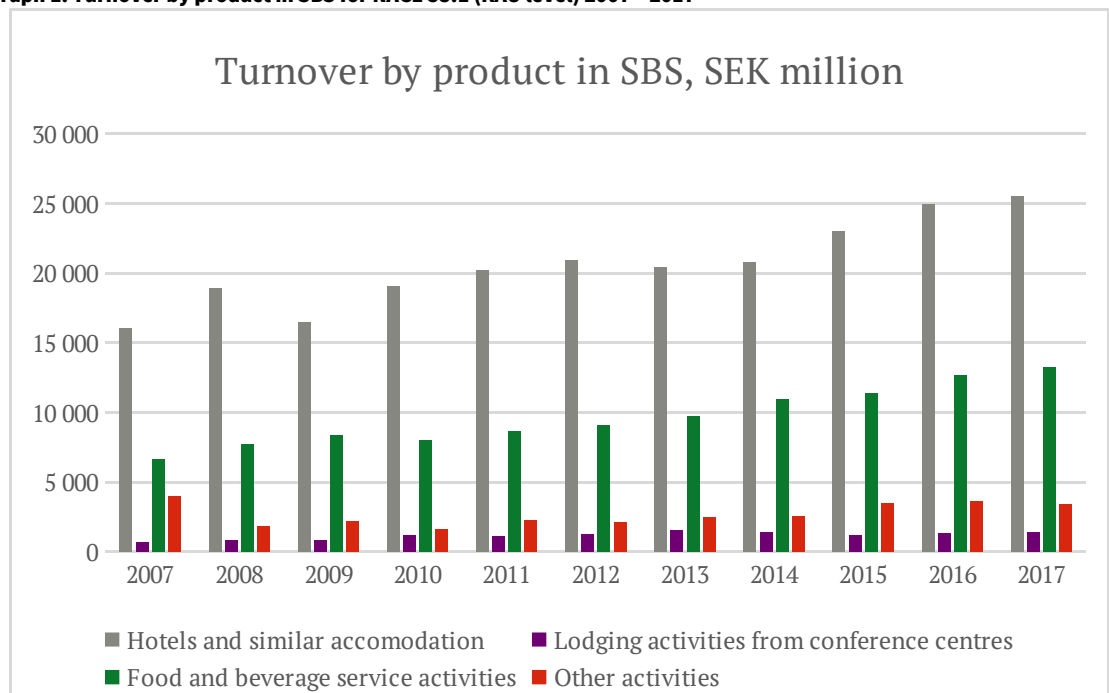
million which is approximately 4 510 MEUR. Value added amounted to 18 800 SEK million (1950 MEUR) and net investments to 2 600 SEK million (270 MEUR).

Table 5. Variables in the Swedish SBS survey for NACE 55.10

SBS-variable	SBS Description
V2707	Hotels and similar accommodation
V2723	Lodging activities from conference centres

The SBS survey to enterprises in NACE 55.10 only has two separate variables: Hotels and similar accommodation and Lodging activities from conference centres. There is no separate variable for hotels without restaurants in the SBS survey (compare the Swedish classification SNI2007 in table 1).

Graph 1. Turnover by product in SBS for NACE 55.1 (KAU level) 2007 – 2017



The largest product in NACE 55.1 is “Hotels and similar accommodation” with a total of SEK million 25 500 (2 650 MEUR) in net turnover in 2017. The turnover from hotels has increased by almost 60 per cent in a ten-year period (graph 1). The second most common product is “Food and beverage service activities” which actually belongs to NACE 56. Income from restaurant activities doubled in ten years and amounted to SEK million 13 200 (1 370 MEUR) in 2017. Income from “Lodging activities from conference centres” is the smallest part of the total turnover in NACE 55.1 with SEK million 1 400

(145 MEUR) in 2017. This still means an increase by 105 per cent in a ten-year period for lodging activities.

1.2 Specific characteristics of the industry

Hotels and similar accommodation is an activity that is part of the sharing economy, which means that some of the competition comes from individuals, not enterprises. This phenomenon is not that common in Sweden compared to other European countries, mostly depending on the type of contracts for apartments that exist on the Swedish market.

Most people that live in an apartment in Sweden either rents the apartment or are members of a housing society. Most of the real estate managers have strict rules against subleasing of apartments, which prevents the tenants from signing up for Airbnb and similar agencies. The general rules for rental apartments are stricter than the rules for housing societies. It is not allowed to sublease a rental apartment at all. Each housing society has a board that decides which restrictions should apply for their buildings. Most of them have a prohibition against subleasing but some societies allow it. But the consequence of this system is that there is a very restricted market for Airbnb in Sweden, especially in the metropolitan areas.

There is also a black market for short term accommodation. In 2017 the Swedish Tax Authority investigated the market for private rental of accommodation and found out that 80 per cent of the persons that had income from subleasing above the limit for paying tax, did not report this to the tax Authority. The limit for paying tax from this type of income is 40 000 Swedish crowns (4 150 EUR).

2. Turnover/output measurement

2.1 General framework

Short-Term Statistics (STS)

Turnover in the service sector falls under the Council Regulation of Short Term Statistics, (EC) No. 1165/98. The target population is non-financial enterprises in the service sector. The sections covered are E, G, H-J and L-S according to NACE. The statistical unit as well as the unit of collection is the kind-of-activity unit (KAU). The results are mainly used by the National Accounts (NA) in their calculations of private consumption and Gross Domestic Product (GDP). Turnover in the service sector is published monthly.

Structural Business Statistics (SBS)

Structural Business Statistics is a survey carried out annually in accordance to “Regulation (EC) No. 295/2008 [...] concerning structural business statistics” (the regulation consists of a number of annexes and the description below is valid for annexes I-IV and VIII, or NACE 05-82 (excluding 64-66) and 95). Furthermore, detailed results (much more detailed than demanded in the above mentioned regulation) of the survey are delivered to the National Accounts. The SBS has been produced in its current format since 2003.

The statistical unit in the regulation is enterprise but for NA purposes the unit is KAU.

2.2 Measurement issues

Short-Term Statistics

The base for the short-term statistics is Administrative VAT data, combined with a sample survey. The sample survey is conducted monthly. The total number of enterprises surveyed in the service sector lies around 7 500. The un-weighted response rate is approximately 85 per cent while the weighted response rate is approximately 90 per cent. The observation variable varies depending on NACE code. For enterprises in NACE 55 the observation variable is domestic turnover including VAT. Enterprises in NACE 55.1 also have to specify income from restaurant activities for NA purposes.

Structural Business Statistics

Information is collected on enterprise level or in some cases KAU level.

The survey is based on administrative data, more precisely on income statements and balance sheets from the Swedish Tax Authority. Two separate sample surveys (specification of income statement and specification of investments) are carried out to provide more detailed information. In addition to this, the 500 largest enterprises in the business sector are surveyed separately. The administrative data is, at least in theory, available for the entire population of around 1 000 000 enterprises. Non-response in administrative data (15 percent un-weighted, 4 percent weighted) are dealt with through mean value imputations based on industry and size class. This material is used for what is called the common variables within the income statement and balance sheet, such as turnover, other operating income, depreciation costs, personnel costs and total assets.

The 500 largest enterprises are surveyed independently of the tax data. This is due to their importance to the business sector (roughly one-third of value added) and their often complex organisations. These enterprises are asked to complete a questionnaire consisting of a detailed income statement (including turnover by product and detailed costs), a balance sheet and a specification of investments. The response rate for these enterprises has been 99-100 per cent in recent years.

The specification of income statement is used to get more detailed information, e.g. turnover by product, for the remaining enterprises. A sample of approximately 16 500 enterprises is used for this part of the survey, allocated in 300 strata based on the demands of NA. The sample method used is π ps, i.e. probability proportional to size. The response rate in this survey is usually around 85 percent un-weighted and 95 percent weighted. The survey regarding specification of investments is similar to the specification of the income statement, but is less detailed and thus demand lower sample sizes. Approximately 5 500 enterprises get the investment questionnaire.

2.3 Description of methods for measurement

Short-Term Statistics

Monthly data is used for the service production index and quarterly data for the production value index. The results are presented as development indices both in current and constant prices (calendar adjusted and seasonally adjusted). Results are published 35 days after the end of the reference period.

Structural Business Statistics

Preliminary results are compared with STS and other short-term indicators for consistency. Preliminary results are transmitted to Eurostat 10 months and final results 18 months after the end of the reference period. Final detailed results are transmitted to NA 15 months after the end of the reference year. Preliminary and final results are also published in on-line databases, 11 months and 16 months after the end of the reference year respectively. Results are published on enterprise (institutional) level as well as KAU (functional) level and for some variables local KAU (regional) level. The regional information is produced via a model-based approach.

2.4 Evaluation of comparability of Output data with Price data

Structural Business Statistics

Besides being an important input to the NA calculations, the collection of turnover by product is also an important input to the Business Register and to Prices. The detailed information makes it possible to detect any change in activity within the enterprises, and thus keep the Business Register as updated and correct as possible. Prices use the turnover by product as input in the sampling of enterprises for the SPPI survey.

4. Evaluation of measurement

Both the STS and the SBS are preparing for the changes that comes with the new Eurostat regulation FRIBS in 2021. SBS also has a Compliance issue from Eurostat to implement the statistical unit enterprise for the delivery of data for reference year 2018 in October 2019. In the years 2017-2020 extra resources are allocated to the implementation of the statistical unit enterprise.