

KOF Konjunkturforschungsstelle

KOF Wholesale Trade Survey Metainformation

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History of KOF Business Tendency Surveys

Before, during and after the Second World War, the business situation of Swiss companies was rather unstable due to their dependence on foreign business partners. It was difficult to obtain swift information on current economic and political developments. In 1937, companies in trade and industry therefore set up a group to promote the exchange of information. A complementary economic research institute (today's KOF Swiss Economic Institute) was established a year later.

1955 saw the introduction of written standardised questionnaires, which were given out before meetings to survey the attending companies in regard of their business situation. The surveys were modelled on the predominantly qualitative surveys conducted by INSEE in Paris and Ifo Institute in Munich. This was the beginning of the monthly and quarterly self-administered KOF Business Tendency Surveys with written questionnaires.

The early range of sectors - industry, retail and wholesale - was again expanded from 1988 on. Initially, the focus was on the accommodation and food service activities and the construction industry, two particularly cyclical sectors. The expansion was completed in 2006 with the introduction of private sector service industries that had previously not been covered. From 1999 onwards, the KOF Business Tendency Surveys were successively adapted to EU survey standards.

Concept of Qualitative Business Tendency Surveys

In contrast to the common official statistics, which are based on quantitative data with delayed availability, the business tendency surveys contain qualitative questions and data are quickly available. The questions on the historical development of key business parameters such as incoming orders, production, inventories, prices and employment, can be answered with the help of categories (e.g. higher, same, lower). Hence, there is no need to wait for accounting, statistical or inventory data. In addition, the businesses are asked about the future development of certain business activity parameters (e.g. expected incoming orders: will go up, will remain unchanged, will go down) and for assessments of the current situation (e.g. finished goods inventory: too high, normal, too low).

General Information on the Wholesale Trade Survey

The KOF Wholesale Trade Survey was established in 1978. The KOF Wholesale Survey was launched in conjunction with and is still actively supported by Handel Schweiz (VSIG). The voluntary online survey was introduced in 2000. In 2007 a fundamental revision of the questionnaire and an adjustment to international standards took place.

Since that time, the survey has been conducted in three languages (de, fr, it) and the analysis has been based on the three size categories.

The questionnaire is available at the surveys KOF website (KOF Surveys). Interviews with respondents show that on average the questionnaire can be completed in approximately 10 - 15 minutes.

At the moment, the firm panel of the KOF Wholesale Trade Survey comprises 496 firms that participate on a monthly basis. Among those, we find 32 large firms (more than 250 employees), 73 medium-sized firms (more than 50, but less than 250 employees) and 399 small firms with less than 50 employees.

Description of Aggregation Procedure

For results at NOGA 3-digit level the responses are weighted by firm size measured through number of employed (full time equivalents). At the 2-digit level (46) in addition to firm size weighting, population information is used for aggregation. In a first step firms are separated in three size classes (small, medium, large) and size weighted results for each size class are calculated. The three size class results are aggregated to the 2-digit level by use of the respective share of employed in the population.

Response Rates and Non-Response

During the last complete survey wave, i.e. in July 2018, the response rate amounts to 76%. The average response rate during the last 12 months, i.e. from August 2017 to July 2018, was 81%. In order to reduce non-response, KOF Swiss Economic Institute reminds missing respondents by telephone. In order to mitigate the effect of non-response on the results, we carry forward missing observations for period. That is, we replace the missing value with the response of the previous survey.

Survey Mode and Field Period

Since 2000, the respondents can chose to participate online or to fill out a paper questionnaire. Currently, 57% of all sample firms participate online, 43% of all participants answer via paper-questionnaire. The field period starts in the first week of the reporting quarter and ends in the last week of the month.

Quantification, Seasonal Adjustment, QCD and Standard Errors

We quantify survey questions with a categorical response scales using the balances method. That is, we calculate the net balance that is defined as the percentage share of (+) responses minus the percentage share of (-) responses.

Certain sectors display seasonal patterns in their answers. In order to correct for seasonal movements in the aggregated series, we seasonal adjusted and smoothed results using the CENSUS-X13ARIMA-SEATS procedure.

In order to validate the quality of our aggregate series we compute the QCD (Quarters of Cyclical Dominance) for quarterly questions. We report this measure in Table 1.

While QCD indicates the average signal in our time series, it does not say anything about the precision of these estimates. In order to provide a general idea of the precision of our estimated time series, KOF computes standard errors (s.e.) and the interquartile range (IQR) for the main statistic of all series. Generally, analytical formulas for the standard errors and the interquartile range around these statistics might not be available or might be hopelessly difficult to evaluate. Fortunately, bootstrapping is a very general method for estimating s.e. and IQR. Furthermore, bootstrapping does not require any assumptions about how our data are distributed. Finally, we know that standard errors of any sample statistic is the standard deviation of the sampling distribution for that statistic. Hence, we bootstrap (500 iterations) the distribution for the main statistics of all questions and use it to calculate the standard errors and the interquartile range for each statistic. Due to the high computational burden, we bootstrap standard errors and IQR only once a year. Table 1 reports the average standard error of each survey question over the last ten years. Currently, we display average values from August 2008 to July 2018.

Description	Frequency	QCD	s.e.	IQR
Assessment Business Situation	quarterly	1	4.52	6.09
Change Demand (last 3 months)	quarterly	1	5.07	6.82
Change in Quantity of Goods Sold (Y/Y)	quarterly	1	5.79	7.85
Change in Quantity of Goods in Stock (Y/Y)	quarterly	1	4.65	6.21
Assessment of Stock	quarterly	1	3.20	4.29
Assessment of Delivery Times (Y/Y)	quarterly	1	2.94	3.92
Change Employment (last 3 months)	quarterly	1	4.08	5.50
Assessment Number of Employees	quarterly	2	2.94	3.86
Assessment of Technical Capacity	quarterly	2	1.86	2.46
Limiting Factors: Insufficient Demand	quarterly	1	3.48	4.69
Limiting Factors: Shortage of Labour Supply	quarterly	2	2.10	2.81
Limiting Factors: tech. Capacities	quarterly	2	1.18	1.55
Limiting Factors: Economic and Legal Conditions	quarterly	1	3.47	4.68
Limiting Factors: Financial	quarterly	3	1.37	1.84
No Limiting Factors	quarterly	1	3.20	4.31
Change of Earnings (last 3 months)	quarterly	1	5.03	6.77
Change in Competitive Position (last 3 months)	quarterly	1	3.50	4.70
Expected Change Demand (next 3 months)	quarterly	1	4.51	6.02
Expected Change of Delivery Times (next 3 months)	quarterly	1	2.11	2.85
Expected Change of Purchasing Prices (next 3 months)	quarterly	1	4.03	5.37
Expected Change of Selling Prices (next 3 months)	quarterly	1	4.23	5.68
Expected Change Employment (next 3 months)	quarterly	1	3.78	5.07
Expected Change Business Situation (next 6 months)	quarterly	1	4.15	5.59

Table 1: QCD (Quarters of Cyclical Dominance)

Notes: This table displays the quarters of cyclical dominance (QCD) for each quarterly survey question of the KOF Wholesale Trade Survey. We confine the data sample to the last years, i.e. from July 2008 to July 2018. s.e. reports the average standard error of each survey question over the last ten years. IQR shows the interquartile range (IQR) of the sampling distribution for each statistic. We obtain both, standard errors as well as IQR using bootstrap methods (500 iterations). Due to the high computational burden, we bootstrap standard errors and IQR only once a year. Currently, we display average values from July 2008 to July 2018.

International comparability and Publication

The survey contains most of the questions contained in the harmonized survey program of the Directorate General for Economic and Financial Affairs of the European Commission. The harmonized program is implemented in almost all member and candidate countries of the European Union and forms an important international standard.

The results of the KOF Business Tendency Surveys are used to construct indicators which are published regularly. The main indicator for the Swiss business cycle is the KOF Economic Barometer. There is a fixed calendar for the publication of the indicator. This calendar is available at the KOF website. Media agencies can get the media release with an embargo 10 minutes before its publication. Other indicators grounding

on the surveys include the KOF Employment Indicator and the KOF Business Situation, which is published in the KOF Bulletin. Detailed results of the surveys are presented on quarterly press conferences.

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