

Methodology

Retail Trade Survey

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1 Introduction

The 1997 Retail Trade Survey is a structural survey, which is undertaken on a pluri-annual basis in the same way as the vast majority of surveys on the structure of companies in the services sector. Previous structural retail surveys were aimed at the whole commercial sector and from which certain activities were exempt that were not sufficiently represented in the framework used (Premises Census). This year's survey is restricted to retail trade as defined in Division 52 of the National Classification of Activities.

The reason for undertaking a survey that relates solely to retail trade for the first time is due to the process of adapting INE statistics to the Community Regulation on Structural Company Statistics. This regulation was published at the beginning of 1997 and sets out the variables that should be obtained, the activity sectors to be studied and the reference period. This survey aims to cover pluriannual information in the commercial sector, which in 1997 shall be undertaken in reference to retail trade (in future years the information will refer to wholesale trade and the car trade).

Methodological regulations developed by Eurostat have been taken into account when working on this project in order to homogenise where possible the information for all member countries. In order to define the variables, the European methodology aims to integrate definitions and regulations from the Fourth Directive (relating to company accounts) with statistical definitions and particularly with the current European System of Accounts (ESA-95). For this reason, it seems better to follow the General Accounting Plan criteria in terms of the financial information requested.

The definitions set out in the Regulation on Statistical Units have been used for the unit definitions.

2 Objectives

The 1997 Retail Trade Survey's objectives are:

1. To understand the structure of retail trade companies at a national and regional level
2. To act as a framework for updating short-term indicators
3. To satisfy the demand for financial and social information concerning retail trade
4. To analyse the changes brought about in the sector

The information collected can be divided into three main groups according to type:

- Structural content features
- Employment
- Financial content features. Accounting data

3 Survey scope

3.1 POPULATION SCOPE

The population under study consists of companies whose **main activity** is retail trade as defined in Division 52 of the 1993 National Classification of Economic Activities (NCEA-93):

52 Retail trade, except trade of motor vehicles, motorcycles and mopeds; repair of personal effects and household equipment.

This division includes:

The sale (without transformation) of new and used products to the public in general for consumption or personal or domestic use in shops, large stores, stands, postal order warehouses, by travelling salespersons, consumption cooperatives, etc.

The repair and installation of personal and domestic articles, even in combination with retail sales.

Retail sales carried out by intermediaries that are classified under the same heading as the sale of the products.

This division does not include:

The sale of motor vehicles, motorcycles and their components, as well as the sale of fuel for these articles.

The sale of cereals, seeds, minerals, crude oil, industrial chemical products, iron and steel and industrial machinery and equipment.

The sale of food and beverages for their consumption on the same premises and the sale of take-away food.

The rental of personal and domestic articles to the public in general.

52.11 Retail trade with a predominance of food, beverages and tobacco in non-specialised establishments.

This class includes:

Activities relating to commercial establishments that, apart from selling mainly food, offer another large range of goods, such as clothing, furniture, electrical appliances, hardware articles, cosmetics, etc. Hypermarkets, supermarkets, super-service and self-service stores are classified in this section .

52.12 Retail trade of other products in non-specialised establishments.

This class includes:

Non-specialised retail trade, *without a predominance of food* in establishments that offer a broad range of general goods among which are included clothing, furniture, household appliances, hardware articles, cosmetics, jewellery, toys, sporting articles, etc. Large department stores and popular stores are classified in this section .

52.2 Retail trade of food, beverages and tobacco in specialised stores.

52.21 Retail trade in fruit and vegetables.

This class does not include:

Retail trade of dried fruit and vegetables or preserves.

52.22 Retail trade of meat and meat products.

This class includes:

The retail trade of meat. The retail trade of poultry and game.

The retail trade of cold meats. This class does not include:

The retail trade of meat preserves.

52.23 Retail trade of fish and seafood.

This class does not include:

The retail trade of fish and seafood preserves.

52.24 Retail trade of bread and bakery products, sweets and pastries.

This class does not include:

The retail trade of bread and bakery products, sweets and pastries in the establishments where they are prepared.

52.25 Retail trade of beverages.

This class includes:

The retail trade of alcoholic and non-alcoholic beverages.

52.26 Retail trade of tobacco products.

52.27 Other retail trade in establishments specialised in food.

This class includes:

Retail trade of dairy products and the retail trade of eggs. The retail trade of fruit, vegetables, meat and fish preserves. The retail trade of establishments known as grocery stores.

52.3 Retail trade of pharmaceutical products, medical articles, beauty and hygiene products.

52.31 Retail trade of pharmaceutical products.

This class also includes:

The retail trade of medicines for veterinary purposes.

52.32 Retail trade of medical and orthopaedic articles.

This class also includes:

The retail trade of herbal products.

52.33 Retail trade of cosmetics and dressing table articles.

This class includes:

The retail trade of bathroom or dressing table soaps and perfumes.

The retail trade of beauty products for skin and sun lotions.

52.4 Other retail trade of new articles in specialised establishments.

52.41 Retail trade of textiles. This class includes:

The retail trade of fabrics.

The retail trade of wool for knitting. The retail trade of sheets, table linen, towels, etc. The retail trade of haberdashery articles: needles, tassels, etc.

The retail trade of textile awnings and sunshades. This class does not include:

The retail trade of curtains, net curtains, etc.

52.42 Retail trade of clothing.

This class includes:

The retail trade of clothing. The retail trade of fur articles.

The retail trade of clothing accessories, such as gloves, ties, braces, hats, umbrellas, sticks, etc.

52.43 Retail trade of footwear and leather articles.

This class includes:

The retail trade of footwear.

The retail trade of leather articles except clothing.

The retail trade of leather or artificial leather travel articles.

52.44 Retail trade of furniture; lighting equipment and other household articles.

This class includes:

The retail trade of furniture except office furniture. The retail trade of lighting articles.

The retail trade of various non-electrical domestic equipment, cutlery, crockery, glassware, pottery and earthenware.

The retail trade of curtains, net curtains, etc. The retail trade of wooden, cork and basket articles. This class does not include:

The retail trade of floor coverings. The retail trade of antiques.

52.45 Retail trade of electrical appliances, radios, televisions and sound apparatus.

This class includes:

The retail trade of electrical appliances including sewing machines.

The retail trade of audiovisual equipment (radios and televisions and others).

The retail trade of records, compact discs and audio and video tapes (recorded and blank).

The retail trade of musical instruments and scores. This class does not include:

The retail trade of non-electrical appliances. The rental of video tapes.

52.46 Retail trade of hardware articles, paints and glass.

This class includes:

The retail trade of hardware articles.

The retail trade of lawn mowers including those that are self-propelled.

The retail trade of flat glass.

The retail trade of DIY materials and equipment in establishments mainly dedicated to DIY.

The retail trade of paints, varnishes and enamels.

The retail trade of other construction materials, such as bricks, wood and fittings.

52.47 Retail trade of books, newspapers and stationery.

This class also includes:

The retail trade of office material, such as pens, pencils, paper, etc. Newsstand sales activities. This class does not include:

The retail trade of old and second hand books.

52.48 Other retail trade in specialised establishments.

This class includes:

The retail trade of optical, photography and precision instruments.

The retail trade of watches, jewellery and silver articles.

The retail trade of toys and videogames; sports articles including those for hunting and shooting (weapons and munitions), fishing, camping articles, vessels for sports and leisure, bicycles, etc.

The retail trade of cleaning and household articles, wallpapers and floor coverings, rugs and carpets.

The retail trade of seeds, flowers, plants and pets, including fertilizers and food for household pets.

The retail trade of fuels, except for motor vehicles. Commercial art galleries.

The retail trade of specialised materials and office equipment (including furniture); computers and IT programmes that are not manufactured to specifications.

The specialised retail trade of souvenirs, artificial flowers, craftwork, religious articles and costume jewellery.

The specialised retail trade of stamps and coins, including those that are second hand.

The specialised retail trade of gifts and smoking articles. The retail trade of communications material; telephones, faxes, etc.

52.5 The retail trade of second-hand goods in stores.

52.50 The retail trade of second-hand goods in stores.

This class includes:

Antiques

The retail trade of second hand books.

The retail trade of other second hand goods, such as furniture, clothes, machines, materials, etc.

This class does not include:

Auctioning activities carried out by the courts.

The restoration of works of art and old books.

The retail trade of second hand motor vehicles.

The retail trade of stamps and coins.

The retail trade of old books.

52.6 Retail trade not carried out in establishments

52.61 Postal retail trade.

This class includes:

The retail trade of any type of product via post; goods are sent to the buyer, which have been previously chosen from a catalogue, sampler or other kind of product portfolio.

The retail trade of any product via television, radio and telephone.

52.62 Retail trade via stands and markets.

This class does not include:

Retail trade via supply market stands.

52.63 Other retail trade not carried out in establishments.

This class includes:

The retail trade of any type of product that is carried out in a way that is not included in any of the previous classes. Includes:

Door to door sales.

Retail trade via vending machines.

Retail trade via travelling sales persons.

This class does not include:

The maintenance and repair of vending machines. 52.7 repair of personal effects and household equipment. This group includes:

The repair of personal effects and household equipment when this is not done in combination with the production or retail trade of these articles.

This group does not include:

The repair of motor vehicles and motorcycles.

52.71 The repair of boots, shoes and other leather articles.

This class includes:

The repair of footwear, suitcases and similar articles made of leather and other materials.

52.72 Repair of electrical household goods.

52.73 Repair of watches, clocks and jewellery.

This class does not include:

Jewellery alterations.

52.74 Other repairs. This

class includes:

The repair of bicycles.

The repair and alteration of clothes.

The repair of sports and camping equipment.

The repair of non-professional optical and photography apparatus.

The copying of keys, etc.

This class does not include:

The repair of musical instruments.

The restoration of furniture.

The restoration of works of art, including old books.

3.2 TIME SCOPE

The survey's reference period for the financial and accounting variables is the 1997 financial year. The data on employment refer to the last days of each quarter and the number of premises to the last day of the year.

The survey covers all the statistical units located in Spain, both in the peninsular and the islands, as well as Ceuta and Melilla.

4 Statistical units

The basic statistical unit is the company that carries out any retail trade activity as a main activity. For the study of territorial distribution of trade, commercial establishments will also be considered as information units.

The *company* is defined as the smallest combination of legal units that make up an organisational unit for the production of goods and services and which has a certain degree of autonomy in terms of decision making powers, mainly when using the current resources it has available. The company carries out one or more activities in one or more places. A company can correspond to one single legal unit.

Premises unit or establishment is considered to be a part of the company (workshop, factory, store, office, mine, warehouse) located in a topographically demarcated location. In this place or from here, economic activities are carried out that, barring exceptions, involve one or a number of employees working for the same company.

For the purposes of the survey, a *company* is considered to be *commercial* when its main activity belongs to the population scope of the survey. An *establishment* is considered to be *commercial* when sales constitute the main activity alongside the activity that the company carries out to which they could be linked. As the company is the sample unit, the study of premises focuses on those that belong to commercial companies.

A commercial company can carry out its main activity in one single production premises unit situated in a defined, physical location; in this case, the company coincides with the establishment; these companies are called *mono-located* and the information collected represents both the company's and the commercial establishment's activity.

For companies with various sales points or commercial establishments, called *multi-located*, information is also collected on the total company activity in each of the commercial establishments.

5 Concepts and definitions

5.1 COMPANY CHARACTERISTICS

MAIN ACTIVITY

The *economic activity* carried out by a company is defined as the creation of added value through the production of goods and services.

Main economic activity is understood to be the activity from which the company obtains the greatest added value. The difficulty that companies have however in differentiating added value when more than activity is carried out, leads to the search for alternative criteria that can be more easily applied. These include the activity that generates the highest turnover, the activity that involves the most establishments with regards the total, or the activity that employs the most people.

Secondary activity is considered to be all production activity of goods or the providing of services carried out by the company and that is different from the main activity. This means that a company can carry out a number of secondary activities alongside the main one. In some cases, the secondary activities can be carried out as main activities in specific company premises.

Auxiliary activities can take place in premises, either separately or in conjunction with production activities. *Auxiliary activity* is understood to be any activity that is carried out in support of a production activity and must have the following characteristics:

- Produces services or, exceptionally, short-term goods that do not form an integral part of the production (such as small tools or scaffolding).
- These services are used exclusively by the company that carries them out; this means that the goods or services produced should not be used in market transactions.
- They belong, in relation to their type and importance, to similar production units (administration, storage, repair of goods and equipment, distribution and other activities).
- They contribute to the company's own running costs, in other words, they do not generate gross formation of fixed capital.

The information that is requested refers both to the main activity and all secondary and auxiliary activities.

LEGAL STATUS

This is the legal form under which the company operates. The following modalities are considered:

- *Natural person*: this includes those companies belonging to one or a number of individuals without the setting up of the company or group appearing in any legal document.

• *Legal entity*: those companies to which the law grants the capacity to exert rights and assume obligations have legal personality. The most common forms and those that are taken into consideration when classifying companies are the following:

- . Public limited company.
- . Private limited company.
- . Others (General partnership, general and limited partnership, joint ownership, cooperatives, foundations, etc.)

CHARACTERISTICS OF THE BUSINESS PERSON OR REPRESENTATIVE OF THE ACTIVITY

For companies that are *natural persons*, information is requested on the age and level of completed studies of the individual businessperson.

Level of studies refers to the highest level reached, differentiating between:

- Primary (Primary education, secondary education, obligatory education)
- Intermediate (Post-secondary education diploma, VTI, VTII).
- Higher (University diploma, degree, etc).

COMPANY GROUPS

This information is only collected for companies that have the legal status of company.

The following is analysed:

1) *Belonging to a group.*

The company group brings together a number of companies that are legally or financially linked. The company group can involve a variety of decision-making sources, mainly in relation to production, sales and benefits policies and can standardise certain aspects of financial and tax system management. It consists of an economic unit, which can make choices that particularly affect the associated units making up the unit.

The company group is controlled by the head of the group, which is a legal parent unit that is not controlled, either directly or indirectly, by any other legal unit.

If the head of the group is located in Spain, it will complete the name and tax identification number of the group head. If the group is international, the group head's country of residence is collected.

2) *Business relationship with companies in the group*

If the company has one single supplier, which belongs to the same company group, the name and tax identification number of the supplying company should be provided.

COMPANY PROPERTY

We wish to understand the significance of companies whose capital principally belongs to foreign companies and the nationality of these companies.

Share capital is understood as contributions made by a company's partners when it is set up or subsequently, and which corresponds to the capital subscribed in companies that carry out commercial inspections.

PERIOD OF COMPANY ACTIVITY

This helps to determine the seniority of companies and the intensity of their activity.

The seniority is determined in relation to the number of years that the company has been carrying out its activity and the intensity is determined by understanding the number of months of activity during the reference year.

A company is not thought to have been inactive during a holiday period, whenever this period is a maximum of one month.

COMPANY SALES SYSTEMS

New trading transactions and changes in the purchasing habits of consumers have brought about the introduction of new types of commercial distribution. The growth base of these new sales systems is the search for greater comfort for the customer and savings in distribution costs for the company.

The following sales forms have been identified in the survey:

- Traditional
- Self-service
- Mail or catalogue, internet or teleshopping
- Home delivery
- Vending machines
- Stalls and markets
- Others.

It is possible to have different sales forms at the same time.

TYPE OF ORGANISATION

We analyse whether the company has any kind of connection for buying its products. The following types of organisation are considered in the survey:

- *Independent*: retailers who have no connections when buying the products they sell.
- *A group of retailer purchasers*: these are horizontal, retailer associations, in other words, on the same commercial level and with the aim of buying together in order to get the best supplier conditions.
- *Retailer cooperatives*: these are associations for retailers, who make their purchases together and organise a number of common services, such as vocational training, technical and legal help and financial assistance all under the legal status of cooperative.
- *Franchise chains*: a means of collaboration between companies that are legally separate, linked by a contract in virtue of which one of these companies, the franchiser, grants the others (the franchise-holders) the right to exploit the conditions determined within a commercial framework or system. This is done via the payment of a tax and ensures assistance and regular services aimed at helping these operations.
- *Consumer cooperatives*: retail trade companies belonging to consumer associations that operate under the legal status of cooperative system.
- *Other types*: All retail traders who are integrated into some kind of association with the aim of defending their commercial rights are included in this group. These traders are different from those mentioned previously (branch chains, voluntary chains, product cooperatives, factory outlets, etc).

COMPANY PREMISES

This feature aims to provide information on the degree of concentration of commercial companies and is taken from the total number of premises that the company has.

For each retail establishment, certain features of the commercial infrastructure are taken into consideration, such as: identification data of the premises, a description of the activity, tenancy regime, sales area, whether it belongs to a shopping centre or market, type of sale; as well as certain financial variables: persons employed, staff costs, turnover and gross investment in material goods.

The *tenancy regime* determines who owns the premises

Sales area is defined as any area that is accessible to the public and where sales transactions take place.

The fact of *belonging to a shopping centre or market* measures the degree of concentration of commercial premises in certain areas.

The financial and employment variables are defined in the same way as for the ensemble of companies, but refer to each of the commercial premises.

PERSONS EMPLOYED

Persons employed are considered to be the total number of persons who work in the company and contribute to the production of goods and services, or who carry out auxiliary activities in the company on the reference date.

This includes owners who work in the company, partners who regularly work in the unit, unpaid help provided by family members and persons who work outside the company, but who are part of the company and are paid by the company. This includes persons granted short-term permission to be absent (illness, paid holidays or special permission), personnel on strike, part-time workers on the pay roll, seasonal workers, apprentices and home-workers who feature on the pay roll.

This does not include those persons with restricted permission, such as retired persons or those in the army, if they are not truly working in the company; personnel who work in the company's premises but rely on another company for their salary; personnel that work on commission without receiving a fixed salary from the company.

With reference to 30-09-97, distinction is made between the following categories:

- *Unpaid personnel:* includes persons who manage or actively participate in the company's tasks without receiving fixed payment or a salary and who work at least a third of the regular working day. Owners, active partners, freelance workers and family help are included. Partners who exclusively provide capital and members of the owner's family who do not take part in the company activity are not included.

Family help is considered to be all persons who live with the owner of the unit and who work on a regular basis, but who do not have a service contract and do not receive any fixed amount for the work carried out. This is restricted to persons who are not on the pay roll of another unit as their main job.

- *Paid personnel:* this group is made up of persons who work for an employer, have an employment contract and who are paid fixed or periodical amounts in the form of a salary, commission, piecework or payment in kind.

Within the paid personnel group, we distinguish between *fixed paid personnel*, who are those persons with a contract or indefinite employment connection with the company and *temporary paid personnel*, who are those persons that have fixed term contracts.

According to the length of the working day, the following distinctions are also made:

- *Employed on a full-time basis*, which includes those persons who work at least 80% of the regular working day.
- *Employed on a part-time basis*, which includes those persons who work 80% of the time considered to be usual in the company over the space of a week. This definition includes different modalities (half-day, work restricted to one, two or three days a week, etc.).

Those persons who are employed on a part-time basis should not be confused with those employed on an intermittent basis that work full-time, but during a limited period of time.

Moreover, a distinction is made between three different categories of workers, according to sex.

PERSONS EMPLOYED BY QUARTER

Persons employed by quarter are considered to be those persons employed by the company in any of the three categories mentioned: paid and un-paid, on a full or part-time basis and referring to the last day of each quarter of the year.

In order to complete this information, the number of hours worked throughout the year for all those persons employed is included.

The *hours worked* represent the total hours genuinely worked by those employed in the unit under observation during the reference period. This includes regular working hours and overtime, short breaks at the place of work, work on bank holidays and nightshifts, etc.

Hours paid but not worked, such as holidays, bank holidays, sick days, lunch breaks and the time taken to travel from home to the place of work are not included. These days do not necessarily have to coincide with those days agreed in employment agreements.

STAFF EXTERNAL TO THE COMPANY

Although they are not employed by and do not belong to the company under study, there are persons who carry out regular work within the company. By sector characteristics, information on two of these categories has been requested:

- *Workers supplied by temping agencies:* are the responsibility of the company where they are working at this time, but the employment agency pays their wages.

In order to assess the importance of this type of employee within the retail sector, the number of persons on the last day of each quarter of the year and the number of hours worked throughout the year are highlighted.

- *Personnel on commission:* this includes salespersons and free representatives on commission who take part in the marketing process of products within the company, meaning that they are linked via a special employment relationship, usually with a commercial contract. The compensation they receive can be made via commission that is proportional to the sales made without there being a fixed base to their salary.

5.3 PURCHASES AND EXPENDITURE

Purchases of goods and services represent the value of all goods that are different from the investment assets and all services bought during the reference year for re-sale in the state in which they were acquired or previous to transformation and integration into sold products, or for the company's current operation.

Purchases of goods and services are accounted for at purchase cost without including VAT paid and deductible and other deductible taxes.

PURCHASES

Distinction is made between:

- *Purchases of products for sale (Net purchases of merchandise for sale).* This includes all net purchases made by companies for sale without transformation, less discounts that affect these purchases. Distinction is made between the percentage according to three types of supplier: wholesalers or purchasing groups, producers or manufacturers and others.
- *Net purchases of raw material for manufacture or large transformations.* These are sales that, via production or transformation, are used to form part of manufactured products less discounts.
- *Net purchases of other supplies.* These are purchases of other goods and materials used by the company, such as fuels, spare parts, office material, containers, packaging, etc. net of discounts.
- *Work undertaken by other companies for the manufacturing process itself.* Value of work that, forming part of the production process itself, is entrusted to other companies.

EXTERNAL SERVICES EXPENDITURE

Expenditure incurred by the company during the financial year for services of a diverse nature received from third parties.

Like the purchases of goods, they are accounted for at purchase cost excluding VAT and other deductible taxes.

Distinction is made between:

- *Leasing and royalty expenses.* This includes costs for the renting of real estate or personal property that the company uses and fixed or variable amounts paid for the right to use different types of industrial property.

Distinction is made between:

- *Leases.*
- *Royalties.*
- *Repair and preservation expenses.* Amounts paid by the company to maintain and preserve goods including tangible assets.
- *Independent professional services.* Amount paid to professionals for services provided to the company. Includes fees for economists, lawyers, auditors, notaries, etc., as well as commissions for independent mediators.

Distinction is made between two concepts:

- *Commissions for independent mediators.*
- *Other professional expenses:* Lawyers, auditors, notaries.
- *Transport.* Expenses against the company for transport carried out by third parties when including them in purchase price is not applicable.

- *Supplies*. Value of expenses incurred by the company when acquiring supplies that are not storable: electricity, water, gas, etc.
- *Other service expenses*. Includes other external service expenses, such as:
- *Expenditure on research and development* provided by other companies.
- Amounts paid for *insurance premiums*, except those that correspond to company staff.
- Expenses relating to *banking and similar services*, which are not considered financial expenses.
- Amount for *advertising, propaganda and public relations* expenses.
- *Other expenditure* such as travel, allowances, staff transport other than company means, office expenses and, in general, those not included above.

STAFF COSTS

Although these expenses correspond to paid staff, in order to avoid confusion and given the high percentage of individual, unpaid businesspersons in this activity, distinction is made between paid and unpaid staff costs.

1) *Paid staff costs*:

This includes compensation, in money or in kind, paid by an employer to their employees (permanent, temporary, home workers) as consideration for work carried out during the accounting period. It includes taxes and corporate contributions of employees within a unit, as well as obligatory or voluntary corporate contributions paid for by the employers.

Distinction is made between:

- *Gross wages and salaries*. Includes all payments, in money or in kind, made by the company to pay for work undertaken by its employees without deducting personal income tax and social security quotas charged against workers.

Includes direct wages and salaries, bonuses, productivity and sales commissions, payments for overtime, night work or bank holidays, profit bonuses, holidays, extraordinary payments and compensation in kind.

- *Compensations*. Amounts paid to company staff to compensate for damages or as compensation for dismissal and early retirement.

- *Corporate contributions charged against the company*. Includes payments made directly by the company on behalf of its employees to the Social Security. Includes payments to the Social Security for self-employed persons.

- *Other corporate charges*. Corporate expenses incurred through complying with a legal or voluntary requirement on the company towards its employees, such as subsidies in company stores and canteens, study grants, school and vocational training assistance; life, accident, illness insurance premiums, in-

cluding contributions accrued in pension plans and other similar systems covering retirement, disability or death.

Unpaid staff costs. Corresponds to obligatory or voluntary contributions that independent professionals pay into the Social Security system.

OTHER FIXED-ASSET EXPENDITURE AND ALLOCATIONS

Distinction is made between:

- *Other management expenditure.* Current expenses considered of less importance in terms of the company's activity or of small amounts in relation to the activity's own expenses, such as customer loan losses, profit/(loss) of common transactions and other current management losses.
- *Financial expenditure.* Includes expenses originating from the external financing of the company; including interest accrued on fixed income securities, the amount of interest received on loans and other debts pending amortisation, interests on discounts and other items, discounts on prompt payment sales granted by the company to its customers, losses incurred on the disposal of fixed or variable rate securities or on loan losses, credit firms, negative exchange rate differences and other types of financial expenditure not previously recognised.
- *Losses originating from fixed-assets and aftercosts.* Includes losses originating from the sale of tangible and intangible assets, long-term equity investments or shares and own obligations. Aftercosts are considered those of significant amounts that are not related to the company's ordinary activities and which are not expected to arise often. They included expenses produced by floods, fires and other accidents; tax or legal penalties or fines, etc.
- *Amortisation of establishment expenses.*
- *Amortisation of intangible assets.* Expression of the systematic, annual amortisation suffered by intangible assets.
- *Depreciation of tangible assets.* Annual depreciation suffered by tangible assets.

CHANGES IN STOCKS OF GOODS

Difference between the value of stocks at the close and the start of the financial year. This includes stocks of finished products and those in progress that are manufactured by the unit, even if these products are held by third parties. Similarly, products stored by the unit that are owned by third parties are excluded. Stocks are valued at purchase price, excluding VAT and other deductible taxes, if they have been purchased from third parties and at production price when they have been manufactured by the company itself.

In changes in stocks, distinction is made between:

- Merchandise
- Raw materials and other supplies
- Finished products and those in progress

5.3 INCOME

TURNOVER

This includes amounts invoiced by the company during 1997 for products sold or services provided, both in undertaking the company's main activity and in the undertaking of any secondary activity carried out by the company.

This includes all taxes and rates levied on goods or services invoiced by the company, except VAT charged by the company to customers, as well as any other expense attributable to the customer: transportation made by the company using their own resources, unreturned packaging, etc.

Turnover is broken down by activity and product.

The following is a breakdown by activity that generates income:

- *Retail sale of merchandise that hasn't been transformed.*
- *Wholesale of merchandise that hasn't been transformed.*
- *Commissions for commercial intermediation.*
- *Repairs.*
- *Sale of merchandise manufactured or transformed by the company.*
- *Provision of services to third parties.*
- *Other activities.*

The part of turnover corresponding to retail sales and repairs is differentiated percentage wise by product category (five digits) from retail trade services and National Classification of Products by Activities (NCPA 1996) repairs included in divisions 52 and 50, excluding types 521, 525 and 526, which correspond to non-specialised retail trade services, retail trade services relating to second hand goods and services relating to retail trade not carried out in establishments. The following is a breakdown of retail trade services:

- Fruit and vegetables
- Meats and meat products
- Fish and seafood
- Fresh bread and cakes

- Beverages
- Tobacco
- Other food products (dairy, eggs, tinned foods, dry fruits etc.)
- Pharmaceutical products
- Medical and orthopaedic goods
- Perfumery, cosmetic and dressing table products
- Textiles and haberdashery
- Clothing garments and furs
- Footwear and leather goods
- Furniture, lighting equipment and other household items
- Household appliances
- Radio, television and music equipment, CDs, audio and video tapes and musical instruments
- Hardware goods, paint and glass. Bathroom and construction materials
- Books, newspapers and stationery
- Furniture and office material, computers, optical, photographic and telecommunications material
- Jewellery, watches, toys and sports equipment
- Other (plants, cleaning and household articles, floor coverings, art galleries, fuels, pets, stamps, coins, etc.).
- Motor vehicles
- Spare parts and accessories for motor vehicles
- Motorcycles, spare parts and accessories
- Fuels for motor vehicles
- Maintenance and repair of motor vehicles
- Maintenance and repair of motor vehicles
- Other services related to motor vehicles (car washes, road side services, etc.).
- Maintenance and repair services for motorcycles
- Repair services for footwear and other leather articles
- Repair services for domestic appliances
- Repair services for watches and jewellery

Repair services for other personal and domestic articles (clothing garments, bicycles, etc.).

OTHER INCOME

Included in this group is both operating income and income not related to company business, such as:

- *Tasks performed by the company on fixed assets.* This is work carried out by the company on their fixed assets, using their own equipment and staff and for their own use. The production price is valued.

This may affect tangible fixed assets, technical facilities, equipment for information processing and large repairs or improvements, etc., as well as intangible assets, IT applications, research and development, etc.

- *Official operating subsidies.* These are transfers granted to the company by the Public Administration.
- *Other operating subsidies.* These are those received from companies or individuals. Those made by partners or group, multigroup or associate companies are not included.
- *Other management income.* Other operating income not previously included. This includes income from leases, for commissions when they are not related to the company's main activity, income from industrial property transferred in operation, various services to other companies, personnel services, etc.
- *Financial income.* Total value obtained by the company during the reference year. This includes income for the company from shares in the capital of other companies, interest on loans and credits for fixed rate marketable securities in the company's favour, prompt payment discounts awarded to the company by suppliers, profits stemming from the sale of fixed rent securities, credits, debts and cash in foreign currency and any other type of financial income.
- *Profits from assets and extraordinary income.* These are profits from the sale of tangible or intangible assets, from the disposal of shares in capital and the repayment or sale of company shares and obligations. *Extraordinary income* represents significant amounts that can't be considered periodic when evaluating the company's future operating results. Extraordinary income is revenue that, taking into account the environment in which the company operates, falls outside the ordinary and typical activities of the company and which is not expected to arise often. This includes income from the reinstatement of credits that were amortized in the past for definite losses.

5.5 FIXED CAPITAL TRANSACTIONS

This section includes transfers made during the reference year to obtain items to be used in the company's activity on a long-term basis.

It also includes improvements, transformations and repairs that prolong normal useful life or increase the productivity of existing fixed capital. It excludes running repair and maintenance costs.

They are valued at purchase cost, if bought from third parties and at production cost if they are produced by the company itself, including installation costs and all possible rights and taxes, but excluding charged and deductible VAT and financing costs. The survey studies tangible investments (property, machines and equipment in premises, transport, land vehicles, furniture and renovation work on the premises).

5.6 FINANCIAL LEASING

Information is requested on purchases made using the financial leasing of tangible assets during the reference period. The value of rights relating to goods under financial leasing purchased during 1997 is noted, which coincides with the goods' cash value.

5.7 TAXES

Taxes are considered to be all obligatory payments made by production units and collected by the Public Administration, which tax a company's productive activity or the use of production factors.

This section does not include taxes on company profits or on company income or equity.

VAT legislation sets out a series of special systems whose aim is to aid the compliance of certain small companies, or those belonging to activity sectors with special characteristics, with tax obligations.

VAT System. The following are considered:

- *General System.*
- *Simplified system.*
- *Special system for used goods, works of art, antiques and collectable items.*
- *Special schemes relating to retail trade:*
 - Equity surcharge system.
 - Special system that proportionally determines tax bases.

VAT types. Distinction is made between:

- *VAT charged* is VAT charged by the company to its customers for the delivery of goods or provision of services.
- *VAT paid and deductible* is VAT that the company pays to its suppliers for the purchase of goods and services and that is deductible for tax purposes.
- *Assessed VAT or VAT quota* are amounts paid to the Inland Revenue. This is the only amount that can be known in relation to companies on the simplified system.

Transactions carried out within the Autonomous Community of Canarias are not affected by VAT, rather by the *General Indirect Tax in the Canary Islands (GITC)*.

- *Equity surcharge system:* Amounts charged to retailers when purchases are made.

Other taxes:

- *Business tax* is the payment corresponding to 1997 for this item.
- *Taxes linked to imports*, such as customs duties or compensated taxes or any other tax or rate levied on imported products.
- *Other taxes.* Any tax not previously included, such as road tax, stamp duties and registration, real estate tax, rates paid to Public Administrations for specific benefits, etc.

6 Derived variables

The results tables show a group of variables on which information is not directly requested from units, but which are obtained as a result of different operations using the information collected.

6.1 PROFIT MARGIN

The profit margin measures the difference between the purchase and sales price of products that the company resells.

It is calculated as the difference between the sales volume (both wholesales and retail sales) and changes of product stocks for sale less purchases of merchandise.

6.2 PRODUCTION VALUE

Production value measures the cost of goods and services produced by the company during the financial year.

Production value is defined as turnover, plus changes in finished product stocks and work in progress, less the consumption of merchandise and work undertaken by other companies, plus immobilised production and management costs.

6.3 GROSS ADDED VALUE AT MARKET PRICES

This is calculated as the difference between production value and consumption of raw materials and other provisions, expenditure on external services and other management costs.

6.4 GROSS ADDED VALUE AT FACTOR COST

This is calculated using the gross added value at market prices, deducting taxes linked to production and adding operating subsidies.

6.5 GROSS OPERATING SURPLUS

This is the difference between the gross added value at factor cost and staff costs.

7 Survey design

7.1 SURVEY FRAMEWORK

The Central Company Directory (CCD) is used as the framework, which contains information on companies in the sector, as well as their identification and location. Variables that are important for the survey design are looked at, such as the activity undertaken by the company to four digits (according to NCEA-93) and the size of the average company in number of employees.

This directory is updated on a yearly basis with information supplied by the State Tax Agency and Social Security, as well the surveys carried out by the INE.

7.2 SAMPLE DESIGN

The population of retail companies appearing in the CCD is stratified according to the following variables:

- Activity to four NCEA digits (29).
- Autonomous Community (18).
- Average size by number of employees (5).

The size intervals are:

- 1- No employees.
- 2- One or two employees.
- 3- Three to nine employees.
- 4- Ten to forty nine employees.
- 5- Fifty and over employees.

The last stratum is researched exclusively. In the other strata an optimum allocation is made, pre-fixing admissible errors in the national sphere by activity to four digits and also in the Autonomous sphere by activity to three digits. Turnover and employment are considered as objective variables.

Sampling fraction by main activity and employee strata (as a percentage)

Main activity	Number of employees					
	No employees	1 & 2	3 to 9	10 to 49	50 & over	
Retail trade and repairs						
Retail trade						
<i>In non-specialised establishments</i>						
With a food predominance	1.77	0.89	1.56	4.84	14.50	100
With a non-food predominance	8.41	3.17	4.72	20.64	38.93	100
<i>In specialised establishments</i>						
Food						
Fruit and vegetables	2.52	1.64	2.88	7.42	41.05	100
Meat and meat products	1.54	0.89	1.67	4.52	15.28	100
Fish and seafood	3.43	1.32	5.06	11.55	68.69	100
Bread, Confectionary & cakes	2.65	1.33	2.18	5.30	20.00	100
Beverages	15.71	6.39	28.2	57.58	1.00	
Tobacco products	6.50	4.34	8	17.57	1.00	
Other food products Pharmacy, medical, beauty & hygiene products	4.05	2.06	8.70	12.34	43.08	
Pharmaceutical products	2.42	2.04	3.44	3.29	36.36	1.00
Medical and orthopaedic articles	9.07	5.35	1.96	37.01	50.88	1.00
Cosmetics & dress. table articles		2.41	5.25	15.77	80.88	1.00
Other new articles						
Textiles	2.33	0.98		1	52.57	1.00
Clothing	1.20	0.58	1.85	2.85	9.98	1.00
Footwear & leather articles	2.73	1.42	1.07	2.34	23.30	1.00
Furniture, lighting & other household goods	2.06	0.66	2.17	6.63	16.92	1.00
			1.44	4.09		
Household appliances, radio, television & sound	5.18	1.65	3.15	6.68	44.57	1.00
Hardware, paint & glass Books, newspapers & stationary	3.16	1.23	1.85	7.29	20.56	1.00
Other products Second hand goods	1.91	0.96	2.23	10.	30.73	1.00
	1.26	0.56	0.97	79	11.33	1.00
	47.49	32.42	74.66	2.87	1.00	
				93.10		
<i>Not carried out in establishments</i>						
Mail order	28.55	17.79	37.78	1.00	1.00	1.00
Via stalls and markets	3.42	2.76	10.30	38.37	1.00	1.00
Other type of sales without establishment	24.06	13.85	34.58	100	1.00	1.00
Repairs						
Footwear & leather articles Electrical household appliances Watches & jewellery	60.25	5.108	0.977	1.00	1.00	1.00
Other repairs of personal & domestic goods Retail trade and repairs: undetermined	14.52	6.06	1.81	22.99	1.00	1.00
	13.72	7.19	17.37	41.75	1.00	1.00
			1.103			

From a population of 555,798 units, a sample of 16,770 companies was obtained. A reserve was also chosen, to cover possible incidents during data collection

The sampling fraction is shown in the tables on a national basis and for Autonomous Communities.

Sampling fraction by Autonomous Community and employee strata

(as a percentage)

Main activity	TOTAL	Number of employees				
		No employees	1 & 2	3 to 9	10 to 49	50 & over
National total	3.02	1.72	3.00	7.50	23.47	100
Andalucía	1.88	1.05	2.04	5.35	18,10	100
Aragón	4.34	2.55	4.28	11.13	38,04	100
Asturias (Principado de)	4.54	2.77	4.75	11.58	38,95	100
Baleares (Islas)	4.89	2.71	4.31	10.52	32,21	100
Canarias	3.68	1.79	2.95	7.09	22,91	100
Cantabria	8.07	5.25	8.25	17.70	54,35	100
Castilla y León	2.61	1.63	2.79	7.40	22,28	100
Castilla - La Mancha	3.03	1.88	3.55	10.13	29,80	100
Cataluña	2.31	1.14	2.08	5.34	17,55	100
Comunidad Valenciana	2.22	1.23	2.45	6.17	19,51	100
Extremadura	4.62	2.84	5.36	14.06	41,09	100
Galicia	2.58	1.52	2.67	7.11	22,43	100
Madrid	2.83	1.36	2.36	5.90	19,90	100
Murcia	4.56	2.64	5.15	12.19	35,38	100
Navarra (Comunidad Foral de)	7.81	5.41	8.02	18.40	53,21	100
País Vasco	3.11	1.91	2.91	8.03	25,23	100
Rioja (La)	12.84	9.09	13.07	32.52	74,55	100
Ceuta y Melilla	13.16	8.04	15.17	34.63	89,66	100

7.3 ESTIMATORS

For the calculation of raising factors, the size of 50 or more employees has been split in the following way:

From 50 to 99 employees

From 100 to 199 employees

From 200 to 499 employees

500 employees and over

The estimator of variable x in modality j for strata h is:

$$X_{jh} = D_h \frac{\tilde{N}_h}{n'_h} \sum_{i=1}^{n_h} X_{jhi}$$

where,

X_{jhi} = Value of variable x in modality j in unit i and in strata h .

n'_h = Effective sample (lead or reserve) from strata h , in other words, number of valid questionnaires in this strata

N_h = Estimated strata population h , this is the number of population units in strata h corrected for the occurrences presented.

$$N_h \left(\frac{\tilde{N}_h}{n_h} \right) \text{ being,}$$

N_h = Number of directory companies in strata h .

N_h = Number of companies in lead sample in strata h .

B_h = Number of companies that are delisted or closed from the lead sample in strata h .

The raising factor for the chosen companies with 500 or more employees is always one.

The total estimate of a variable for a strata grouping is the total of the variable estimates in each strata.

7.4 SAMPLING ERRORS

If X is the estimate of variable X in modality j , its relative sampling error (in percentage terms) is given by:

$$\frac{V_j X_j}{X_j} \cdot 100$$

where,

N_h, n'_h and b_h are the parameters indicated in the document "Estimate regulations", and

$$y_{hi} = \frac{j h) S_{h j}^2}{i; 1, \text{ where } i = 1, \dots, h-1$$

And

-

is,

$n_{h^*} = n'_h$ (except questionnaires with a raising factor equal to one).

8 Information collection

8.1 FIELD WORK INCIDENTS

The collection of information has been carried out by means of the INE's centralised collection unit (CCU). The collection system begins by sending out the questionnaires to the informant units. Companies that do not respond within a determined period of time are subsequently contacted by phone. Informants may return the questionnaire by post or any other means that is more comfortable for them: fax, email etc.

Polled companies are those whose main activity falls within the scope of the survey and from whom a correctly completed questionnaire has been received.

If no information is obtained from any of the chosen units, each of them is assigned an incident depending on the reason for the non-response, or the inability to collect information.

The different types of incident considered are:

- Refusal: when the informant directly or indirectly refuses to collaborate.
- Temporarily closed or inactive: this includes companies that are closed during the information collection period and those where it is not possible to locate an informant and companies that have not been active during the financial year referred to in the survey.

Incidents in lead sample by main activity

Main activity	Sample	Incidents					
		Total	Delisted	Closed	Duplicated	Erroneously included	Not-located
Retail trade and repairs							
Retail trade							
<i>In non-specialised establishments</i>							
With food predominance	1,435	243	60	1		72	85
With non-food predominance	331	83	10	1		33	37
				3			
<i>In specialised establishments</i>							
Food							
Fruit and vegetables		105					
Meat and meat products		170					
Fish and seafood	549	119	31			35	50
Bread, confectionary & cakes	386	198	13			151	32
Beverages		203				133	41
Tobacco products		81	23			23	28
Other food products Pharmacy, medical, beauty & hygiene products		145	22			73	42
Pharmaceutical products	474	36	10			12	12
Medical & orthopaedic products	280	82	12			38	31
Cosmetics & dress. table articles	339						
Other new articles							
Textiles		84					
Clothing		134					
Footwear & leather articles	387						
Furniture, lighting & other household goods	486	109					
Household appliances, radio, television & sound Hardware, paint & glass Books, newspapers & stationary Other products	478	127	13			120	32
	485	167	29			52	44
	530	128				220	126
Second hand goods	1,221	397				68	99
	692	214					
<i>Not carried out in establishments</i>							
Mail order	183	111					
Via stalls and markets	1,417	592					
Other type of sales without establishment	764	463				183	182
						15	17
Repairs							
Footwear & leather articles	294	56	24				
Household goods	1,136	354	53	6		201	92
Watches & jewellery	338	66	15	1		37	13
Other repairs of personal & household goods	338	244	15	2		188	39
Retail trade and repairs: undetermined	492	220	32	5		96	86

- Definitive delistings or closures: companies that have officially and definitively closed their business prior to the reference period.

- Not located: companies that have not been located using the directory information or other means of communication.

- Duplicated: the company featured in the directory more than once.

- Erroneously included: the company's main activity isn't retail trade or repair.

The tables below include incidents occurred and the non-response rate for each of the characteristics used in the stratification.

Response rate and final sample by activity

Main activity	Polled companies from lead sample			Reserves		Total
	Total	Refusals		Polled	polled	
Retail trade and repairs						
Retail trade						
<i>In non-specialised establishments</i>						
With food predominance	1,192	103	8.64	1,089	118	1,207
With non-food predominance	248	30	12.10	218	52	270
<i>In specialised establishments</i>						
Food						
Fruit and vegetables	312	22	7.05	290	53	343
Meat & meat products	589	50	8.49	539	72	611
Fish and seafood	430	53	12.33	377	56	433
Bread, confectionary & cakes	188	38	20.21	150	47	197
Beverages	2072	411	5.9	183	75	258
Tobacco products	603	39	6.47	564	57	621
Other food products	276	28	10.14	248	56	304
Pharmacy, medical, beauty & hygiene products						
Pharmaceutical products	438	22	5.02	416	21	437
Medical & orthopaedic products	198	19	9.60	179	31	210
Cosmetics & dress. table products	280	25	8.93	255	27	282
Other new products						
Textiles	349	29	8.31	320	38	358
Clothing	477	46	9.64	431	69	500
Footwear and leather articles	334	30	8.98	304	38	342
Furniture, lighting and other household goods	377	32	8.49	345	49	394
Household appliances, radio, television & sound						
Household appliances, radio, television & sound	351	39	11.11	312	81	393
Hardware, paint & glass	318	43	13.52	275	60	335
Books, newspapers & stationary	402	47	11.69	355	69	424
Other products	824	93	11.29	731	193	924
Second hand goods	478	61	12.76	417	72	489
<i>Not carried out in establishments</i>						
Mail order	72	9	12.50	63	18	81
In stalls and markets	825	80	9.70	745	292	1,037
Other type of sales without establishment	301	45	14.95	256	130	386
Repairs						
Footwear and leather articles	238	14	5.88	224	33	257
Electrical household appliances	782	61	7.80	721	166	887
Watches and jewellery	272	16	5.88	256	35	291
Other repairs of personal & domestic goods	94	23	24.47	71	37	108
Retail trade or undetermined repairs	272	37	13.60	235	68	303

Incidents in lead sample by number of employees

Company size	Sample	Incidents					Not-located	
		Total	Delisted	Closed	Duplicated	Erroneously included		
National total	16,770	5,043	833	112				
No. employees	5,966	1,303	458	43			37	798
1 & 2	4,493	707	226	28			52	452
3 to 9	3,713	478	98	21			1	357
10 to 49	1,897	209	34	11			484	155
50 & over	701	90	17	9			95	49

Response rate & final sample by number of employees

Company size	Polled companies from lead sample			Reserves		Total
	Total	Refusals	Polled	polled	polled	
		Total				
National total						
No. employees	4,292	291	6.78	4,001	993	4,994
1 & 2	3,265	346	10.60	2,919	497	3,416
3 to 9	2,450	282	11.51	2,168	384	2,552
10 to 49	1,204	177	14.70	1,027	239	1,266
50 & above	516	62	12.02	454		454