

Price Measurement of specific products

session: abstracts

1. Medicines Price Index

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Since the 1990s, price changes of pharmaceutical products have been followed using some 220 best-selling product packs on the Swiss pharmaceutical market. Since prices in the Swiss pharmaceutical market are largely submitted to governmental registration / regulation the Swiss CPI measured few price changes for the listed best-selling products. Neither price changes due to the introduction of similar but more expensive products (package size, different dosage or form, slightly improved follow up products, etc.) nor cheaper generic drugs has been considered for this reason in the CPI since there.

This problem has now been solved with the introduction of a new method by measuring the average price per agent unit (across the whole product range) instead of the fixed selection prices. The forthcoming paper will summarize some technical aspects of the chosen method and present a comparison of the results computed with the new and the ancient method.

2. Fashion and price index

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Clothing market knows a fast renewal of his product offer. That implies both many replacements for products in CPI sample and the importance of quality adjustments in this area. However this sector is also marked by a specific phenomenon: fashion.

Is fashion a quality in CPI point of view? As an objective and deciding element for price determination, fashion is clearly an element of quality. But fashion, contrary to more concrete qualitative characteristics, is variable over time. A dress in fashion today will be out of fashion in one year, and perhaps will come back into fashion in 5 years. But, if we want to make an index with constant quality and if this quality is variable over time for an unchanged product, then it is necessary to make quality adjustments even without replacement of product. Thus, fashion is potentially cause of bias if its treatment is dissymmetrical between increase of “fashion quality” cancelled at the time of the replacements and loss of “fashion quality” not taken into account in the course of time for a product followed without interruption.

This paper tries to explore these problems in the French context starting from concrete examples and presents the pragmatic solution adopted for the treatment of quality for clothing for the French CPI.

3. Automotive Insurance Prices: From Replication to Development

Walid Ezzaouali and Mathieu Lequain, Statistics Canada

Automotive insurance premiums are one of the most important components of the Consumer Price Index (CPI) basket, accounting for 2.87% of consumer expenditures. When measuring prices for automotive insurance, the challenge lies not just in obtaining the prices but in defining what we want to price.

This paper first evaluates the price collection tools available; the computer system used by insurance brokers (Compu-quote) versus the traditional company manuals currently used in the CPI. In the case of Ontario and Nova Scotia, both methods yield similar results in terms of price movement. The authors recommend Compu-quote as a viable alternative that would reduce companies' response burden and streamline operations.

This paper also addresses the challenge of creating representative profiles which will accurately reflect; who is driving what, where, how well and how often? To this end, the authors conduct a case study for Ottawa by examining the impact of various factors on insurance price movements. The results demonstrate that while the sex of the driver and civil liability coverage do not matter, the age of the driver and the deductible clearly do. Other factors such as the model of the car and the age of the driver have an impact in certain circumstances.