

Attachment E

2012 Economic Census

Wholesale Trade

**Consultations with Federal Agencies, Trade Groups, and Trade Publications:
Selected Correspondence**

**2012 Economic Census
Wholesale Trade
Consultations with Federal Agencies, Trade Groups, and Trade Publications:
Selected Correspondence**

We sent copies of report forms for the 2007 Economic Census to 93 organizations, including Federal agencies and trade groups. We asked these organizations to review the report form(s) relevant to their data needs and interests and to provide recommendations on content, terms and definitions, instructions, and other aspects of report form design for the 2012 Economic Census. These consultations were provided individually and were not for the purpose of providing a group consensus opinion. We received responses by telephone, mail, or e-mail from 33 organizations. This attachment provides a representative selection of the correspondence we received, with any identifying information omitted.

Response 1

The following comments were written on a sample of form WH-42311:

In Item 7, EMPLOYMENT AND PAYROLL, by the instruction *For further clarification, see information sheet(s):* "Clarification on whether or not to include employers payroll taxes."

In Item 20.D., CLASS OF CUSTOMER, by the instruction *(Circle all that apply and then report percentages for the items circled):* "Circle what? Just the number, or the whole line? A checkbox would be clearer."

In Item 22, DETAIL OF SALES, SHIPMENTS, RECEIPTS, OR REVENUE, by line 14, Electric household appliances, including gas clothes dryers: "But not electric? This may confuse."

Response 2

The following comments on form WH-42315 were included in an e-mail response:

"The instructions and form appear pretty straight forward. One thing I did note was on Page 8, #21 Method of Selling. 0755 Home Shopping via television and 0757 Vending Machines would not be applicable to this segment."

Response 3

The following comments on form WH-42319 were included in a letter:

"Information Sheet. Under the 'General Instructions' section, first paragraph, should a report be completed for establishments located outside the United States? The implication is that a form should be completed for all establishments owned or controlled by the company or organization, which would include foreign establishments.

General Comments. As a rule, brokers of electronic components should not be considered wholesale sales outlets, since brokers do not have inventories. Including brokers may also mean double-counting. It should also be noted that many distributors sell to other distributors that may also result in double-reporting.

[Name of association omitted] recommends that the title of this particular economic census be changed from 'Electrical Goods' to 'Electrical and Electronic Goods' or that two separate surveys be conducted—one for the electronics market and one for the electrical market. The electronics market is significantly larger and more diverse than the electrical goods market. Many electrical goods are being replaced by technology with goods that are more electronic in nature than electrical. Wholesale/distribution businesses typically categorize themselves as either electrical or electronic. Wholesale electronic distribution primarily sells to OEMs on a global basis, while the wholesale electrical distribution sells retail or to the 'trades' at local levels.

Specific Comments. Question 5F—Many electronic distributors derive significant income from 'value-added' manufacturing. Would an electronic distributor include value-added sales in this category? If so, value-added manufacturing should be defined.

Question 19A—Test and measurement equipment should be added as a kind of business.

Question 20D—A significant portion of sales by authorized electronics distributors is to OEMs for inclusion in products that the OEM sells. It is not clear on the form or in the instructions where these distributors should report percent of sales.

Question 22—LED light bulbs, or as more commonly referred to in the industry as solid-state lighting, consist primarily of electronic components, including semiconductors. Where should sales of solid-state lighting components, light bulbs, fixtures, etc. be reported?

Question 22-18—Should value-added manufacturing by a distributor be included in this section? In some cases, a distributor's value-added sales exceed the sale of electronic components.

Question 26A—In what section should distributors report employees that are responsible for buying/procuring inventory for resale?

Question 26C1—Some electronic distributors, particularly the larger companies, have field application engineers who help customers design in components. This is considered a sales function. However, for distributor value-added manufacturing services, a distributor may design, engineer or formulate the product sold.

Question 26C2—How does this question relate to Question 19 regarding "type of operation" and "kind of operation"? Question 26C2 could cover value-added manufacturing activities."

Response 4

The following comment on form WH-42403 was included in an e-mail response:

"We feel that the form is adequate as is and no changes are needed."

Response 5

The following comments on form WH-42405 were included in a letter:

“Question 19 – kind of business – after 424 310 20 1 add a 424 310 30 1 that is manufacturers, importers, designers and wholesalers of hand needlework supplies including yarns, threads, canvases, tools, patterns and embellishments.

Question 22 – Number 2 – Add an (a) – Hand needlework supplies including yarns, threads, canvases, tools, patterns and embellishments used in crochet, knitting, needlepoint, counted thread/cross-stitch.

With these changes it would give a whole dollar picture of the Hand Needlearts Industry without the inclusion of machine needlearts and be very helpful to the growth and health of our industry.”

Response 6

The following comments on form WH-42415 were included in a letter:

- “1. Report form etc. very satisfactory
2. No problems with questions
3. Instructions are clear
4. No suggestions for improvements”

Response 7

The following comment was written on a sample of form WH-42417:

In Item 22, DETAIL OF SALES, SHIPMENTS, RECEIPTS, OR REVENUE, by the breakdown of the confectioneries category into chips and popcorn, candy, chewing gum, nuts, and other confectioneries: “This is not how we break down confectionery. Usually we use: chocolate, sugar confections, & gum. Although could include nuts/popcorn as well.”

Response 8

The following comments on form WH-42421 were included in a letter:

“I think this questionnaire is pretty well done. Just a few comments, mostly about the instructions.

-Instructions #10, item D “Standardized” cost. I don’t know if this will be well understood. I’m not an accountant, but rather an economist, so I’m not the expert in the field. However, I’ve been around this industry for 30 years and I have not heard that term used. If you are comfortable that everyone will know this term and understand it, I’m ok with your judgment for sure.

-Item 19B, Type of Operation. Country Elevators typically get the vast majority of the grain they handle, store and market from farmers, but not necessarily all the grain—they may handle some warehouse to warehouse transfers. Likewise, Terminal Elevators will generally handle mostly (but not all) transfers of grain from other commercial warehouses, but in some cases will take in some grain direct from farmers. I personally think the question as phrased does not have much room for interpretation, but as with any ‘common’ definition that is generally understood by an industry (and these classifications of terminal and country fall into that category), there are exceptions to every rule.

-There is no request for 'storage capacity' of the facility that is being surveyed. While this is a survey of wholesalers, and so may not make direct sense to ask the question, having that information which should be a known figure to the manager, would give you a check point to see if the marketing volumes are reasonably related to storage capacity (most country warehouses for example will have 1.5 to 4.0 turns per year (marketing is some multiple of storage capacity, depending on circumstances.) Terminals can have higher turns than this, but could vary between 1.0 and 30.0 turns of grain per year.

-FWIW, the estimated time to fill this form out—1.5 hours—is woefully low in my view. I think the reason it will take considerably more time—maybe a day on avg—is that there are so many adjustments required to the data you are requesting. I understand why the adjustments are necessary—to standardize the data—maybe in the future some additional review of all the various questions and the data that come from those questions, and its uses, can be evaluated to shrink the total number of questions. Maybe not, but this form places quite a burden on the industries responding in my view. Whoever estimates this amount of time to fill out these forms should go on field duty to a couple of locations, sit down with the manager and the accountant as they fill the form out and make all the adjustments necessary to give the numbers you are asking for. Even with computerized systems, I think it would be an eye-opener. I'm not complaining to you. You guys do a good and necessary job. It is just reality to fit every business into a uniform box forces the businesses to conform, and that takes time.

Good luck with your survey. I don't know how you get it done!"

Response 9

The following comments on form WH-42437 were included in a letter:

"Information Sheet

26. SPECIAL INQUIRIES—we found the inclusion of packaging activities under (2) Sales support and as a separate category (4) Packaging to be confusing.

Section (5) Production—needs further clarification or definition of 'Production work'.

Report Form

19 A. Kind of Business—Pet supplies do not fit neatly in any of the categories listed. Some are considered sporting and recreational goods, while others could be considered toys and hobby goods. Others would be considered general nondurable goods. We believe that given the size and unique nature of the pet industry, there should be a separate category listed for pet goods and supplies.

Similarly, **Section 22** lumps pet supplies with miscellaneous nondurable goods, including ice, wigs, yarns, candles, etc. Again, the pet supply market is large enough and distinct enough to warrant its own category. Most pet supply distributors only handle such items—it is a very distinct line of trade.

24 Shipping and Handling—Most pet supply distributors do not charge for shipping and handling, but fuel surcharges have been common for a number of years. Should information on fuel surcharges be reported, and if so, where?

26 A. Employment by Primary Function—Use of temporary staff and contract employees is common among pet product distributors. Typically, these would be warehouse workers during peak seasonal times, particularly pre-Christmas. Although specifically excluded under section 7 if hired through a

staffing service, is there a place in section 26 where temporary staff, particularly if hired directly and not through a staffing service, could be accounted for? This would give a more accurate picture of the employment situation among pet product distributors.

We found the form and instructions to be otherwise clear and helpful."