



STATISTICS

INTER SECRETARIAT
WORKING GROUP ON
NATIONAL ACCOUNTS

Payments for non-produced knowledge-based capital (marketing assets) Testing Results (BOPCOM VM1 23/XX)

Joint (Virtual) Fortieth Meeting of the IMF Committee on Balance of Payments Statistics and Twenty-Second Meeting of the Advisory Expert Group on National Accounts

March 27–29, 2023

Outline

- **Background Information**
- **Testing Results**
- **Proposals on the Way Forward**
- **Questions for the AEG and Committee**

Background Information

■ Results of Global Consultation for G9

- ▶ On a **conceptual basis**, marketing assets meet the SNA definition of produced non-financial assets.
- ▶ On a **practical side**, respondents cited difficulties encountered in adequately measuring the current production of marketing assets.
- ▶ **Committee and AEG members** (March 2022):
 - ▶ Remained favorable to the preferred treatment of marketing assets as produced on conceptual grounds; noted the need for agreeing on a conceptually sound treatment and not to be guided only by practical difficulties.
 - ▶ Were of the view that the testing might resolve the practical concerns.
 - ▶ Were supportive to the GZTT's proposal to undertake targeted testing before deciding on the final recommendation.

Background Information

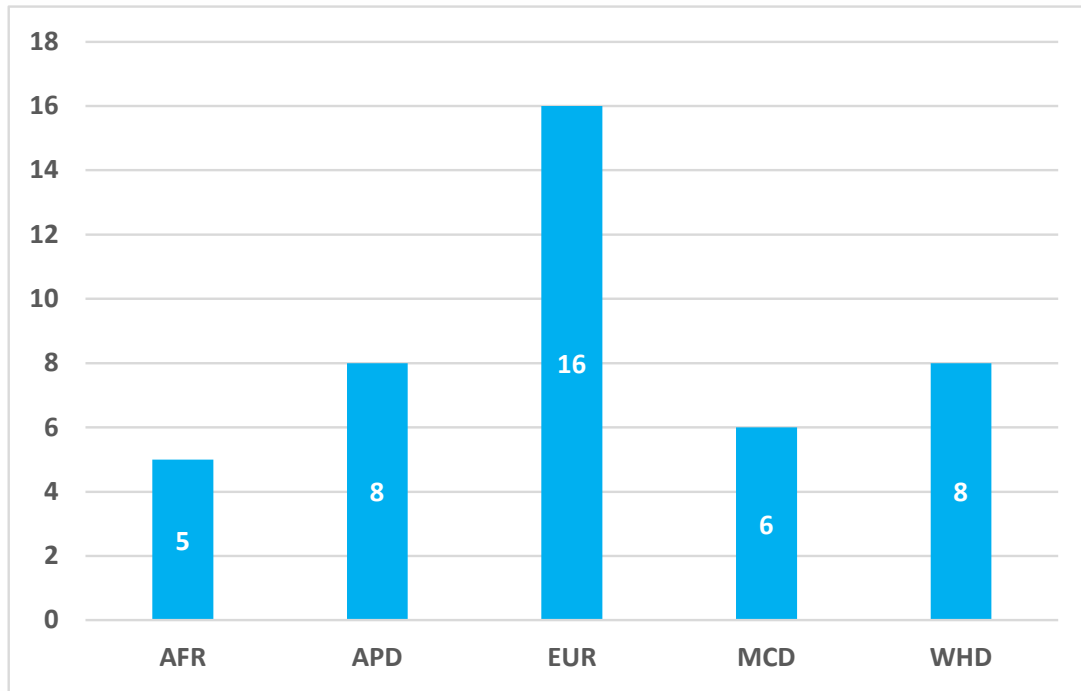
- **GZTT two-stage testing strategy**
 - ▶ **Objective:** determine if marketing assets could be treated as produced assets.
 - ▶ **First Stage - Workshop** (*June 28 and 30, 2022*):
 - ▶ Reviewed existing literature with dedicated group of countries and international organizations.
 - ▶ Discussed the scope of marketing assets and identified potential data sources.
 - ▶ **GZTT drafted questionnaire**
 - ▶ **Second Stage – Survey** (*October 2022 and follow-up in January 2023*):
 - ▶ Surveyed all countries on feasibility, leveraging the outcomes of the workshop.
 - ▶ Results presented in next slides.

Testing Results

Feedback requested during October 2022 and January 2023

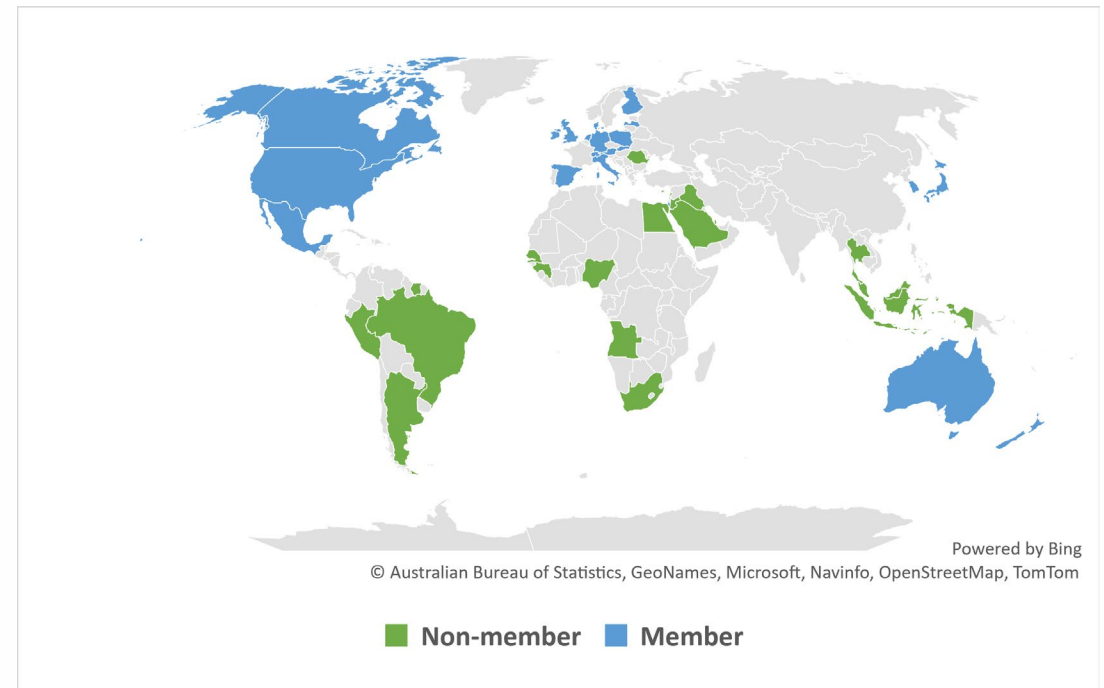
Complete Answers by Region

Number of Economies with Complete Answer by Region



A total of 43 economies provided 45 complete answers (2 economies answered separately for BP and NA)

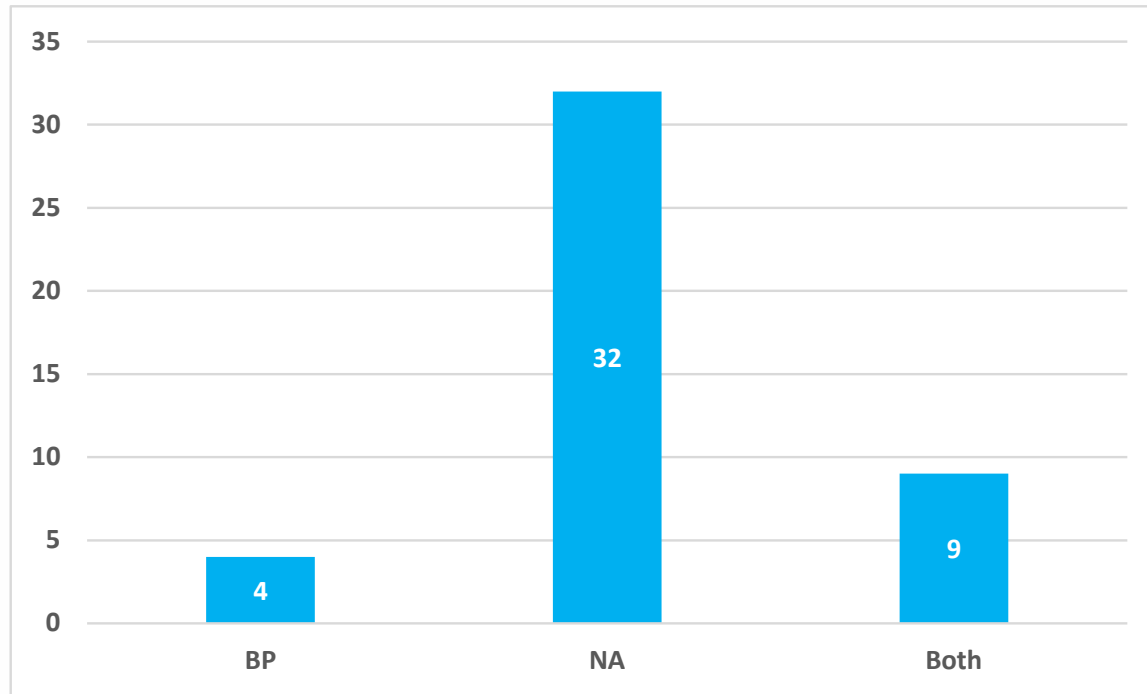
Number of Economies with Complete Answer by OECD Membership*



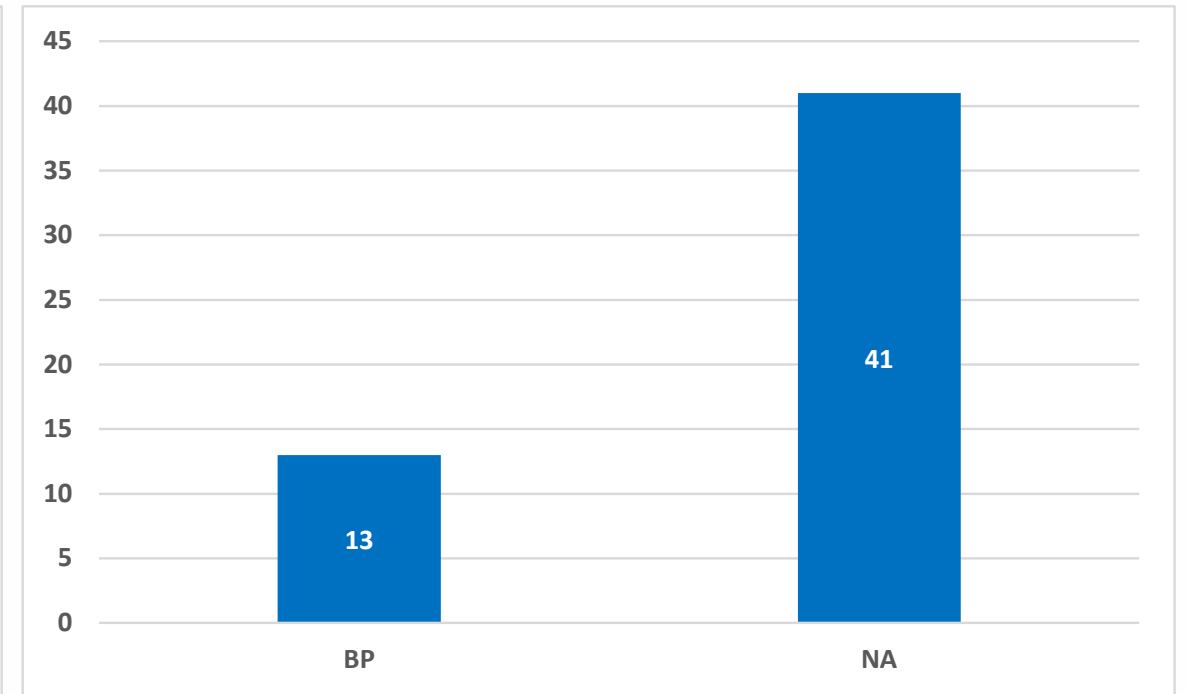
* OECD Membership used as a reference for more/less advanced statistical systems (21 member + 22 non-member economies answered)

Complete Answers by Statistical Domain

Number of Complete Answers by Statistical Domain



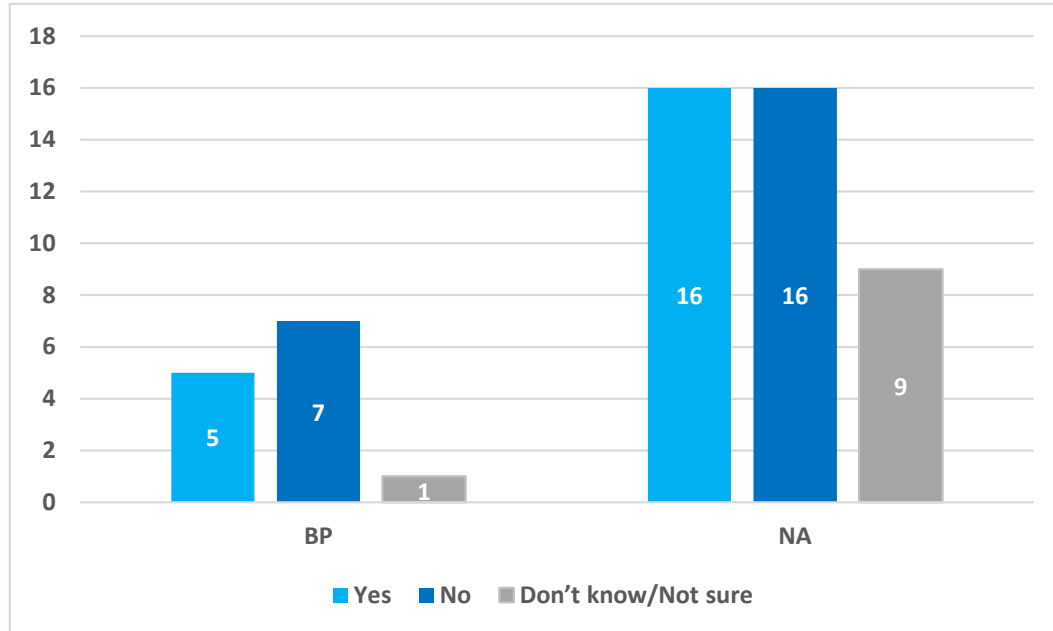
A total of 45 complete answers
(4 for BP + 32 for NA + 9 for both)



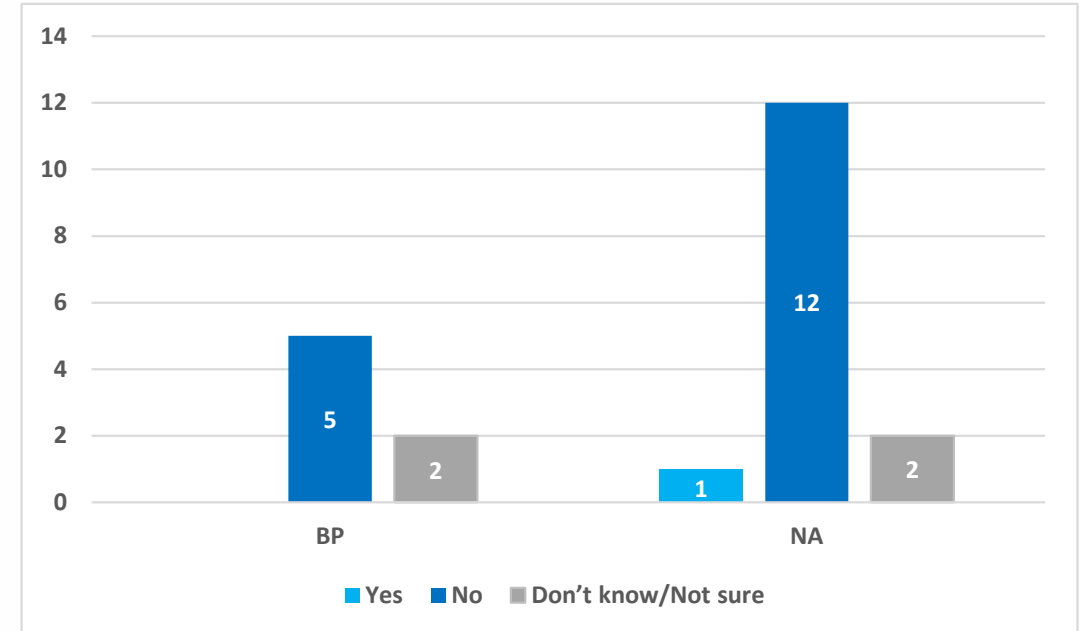
A total of 54 complete answers considering each
statistical domain independently,
13 (4+9) for BP + 41 (32+9) for NA

Advertising and Marketing Expenditure

Q1A: Should all advertising and marketing expenditure be considered as investment?

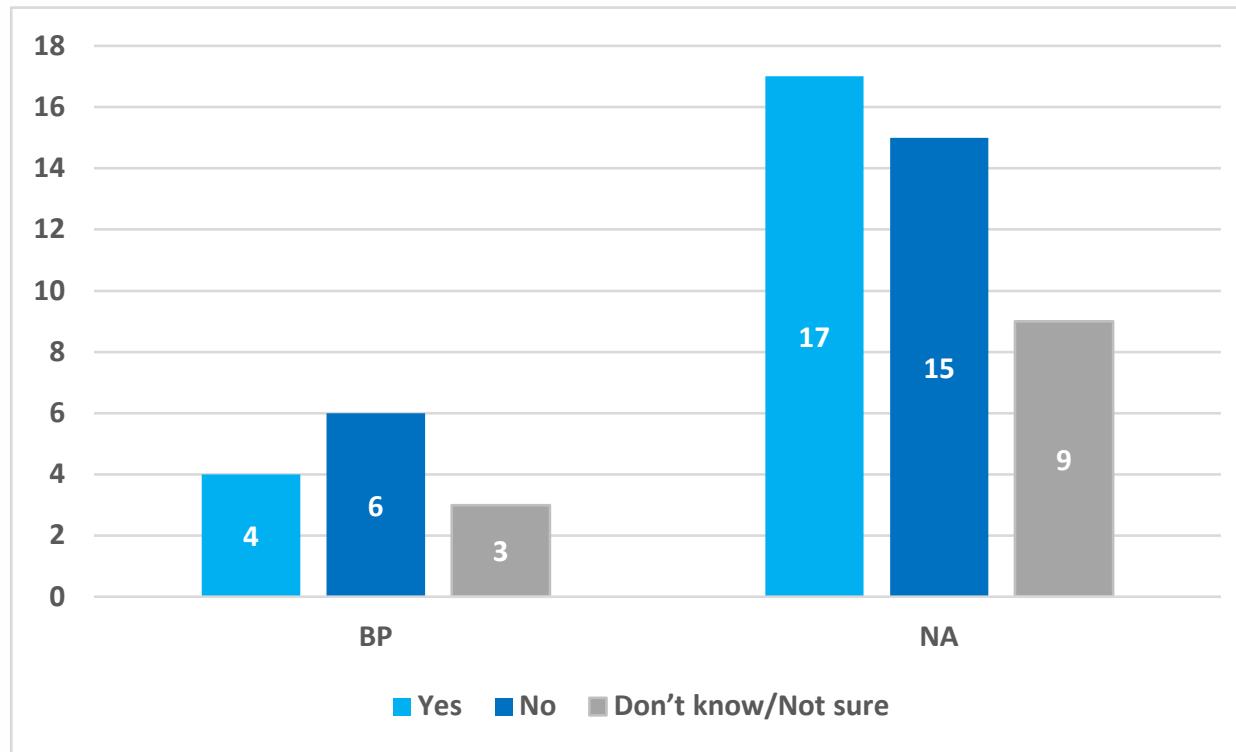


Q1C: If not, are the data available in your country to distinguish between the different types of advertising and marketing to determine which expenditure should be considered investment?



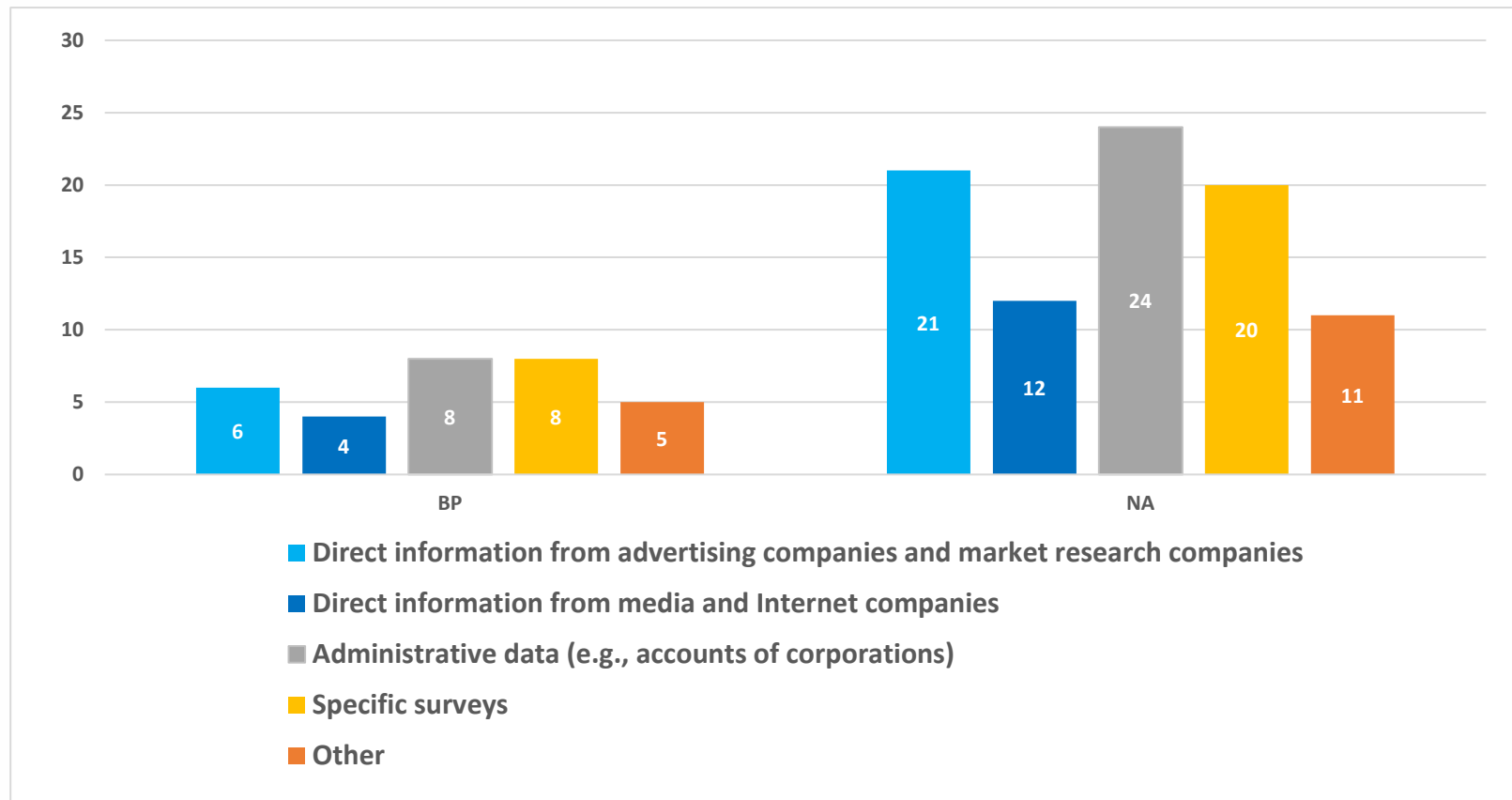
Brand Equity and Market Entities

Q2A: Should the estimation of brand equity be limited to market entities?



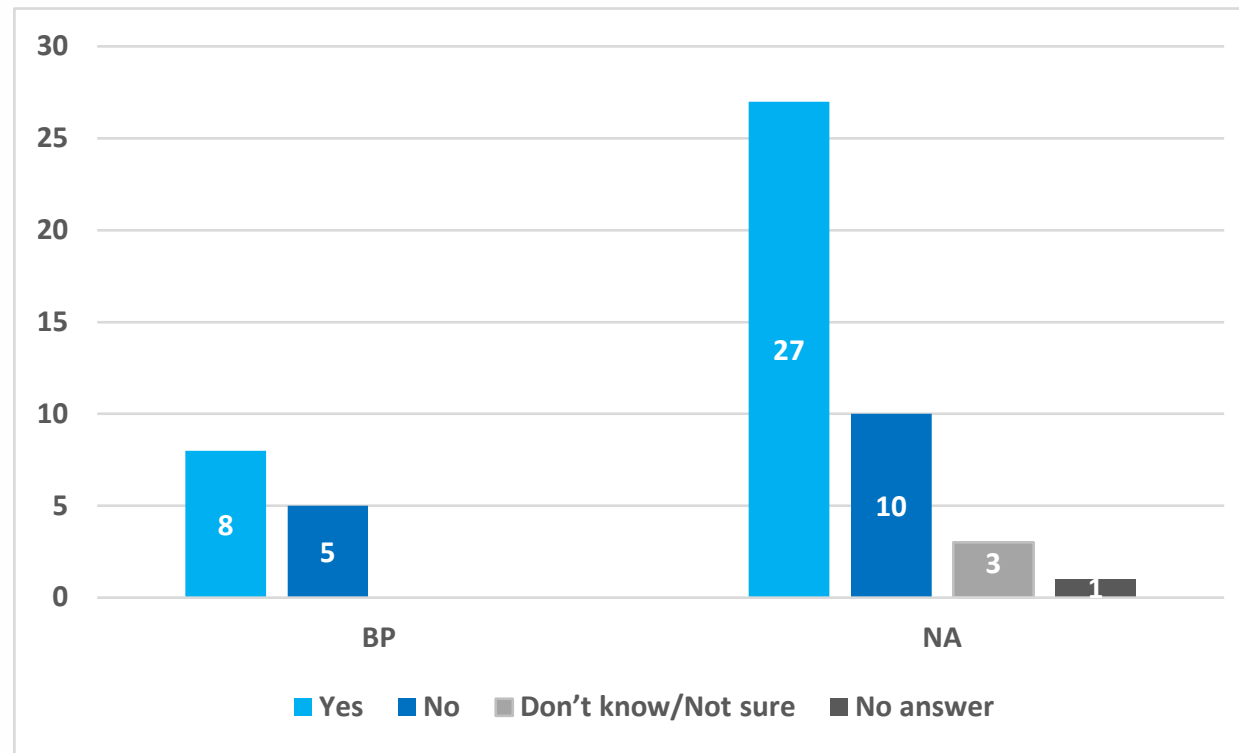
Availability of Data Sources

Q3: Please list the possible data sources to estimate advertising and marketing expenditure available in your country (select all that apply):



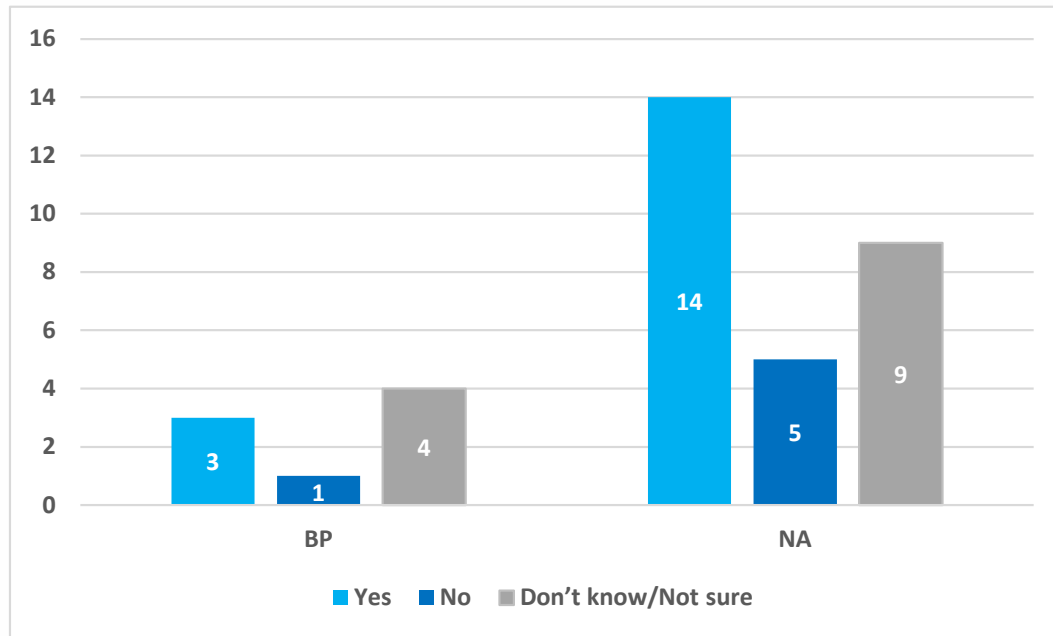
Availability of Data on Occupations

Q4: Do you have information on occupations classified by type based on the International Standard Classification of Occupations (or similar classification)?

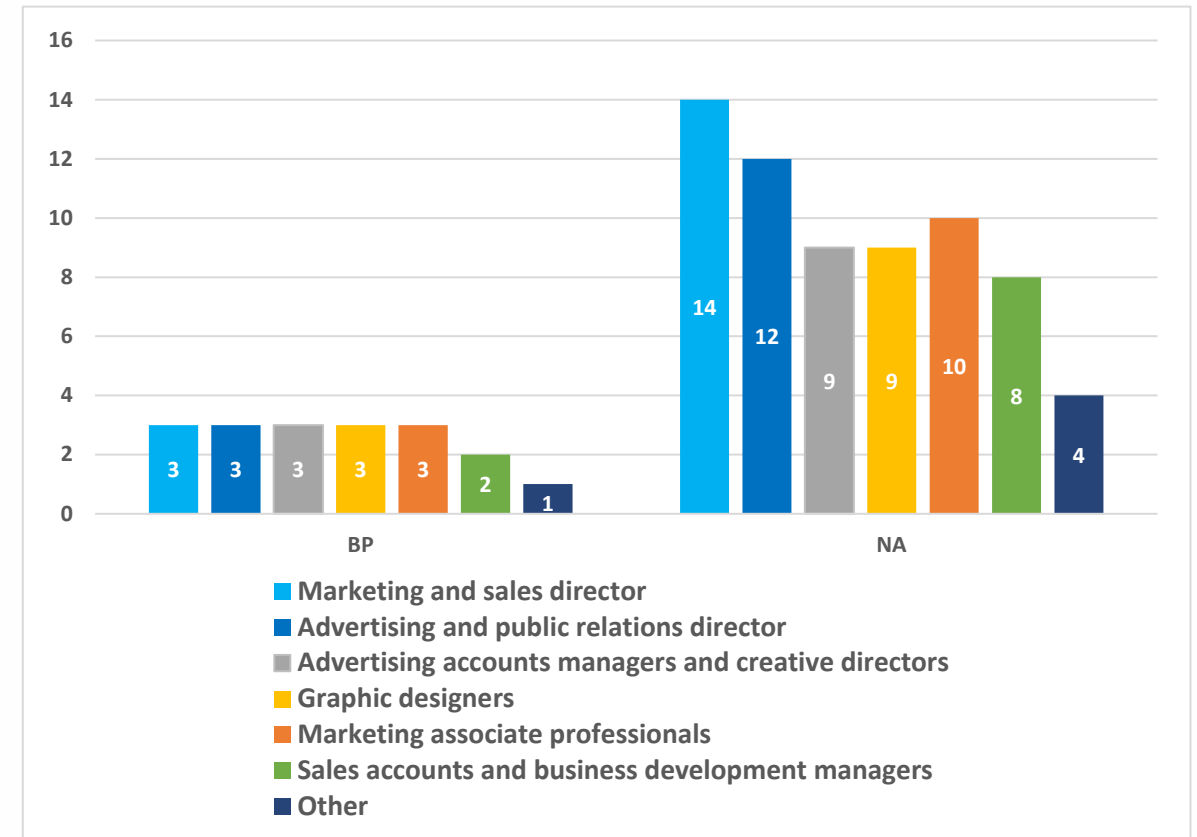


Availability of Data on Occupations

Q5A: If yes, based on the available data sources, is it possible to determine the occupations involved in the own-account production of marketing assets?

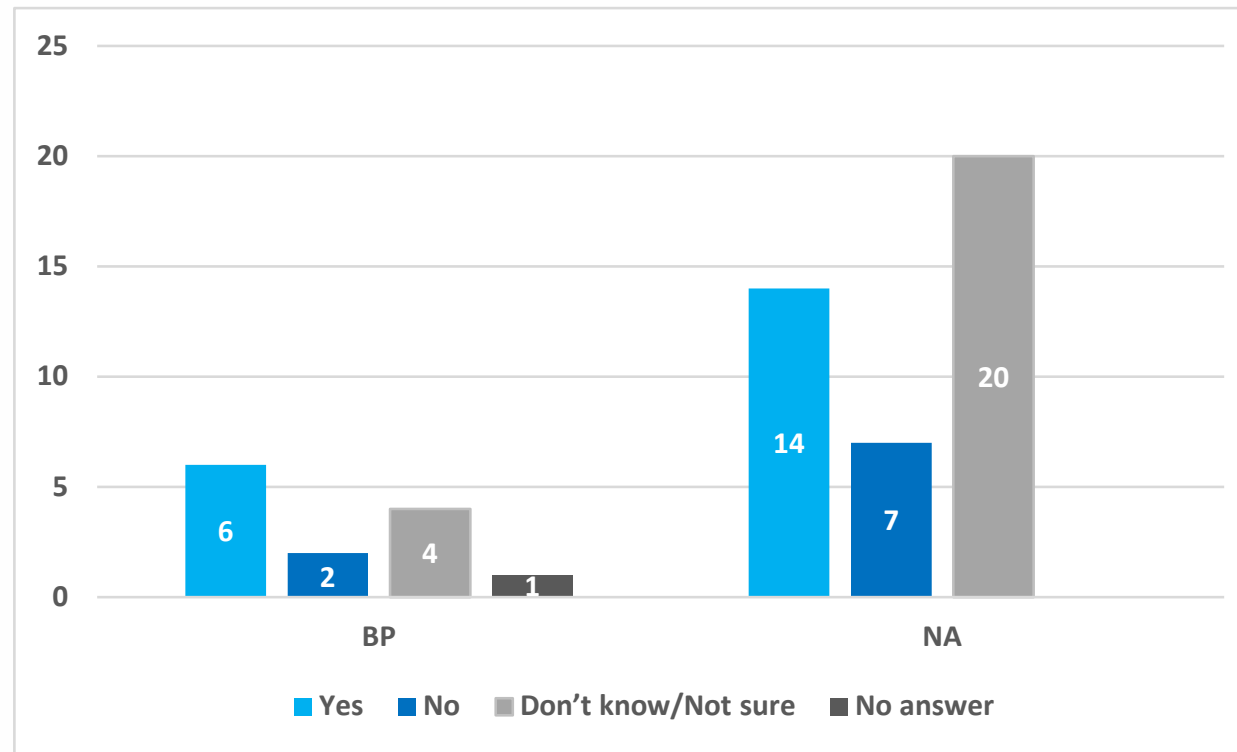


Q5B: If yes, which occupations should be included? Please identify according to International Standard Classification of Occupations (or similar classification).



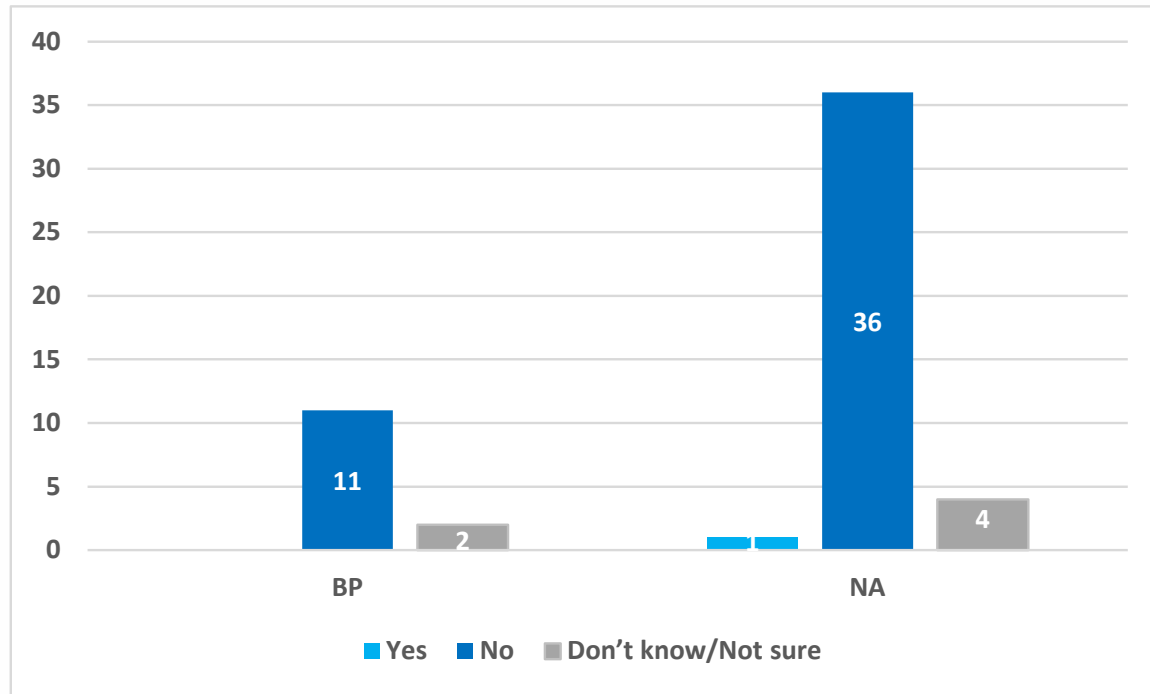
GFCF in Advertising and Marketing

Q6: In terms of the time spent on activities that can be considered gross fixed capital formation (GFCF) on advertising and marketing, is there any potential overlap with estimates of own-account production of data?

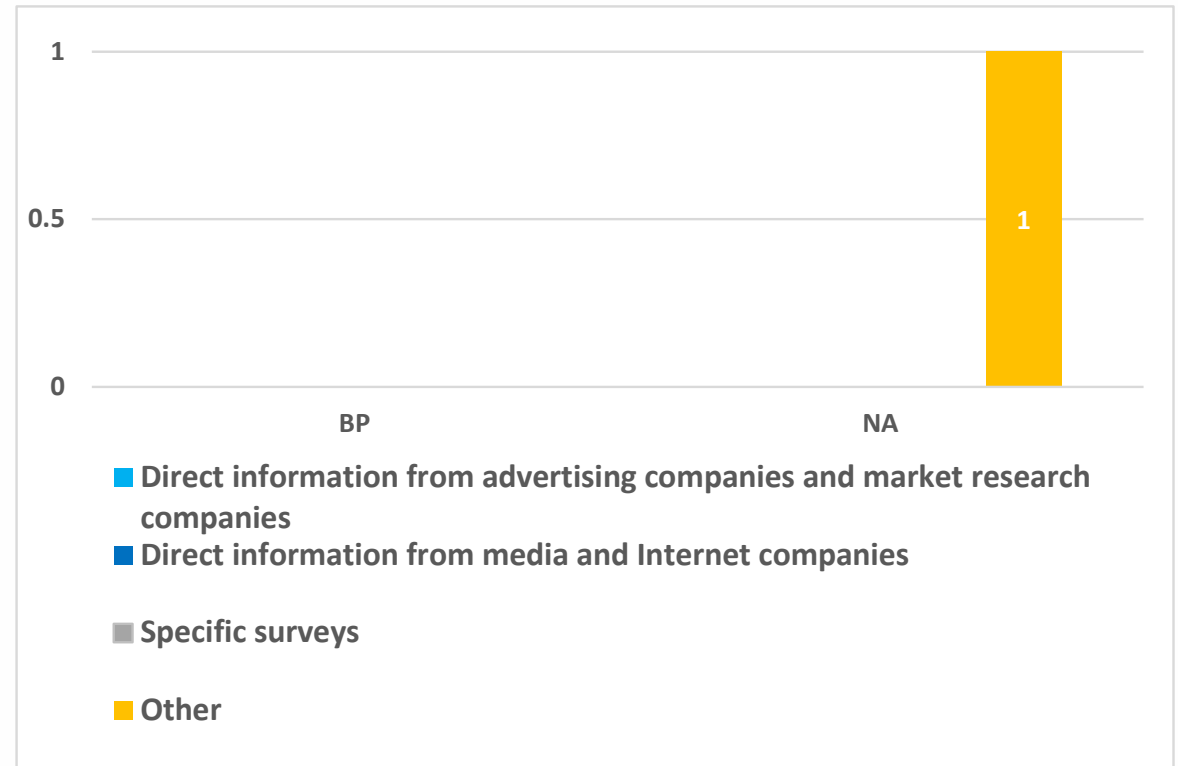


Service Life of Marketing Assets

Q7A: Do you have data to estimate the service life of marketing assets?

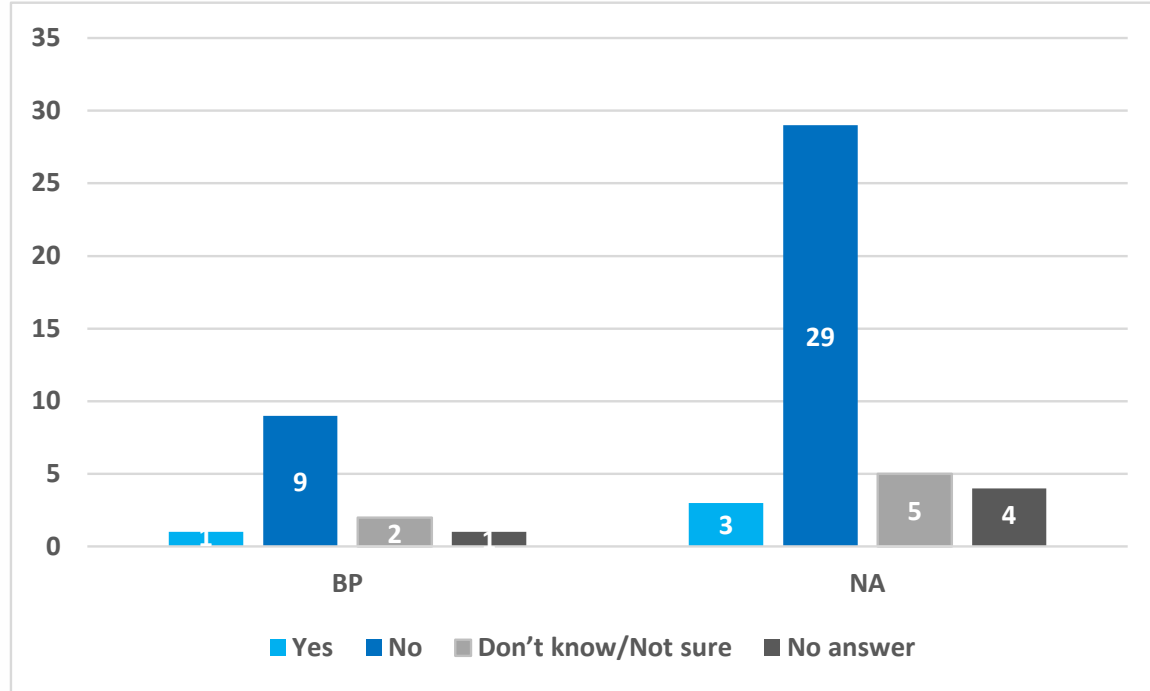


Q7B: If yes, please list possible data sources.

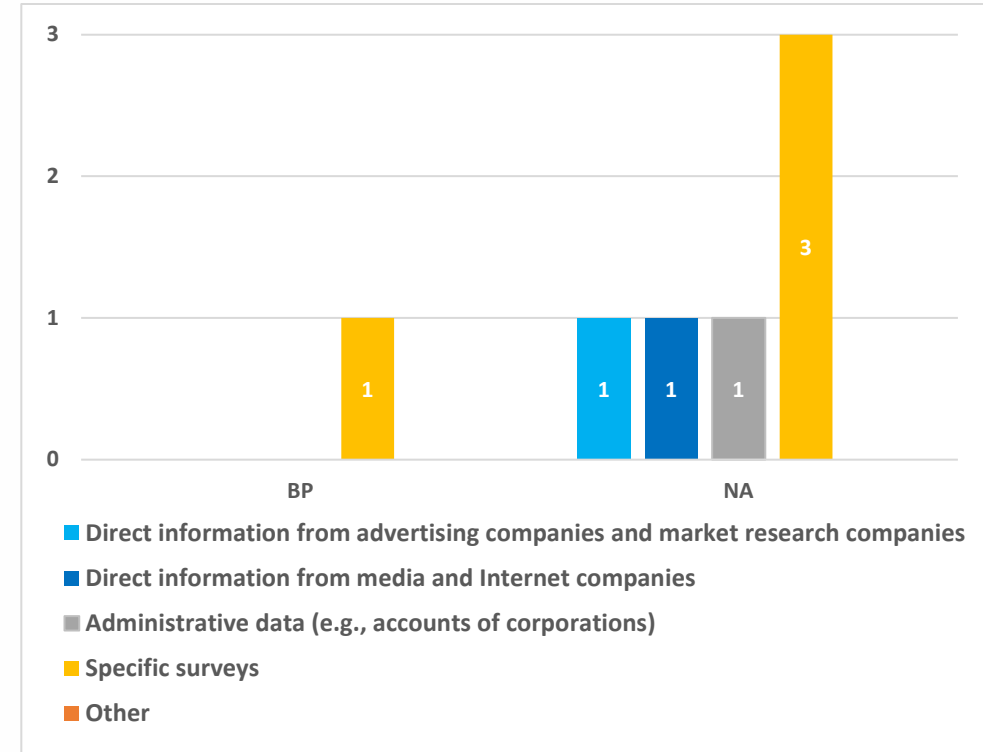


Volume Estimates of Marketing Assets

Q8A: Do you have any data to derive volume estimates of marketing assets?



Q8B: If yes, please list the possible data sources for estimates of volume measures or deflators for marketing assets available in your country (select all that apply): Do you have any data to derive volume estimates of marketing assets?



Proposals on the Way Forward

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- **GZTT recommends to include marketing assets within the production boundary and be treated as produced assets in the 2025 SNA and BPM7.**
 - ▶ This will entail major changes in the SNA as it will expand the production and produced asset boundaries. As the SNA production and asset boundaries are being expanded to include data, this is the opportune time for the inclusion of marketing assets.
 - ▶ While international transactions in marketing assets are already included in services, outright sales are currently included in the capital account. The change implies moving from capital account to goods and services accounts (the value of these outright sales could be significant).
- **The GZTT proposes that practical guidance be developed for countries on possible estimation methods and data sources.**
 - ▶ Further efforts should continue to assist countries in developing experimental estimates to help in establishing “best practice” and assessing the impact of the estimates on the national accounts and balance of payments aggregates.
- **If the status quo is maintained, there still needs to be an agreement on where to record the various transactions related to marketing assets in the updated SNA and BPM.**

Questions for the AEG and Committee

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- Do members agree that marketing assets should be included in the production boundary and be treated as produced assets in the 2025 SNA and BPM7?
- What are members' opinions on whether all advertising and marketing expenditure should be considered as investment?
- What are members' opinions on whether investment in marketing assets be limited to market entities? Can governments and NPISH have investment in brand equity?
- Do members support the development of practical guidance for countries to help them implement the recommendation of treating marketing assets as produced?
- Do members have comments on the results of the testing?

Thank you!