



**STATISTICS**

# **Marketing Assets**

**Reports on the progress of  
the task teams working on  
implementation guidance**

**24<sup>TH</sup> AEG MEETING  
OCTOBER 16-18, 2023**

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(on behalf of the Marketing Assets Task Team)

- Outcomes of BOPCOM-AEG discussions
- Marketing Assets Task Team
  - Members
  - Objectives
  - Timeline
- Marketing Assets Guidance
  - Draft Outline Structure
- Issue Note: Treatment of IPP in BoP Statistics

# Outcomes of BOPCOM-AEG discussions

## March 2023 BOPCOM-AEG Meeting – Summary of Discussions:

- Committee and AEG members discussed the outcomes of the testing exercise and the following issues regarding whether:
  - Marketing assets should be included in the production boundary and be treated as produced assets in the 2025 SNA and BPM7.
  - All advertising and marketing expenditure should be considered as investment.
  - Investment in marketing assets should be limited to market entities only or include governments and NPISHs.
  - Practical guidance to help countries implement the recommendation of treating marketing assets as produced should be developed.
- They agreed that marketing assets should be included in the production boundary and be treated as produced assets in the 2025 SNA and BPM7 and that **conceptual and practical guidance to address the points discussed and implement this recommendation should be developed.**

# Outcomes of BOPCOM-AEG discussions

## March 2023 BOPCOM-AEG Meeting – Actions:

- The Committee and the AEG agreed to treat marketing assets as produced non-financial assets.
- The authors of the guidance note [[GN.9](#)] to revise the guidance note to incorporate comments made such as
  - (i) criteria for splitting advertising and marketing expenditure between gross fixed capital formation and intermediate consumption;
  - (ii) investment in marketing assets can be undertaken by corporations, general government and non-profit institutions serving households; and
  - (iii) clarifying when own account marketing output should be considered as own account gross fixed capital formation.

# Outcomes of BOPCOM-AEG discussions

## March 2023 BOPCOM-AEG Meeting – Actions:

- In addition, possible implications of reclassifying transactions in marketing assets—as produced non-financial assets—on the balance of payments and national accounts should be further clarified in the revised guidance note.
- The authors of the guidance note to circulate the revised guidance note to the Committee and AEG for endorsement via written procedure.

### **Marketing Assets Task Team**

created to develop guidance as part of the early implementation programme of the 2025 SNA.

# Marketing Assets Task Team: Members

- **Co-chairs:** Michael Connolly (CSO Ireland) and Jennifer Ribarsky (IMF).
- **Coordination:** IMF
- **Secretariat:** Thomas Alexander and Margarida Martins (both IMF).
- **Countries:** Australia, Canada, France, Ireland, Japan, the Netherlands, South Africa, UK, USA.
- **International Organizations:** Eurostat, IMF, UNSD, World Bank.

# Marketing Assets Task Team: Objectives

- The **purpose** of the TT is to provide recommendations on measuring knowledge-based capital (marketing assets) in macroeconomic statistics, particularly national accounts and balance of payment statistics.
  - The TT should develop concrete guidance for how to compile the requested data in line with the 2025 SNA and BPM7, to assist countries in the compilation of estimates (including early implementation) and to promote comparability of data across countries.
- The TT will operate during the **remainder of 2023 and through 2024 (realistically 2025)**.

# Marketing Assets Task Team: Timeline

- **September 2023:** First Task Team meeting to kick off the work and present a draft version of the outline to members.
- **November 2023:** Second Task Team meeting will focus on country presentations on work undertaken.
- **December 2023:** Circulation of annotated outline to Task Team members for written comments.
- **January 2024:** Third Task Team meeting to discuss annotated outline.
- **January to October 2024:**
  - Drafting of guidance.
  - Regular Task Team meetings during 2024 to review progress and provide input to the draft guidance.



# Marketing Assets Task Team: Timeline

- **March 2024:** Annotated outline to be submitted as background document to the 2024 UNSC.
- **October 2024:** Full draft discussed at AEG meeting.
- **End 2024:** Finalize guidance including AEG comments.
- **Early 2025:** Final guidance circulated to AEG for written approval.
- **March 2025:** Final guidance to be submitted as background document to the 2025 UNSC.

# Marking Assets Guidance: draft Outline Structure

1. **Conceptual Framework**
2. **Definition and Scope**
3. **Data Sources and Estimation**
4. **Service Lives**
5. **Price and Volume Estimation**
6. **Measuring Cross-border Flows**
7. **Other Challenges**
8. **Case Studies (Possible Annex)**

# Marking Assets Guidance: draft Outline Structure

- In developing a practical definition, the guidance will take account of the **experimental estimates developed by national statistical agencies** and will seek to harmonize terminology uses across countries by developing a common understanding of the asset boundaries.
- The outline includes a section for **case studies** with the objective of highlighting country practices.
- The Marketing Assets Task Team will make continued efforts to coordinate with other early implementation workstreams, in particular the **Data as an asset** workstream.

# Issue Note: Treatment of IPP in BoP Statistics

- Issue Note to be presented **for discussion** at the October 2023 BOPCOM Meeting.
- While BPM6 provides guidance on the treatment of sale/purchase of licenses to use and licenses to reproduce IPPs, some issues arise:
  - No distinction is made in the treatment based on whether they will be **used in production for more than one year or less**, and whether the **licensee assumes risks and rewards of ownership**.
  - The concept of the **sale of part of the original** does not exist in BPM6.
  - License to reproduce is also applicable to **marketing assets** (it was not the case in BPM6) and appropriate services classification for recording the cross-border transaction in such licenses should be clarified.
- As these aspects are likely to have an impact on the services classification of IPPs in BPM6, the issue note provides guidance on this issue.

# Issue Note: Treatment of IPP in BoP Statistics

- The issue note focuses on:
  - i) **Services category for recording the sale/purchase of marketing assets:** as marketing assets will be treated as produced nonfinancial assets, the sale/purchase of these assets should be recorded in the services account instead of the capital account (BPM6 treats marketing assets and goodwill as nonproduced nonfinancial assets in 13.17-13.18). The issue note makes a proposal for the new services category for recording the sale/purchase of rights to these assets.
  - ii) **Treatment of licenses to use and licenses to reproduce:** guidance is required to ensure consistent recording of the cross-border transactions in IPPs with the SNA recording, in the following cases (2008 SNA 10.100 and A3.63-3.66):
    - Copies sold under license to use may be treated as fixed assets if they will be used in production for a period in excess of one year and the licensee assumes all the risks and rewards of ownership.
    - A license that allows the licensee to reproduce the original and subsequently assume responsibility for the distribution, support and maintenance of these copies, should be regarded as the sale of part or whole of the original to the unit holding the license to reproduce.
    - A license to reproduce is referred to as sub-licensing in the case of marketing assets (GN G.9) and treated as fixed assets if they satisfy asset requirements. Otherwise, the costs for acquiring the licenses are recorded as intermediate consumption.

# Issue Note: Treatment of IPP in BoP Statistics

## Services category for recording the sale/purchase transaction of marketing assets

- The issue note proposes two options for recording the cross-border transactions in sale/purchase of marketing assets in the services account:
  - **Option 1:** On the lines of a separate standard first-level service category for R&D services, a new standard first-level category of “marketing asset services” to record such transactions is proposed.
    - Assigning a first-level service category makes sense as the services in these assets are likely to increase in the coming years and therefore, this option should be seen as a forward looking one considering the future expectations related to transactions in these assets.
  - **Option 2 (preferred option):** As these services are not significant at this stage for most of the countries, they may be recorded under *technical and other business services* as a standard second-level category of “marketing asset services”.

# Issue Note: Treatment of IPP in BoP Statistics

Table 11.1 Overview of Services Account (17 main standard service categories)

Manufacturing services on physical inputs owned by others

Maintenance and repair services n.i.e.

Transport

Travel

Construction

Insurance and Pension services

Financial services

Charges for the use of intellectual property n.i.e.

**Telecommunication services**

**Computer and information services**

**Research and development services**

**Professional and management consulting services**

**Trade-related services**

**Operating leasing services**

**Technical and other business services**

Personal, cultural and recreational services

Government goods and services n.i.e.

# Issue Note: Treatment of IPP in BoP Statistics

## Treatment of license to use, license to produce, and other transactions in IPP

Standard Service Category (BPM)	Fixed assets/Consumption Categories (SNA)
Computer and information services	i) Customized software; ii) licenses to use non-customized software or databases; and iii) licensees to reproduce and distribute software meeting the asset requirements.
Marketing asset services	i) Marketing assets; and ii) license to reproduce marketing assets (sub-licensing); and payments for the use of marketing assets meeting the asset requirements
Personal, cultural and recreational services	i) Entertainment, literary and artistic originals; ii) licenses to use artistic originals; and iii) licenses to reproduce and distribute artistic originals meeting the asset requirements.
Research and development (R&D) services	i) Expenditure on R&D services; ii) patents; and iii) and payments for the use of the outcomes of R&D meeting the asset requirements.
Charges for the use of intellectual property n.i.e.	Payments for use of proprietary rights (patents, trademarks, franchise, copyrights, etc.) and charges for license to reproduces and/or distribute (copyrights, trademarks, franchise, computer software, etc.) not meeting asset requirements.

- The BPM services classification consistent with SNA can be derived by distinguishing the items in the right column into fixed assets and consumption categories. *In general\**,
  - Items that are classified as **fixed assets** in national accounts (i.e., meeting the asset requirements) will be classified in one of the first four standard service components in the left column.
  - Items that are classified as **intermediate consumption** in the right column (except licenses to use computer software and artistic originals) will be classified under the last standard service component.

\* There are exceptions.



# Issue Note: Treatment of IPP in BoP Statistics

**Summary of the proposed treatment of transactions related to IPPs in the balance of payments services account to be consistent with the national accounts**

(items in bold are those for which the recording in BoP has been updated to be consistent with the SNA)

Type	Intellectual property	Fixed asset in SNA	BPM Service Classification
Marketing assets	Payments for use of marketing assets (franchise fee, trademark revenue, etc.)	Yes	Marketing asset services
		No	Charges for the use of intellectual property n.i.e.
	Payments for licenses to reproduce or distribute franchises or trademarks, brand names, etc.	Yes	Marketing asset services
		No	Charges for the use of intellectual property n.i.e.
	Outright sale/purchase of marketing assets	Yes	Marketing asset services

**Thank you!**