



STATISTICS

Measuring Knowledge Based Capital (Marketing Assets)

Marketing Assets Task Team Update

**MEETING OF THE GROUP OF EXPERTS ON NATIONAL
ACCOUNTS**

APRIL 23 - 25, 2024, GENEVA, SWITZERLAND

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The views expressed are those of the presenter and should not be attributed to the IMF, its management or its Executive Directors.

- Measuring Marketing Assets
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We know brands are valuable....



“Nike shares are down today following last night’s matchup between Duke and UNC. Just seconds into the game, Duke star player NBA prospect Zion Williamson suffered a knee injury after his Nike PG 2.5 shoe split on the court. As of this morning, the brand’s stock is down about one percent, equating to roughly \$1.12 billion.”

By Katie Richards

<https://www.adweek.com/brand-marketing/nike-stock-takes-a-hit-after-duke-star-player-zion-williamsons-shoe-splits-on-the-court/#:~:text=Nike%20stock%20down%20about%201,Billion%20in%20its%20market%20cap.&text=%E2%80%9CWe%20are%20obviously%20concerned%20and,Nike%20said%20in%20a%20statement.>

Treatment of Marketing Assets

- 2008 SNA: **Marketing assets (and goodwill) only recognized as non-produced non-financial assets**, the measurement of which is limited to explicit purchases of the relevant assets (or implicit purchases when a corporation is purchased at a price higher than its net worth)
- 2025 SNA: It was proposed to **recognize marketing assets as produced assets**, thus significantly extending the asset (and production) boundary with assets produced for own final use
- However, this **recommendation was not agreed** to by the 2024 UNSC **because of conceptual and practical concerns**, so the 2008 SNA treatment will be retained in the sequence of economic accounts
- The topic will remain on the **research agenda**; however, countries with significant marketing assets will be encouraged to compile **extended accounts** with marketing assets treated as produced assets

Marketing Assets Task Team

Marketing Assets Task Team: Members

- **Chair:** Jennifer Ribarsky (IMF).
- **Secretariat:** Thomas Alexander and Margarida Martins (IMF).
- **Countries:** Jason Annabel (ABS, Australia), Chris Davie (ONS, UK), David Matthewson (ONS, UK), Tatsuya Sekiguchi (ESRI, Japan), John Sheridan (CSO, Ireland), Tsholofelo Shumba (South Africa Reserve Bank), Rachel Soloveichik (BEA, USA), Klaas de Vries (CBS, the Netherlands).
- **International Organizations:** Andreas Dollt and Daniel Iscru (Eurostat); Eurydice Fotopoulou, Patrick Quill, and Philip Stokoe (IMF); Herman Smith (UNSD); Kathryn Young (World Bank); Pete Harper (SNA PM) and Peter van de Ven (SNA editor).
John Mitchell and Joseph Haynes

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 by **expanding the asset boundary of national accounts** to treat them as **produced assets**.
- The TT will develop concrete guidance for how to **compile an extended account**, to assist countries in the compilation of estimates. This will advance the research agenda with the goal of adoption in a future update of the SNA.

Main activities

- Identify main points of practical guidance needed
- Review experimental work already undertaken in countries
- Develop compilation guidance

Marketing Assets Task Team: Timeline

April 2024 to June 2025: drafting of chapters.

End April 2024: Proposals for country case studies

September 2024: Discuss Chapter One and discuss outlines of country case studies

January 2025: Discuss second set of chapters and country case studies

April 2025: Review third set of chapters and country case studies

June 2025: Draft presented to TT for review and comments

October 2025: Full draft to Advisory Expert Group on National Accounts (AEG)

November/December 2025: Global consultation

End 2025: Include AEG comments and finalize guidance

Early 2026: Revised guidance circulated to AEG for approval

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.

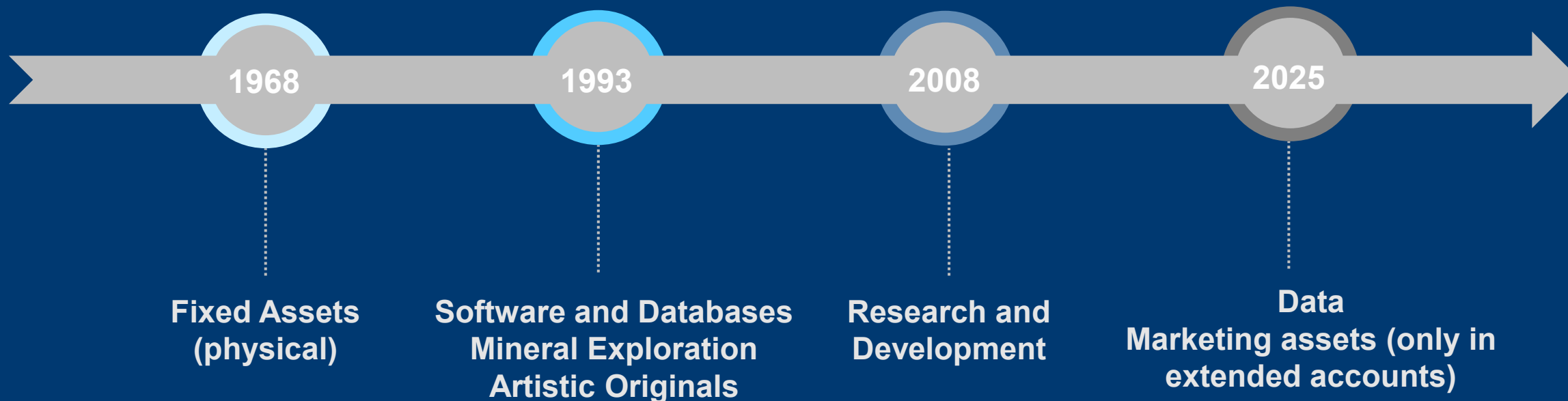
Outline Structure:

1. Introduction and overview
2. Definition and scope
3. Data sources and estimation
4. Deriving capital stock
5. Price and volume estimation

Annex of case studies – objective to highlight country practices

Selected issues

Intangible capital in the SNA and BPM



Intellectual property products

Research and development

Mineral exploration and evaluation

Computer software and databases

Entertainment, literary and artistic originals

Data (new for 2025 SNA)

Marketing assets have scope to overlap with other intangible capital. Clear boundaries are needed to avoid double counting.

Definition and Scope

Marketing assets definition

- The capitalized value of expenditures on advertising and promotional activities (whether purchased or produced on own account), to enhance the overall impression a customer or potential customer gains from their experience with the company and its products.
 - Consist of items such as brand names, mastheads, trademarks, logos, and domain names.
- Scope
 - *Distinction advertising made for short-term sales growth (i.e., intermediate consumption) and advertising designed for long-term brand building (i.e., investment).*
 - *Governments may undertake advertising relating to delivery of specific services that develop loyalty and trust.*
 - *NPISH may engage in building brand equity as part of their fundraising.*

Data sources and estimation: purchased

- Data on direct purchases on advertising and marketing may be derived from advertising and media companies.
- Output of advertising companies may not reflect the total cost of purchased advertising as some of the output may be produced and sold by units that are not classified as advertising companies.
 - *Key is to understand the proportion of expenditures considered gross fixed capital formation (GFCF) versus intermediate consumption.*

Data sources

- Direct information from advertising companies and market research companies
- Direct information from media and Internet companies
- Administrative data (e.g., accounts of corporations)
- Structural business surveys/enterprise surveys

Data sources and estimation: own-account

■ Valuation using the sum-of-costs method:

- Total number of employees working on own-account production
- Average compensation of employees
- Proportion of time spent on own-account production
- Other intermediate costs used in own-account production
- Notional operating surplus related to own-account production (capital services)
- Other taxes (less subsidies) on production

■ Key data sources:

- **Occupations engaged** in own-account production of marketing assets
- **Average time spent** on producing marketing assets by these occupations

Potential list of occupations

- Based on the ILO's International Standard Classification of Occupations (ISCO) or a corresponding national classification.
- Most relevant ISCO groupings are:

Managers

- 122 Sales, Marketing and Development Managers
- 1221 Sales and Marketing Managers
- 1222 Advertising and Public Relations Managers
- 1223 Research and Development Managers

Business and Administration Professionals

- 243 Sales, Marketing and Public Relations Professionals
- 2431 Advertising and Marketing Professionals
- 2432 Public Relations Professionals
- 2433 Technical and Medical Sales Professionals (excluding ICT)
- 2434 Information and Communications Technology Sales Professionals

Other occupations to include?

Questions for discussion

1. Any views on **potential overlaps with other IPPs** that are capitalized (or will be in 2025 SNA, i.e., data)? How do we avoid?
2. Do you have any opinions on **how to delineate expenditure on advertising that is long-lived (e.g., GFCF) versus short-lived**? Has your country undertaken research?
3. For own-account production, what is your **view of the list of occupations** identified so far? Are there other occupations that should be included?
4. **Are marketing assets important in your economy**? Do you plan on undertaking research in this topic? If so, **contribution of country case studies is appreciated!**

Thank you!