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Research Spotlight

Considering Marketing as an Asset in the National Accounts

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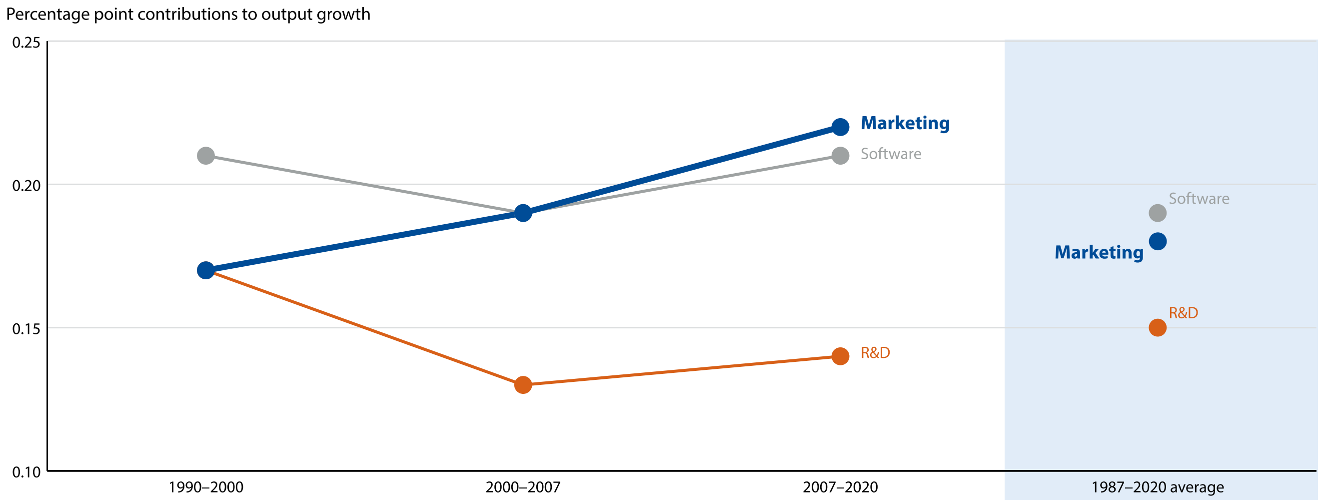
Previous empirical research has shown that marketing investment often increases purchases for several years. Because marketing can be long-lived, experts in the System of National Accounts recently recommended that marketing should be included as an intangible in the *System of National Accounts 2025*. The U.S. Bureau of Economic Analysis' Rachel Soloveichik contributed to an October 2023 working paper that expands this discussion by developing macroeconomic measures of marketing investments and stocks for the United States and considers how marketing and other intangibles contribute to output growth in the U.S. private business sector.

The paper is authored by Leo Sveikauskas of the U.S. Bureau of Labor Statistics (BLS); Soloveichik of BEA; Corby Garner and Peter B. Meyer of BLS; James Bessen of the Boston University School of Law; and Matthew Russell of BLS.

The authors develop prototype measures of marketing investment based on input-output tables, occupational information, and other well-established data and prepare and analyze measures of marketing investment for each of the 61 industries that comprise the U.S. private business sector. The prototype measures developed in the paper examine the extent and impact of marketing investment in the United States, covering the U.S. private economy and each industry. The analysis shows that it is feasible to develop reasonable measures of marketing assets for the United States.

The paper finds that marketing contributes approximately as much to output growth as software and research and development (R&D) do, as shown in chart 1. From 1987 to 2020, the paper's estimates of the annual contribution to output growth are 0.15 percentage point for R&D, 0.19 percentage point for software, and 0.18 percentage point for marketing. Marketing's larger factor share offsets the more rapid growth of software.

Chart 1. Contributions of Intangible Assets to Private Business Output Growth



Note. Chart data come from table 1 of the working paper. "Marketing" contains purchased and own-account marketing. "Software" contains software, custom; software, own account; and software, prepackaged.
R&D Research and development
U.S. Bureau of Economic Analysis

The paper also considers several potential difficulties that statistical agencies will have to address as they measure marketing investment. Most importantly, marketing quality may have increased recently due to improvements in digital targeting. If marketing prices were adjusted for quality growth, marketing would contribute more to output growth. In addition, distinguishing between short-lived marketing and long-lived marketing investment can be difficult. New surveys, such as time diaries, could help determine the proportion of marketing expenditures that represents investment. Finally, national accountants will have to clarify the distinctions between the closely related categories of data flows, software, and digital marketing.

The authors also argue that statistical agencies in most developed countries have access to much of the data needed to develop comprehensive measures of marketing for their own national accounts.

This *Research Spotlight* was prepared by *Survey of Current Business* staff. It uses language from the working paper “Marketing, Other Intangibles, and Output Growth in 61 United States Industries” by Leo Sveikauskas, Rachel Soloveichik, Corby Garner, Peter B. Meyer, James Bessen, and Matthew Russell, published October 2023. The working paper is available in full on the BEA website.

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