

## **Abstract for “Advertising Supported Media in GDP”**

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In the United States, advertisers pay for broadcast television, internet search and other media services. Consumers pay almost nothing out of pocket. Because consumers pay nothing out of pocket, media services are not considered part of personal consumption expenditures. Instead, they are considered an intermediate expense and not counted in GDP directly. This paper experiments with an alternative method proposed in ‘A History of National Accountings’ (Vanoli 2000). Advertising supported media could be treated as a barter transaction. Consumers provide viewing time to advertisers in return for media services. Under the experimental method, consumer income is higher by the value of media services implicitly earned. Conversely, personal consumption is higher by the value of media services implicitly purchased. I construct satellite GDP accounts for a sample of OECD countries using the experimental method.

The experimental method increases GDP in the United States by 0.67% and only 0.45% in the rest of the OECD (for 2008). The difference is mostly driven by television markets across countries. In the United States, advertising-supported television is 0.4% of GDP while public television is only 0.01% of GDP. In the rest of the OECD, advertising supported television is only 0.25% of GDP and public television is 0.17% of GDP (Nielsen and Linnebank 2011). Cable subscription television is similar in the US and the rest of the OECD. Under current GDP rules, cable subscription television and public television are counted in GDP but advertising supported television is not. In the experimental satellite account, all three types of television are counted equally.