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SIC 7299

MISCELLANEOUS PERSONAL SERVICES, NOT ELSEWHERE CLASSIFIED

This industry covers establishments primarily engaged in providing personal services, not elsewhere classified. Establishments primarily engaged in operating physical fitness facilities, including health fitness spas and reducing salons, are classified in various lodging industries depending on the type of lodging provided; if they do not provide lodging they are classified in **SIC 7991: Physical Fitness Facilities.**

NAICS CODE(S)

624410 (Child Day Care Services)
812191 (Diet and Weight Reducing Centers)
532220 (Formal Wear and Costumes Rental)
812199 (Other Personal Care Services)
812990 (All Other Personal Services)

This industry encompasses a wide array of niche industries that provide personal services in one realm or another. Diverse establishments such as dating services, costume rental shops, massage parlors, scalp treatment services, tuxedo rental, escort services, baby sitting bureaus, and valet parking outfits all are placed in this miscellaneous industry classification.

An estimated 19,037 miscellaneous personal service establishments were in the United States in 1996. In the late 1990s, some of the leading companies in this industry were Philadelphia-based ARAMARK Corp., with $6.7 billion in 1999 sales; Weight Watchers International, headquartered in New York, with estimated sales of $1.5 billion; GE Capital Mortgage, of Cherry Hill, New Jersey, with $1.3 billion in sales, and Unifirst Corp., of Wilmington, Massachusetts, with 1999 sales of $487.1 million.

Among the largest business segments of this industry classification are dating services, weight loss centers, and formal wear rental outlets. In 1999, the two most successful weight reducing companies that used the classroom method were Weight Watchers International and Jenny Craig, Inc., with $321 million in sales. In an effort to expand into the non-overweight consumer market, the diet industry is expected to incorporate products and services geared toward total wellness on into the next century.

The miscellaneous personal services industry, including tax return preparation services, which are also discussed in **SIC 7291: Tax Return Preparation Services,** employed an estimated 149,300 workers in late 1999, according to the *Bureau of Labor Statistics.*

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SIC 7311

ADVERTISING AGENCIES

This industry includes establishments primarily engaged in preparing advertising (writing copy, artwork, graphics, and other creative work) and placing such advertising in periodicals, newspapers, radio, and television, or other advertising media for clients on a contract or fee basis. Establishments that either place advertising with media but offer no creative services or provide creative services but do not place the advertising with media are excluded from this industry.

NAICS Code(s)

541810 (Advertising Agencies)

Industry Snapshot

According the *Advertising Age's* 2002 Agency Report, the world's six largest advertising agencies accounted for over 65 percent of $39.28 billion spent on advertising worldwide in 2001. But the advertising industry has suffered during the first years of the 2000s. The economy decline prior to and exacerbated by the terrorist attacks of September 11, 2001 has been sustained by the ongoing conflict with Iraq. As an indicator of the softened demand for advertising services, advertising agency employment fell to just over 180,000 in December 2002, down from an average employment of 194,400 in 2001 and 182,400 in 2002, representing the largest decline since 1991.

Advertising agencies are primarily responsible for two functions. The first is the production of advertising materials in the form of written copy, art, graphics, audio, and video. The second is the strategic placement of the finished creative product in various media outlets, such as periodicals, newspapers, radio, and television. Agencies generally receive compensation for production costs from the client, plus a standard 15 percent commission from the media source for the ad placement.

Advertising agencies can be found throughout the United States, with the greatest percentage located in large cities. Many have headquarters in New York and field offices in Chicago, Los Angeles, San Francisco, Atlanta, Detroit, and other major areas of commerce in order to be close to clients.

Although the larger agencies are more frequently mentioned in the media and in trade publications, the industry is actually predominately comprised of smaller agencies, many with only one or two principals. Industry observers credit lower overhead, diversified services, willingness to accommodate change, and an entrepreneurial attitude for the success of smaller, boutique agencies.

As many clients have begun to focus on a variety of forms of marketing communications, advertising agencies have had to look beyond conventional media-based advertising. Advertising budgets reflect this shift, with additional dollars being earmarked for point-of-sale promotions, public relations, and a major entry into the media mix—the Internet. Changing demographics and a savvy American consumer were the driving forces behind these alternative forms of marketing communications.

Some industry leaders have projected that advertising agencies will need to augment their primary line of work and change their longstanding compensation system based on commissions. Realizing the need for ''integrated marketing services,'' many agencies have responded by offering public relations, direct mail, promotional, and Internet services.

Organization and Structure

The activities within an advertising agency are typically divided into four broad groups: account management, the creative department, media buying, and research. These divisions are usually physically separated, although all four areas work closely together to produce an advertising campaign in its entirety. Account managers usually have daily interaction with a counterpart at the client's office and coordinate the activities of the other departments according to the client's wishes. The creative department designs original themes or concepts for ads, while the media department places finished ads within the media in which they will receive the most exposure to a target audience. The research department provides data about consumers to help the agency and the client make informed advertising decisions.

Recently added to advertising agencies' roster of services are public relations, direct marketing, and promotional services. Other activities that used to be completed by outside vendors, such as photography and high-tech print work, have been brought in-house in many agencies.

Background and Development

Advertising agencies began in the mid-1800s, when independent agents sold newspaper space. Later these agents took on the added responsibilities of writing and designing the actual advertisements. Such advertising agents could be found in major industrial areas such as Philadelphia, New York, and Boston. Volney Palmer opened offices in 1841 in Philadelphia. Representing a selected list of newspapers, Palmer sold space to advertisers and received a 25 percent commission from the newspapers. After his death, Joy, Coe & Co. took over the business and renamed the firm Coe, Wetherill & Company. This agency later was absorbed by N.W. Ayer & Son, the oldest U.S. advertising agency to be continuing operations in the early 2000s.

By 1860 roughly 30 agencies in the United States sold newspaper space by offering exclusive representation in selected periodicals. As new agents entered the scene, the principle of exclusive representation ended because publishers accepted anyone who brought in advertising. Most agents soon became independent brokers or middlemen, selling space to advertisers and then buying from publishers to fill their orders.

Increased commercial and industrial activity following the Civil War facilitated the growing acceptance of advertising as a sales tool. A new type of advertising agent also appeared on the scene at this time. Space wholesalers, including industry leader George Rowell, purchased space in bulk from publishers at a discounted rate and then sold the space to advertisers. Some agents went as far as purchasing all the advertising space in the publications they represented, thereby essentially controlling selected periodicals.

Advertising legend J. Walter Thompson had his start in the industry at this time. Thompson persuaded several literary magazines to carry advertising, something not previously done. Thompson thought magazines should accept advertising because their widespread circulation could be a powerful selling medium. By 1900 his ''List of Thirty'' represented most of the popular women's and general monthly periodicals. This transformation of magazines into an advertising medium had an enormous impact on the entire advertising industry, because magazines were the first publications with nationwide distribution.

George Rowell took an early step toward changing the advertising business into a modern-day agency. In 1875 Rowell announced that he would act on behalf of his clients, rather than the newspapers and periodicals in which their ads appeared. He was the first to offer a full line of services to advertising clients: to ''act as their agent, working only in their interest, dealing to their best advantage . . . making up schedules, checking insertions, and paying bills,'' according to *Advertising: Today, Yesterday, Tomorrow.*

Shortly after Rowell's announcement, Ayer began what was considered to be a revolutionary plan—the open contract, plus commission. This arrangement created a long-term relationship between the advertiser and the agent. At first, commissions fluctuated from 12.5 percent to 8 percent to 15 percent. Although not immediately embraced by the rest of the industry, Ayer's rate of 15 percent soon became the norm. The commission system has remained the traditional method of payment to an agency.

By the 1890s the advertising industry gained momentum due to the increased use of brand names and trademarks, the growing distribution of newspapers, the talent of experienced copywriters, and the success of earlier advertisers. For instance, only 121 trademarks were registered with the United States Patent Office in 1871. By 1875 that number had grown to more than 1,000 and by 1906 to more than 10,500. In addition, free newspaper delivery to rural areas exposed the entire country to national advertising campaigns.

The result was the creation of a relatively homogenous marketplace, perfect for selling mass-merchandise items. By 1897 more than 2,500 companies had large-scale advertising campaigns, including many brands still known today. Kodak, Coca-Cola, Ingersoll, Prudential, Waterman, Quaker Oats, Hire's, Cream of Wheat, and numerous other goods became commonly known by their brand names.

By the 1920s advertising agencies had become professional entities in their own right. Agencies were organized into departments or operating units that served numerous clients. They offered specialized services in both campaign research and development and media placement. Copywriting staffs were augmented with art departments, and research departments were established.

Perhaps the most significant indicator of the increasing prevalence of the advertising industry was soaring ad budgets. For instance, Coca-Cola spent $11,000 on advertising in 1893; by 1928 its ad budget had grown to $5 million. Campbell's Soup spent $4,000 on advertising in 1899 and $2.5 million in 1928. Wrigley started advertising its chewing gum with only $32; 10 years later its ad budget had reached $3 million.

Radio became a significant advertising medium during the 1920s with the formation of NBC in 1926 and CBS in 1927. Early radio stations only sold empty time, not time slots related to programming, as became common with television advertising. However, most of the big, nighttime radio programs were actually created by advertising agencies and were used as a way to communicate their client's message. Advertising agencies also created daytime radio dramas. The Blackett-Sample-Hummert agency produced such programs for its client, the consumer products giant Procter & Gamble, and aptly named the programs ''soap operas.''

The second revolution in advertising occurred in 1948 with the advent of television. This new form of entertainment came with large billings and even larger agency commissions. Combined with the healthy post-war economy, the advertising industry boomed during the 1950s.

''Staffs were again enlarged, new agencies formed, and mergers strengthened existing organizations. Branch offices proliferated, and small agencies formed networks to provide reciprocal services for their clients in cities across the country,'' Paul Harper recalled in *Advertising: Today, Yesterday, Tomorrow.*

As new product categories proliferated, the overwhelming reliance on television advertising made millions for ad agencies. From 1976 through 1988 total U.S. ad spending grew faster than the economy as a whole. Meanwhile, the three television networks, which completely dominated the market, demanded and received continual advertising rate increases.

An industry downturn began in 1988. Industry observers suggested that the recession of the early 1990s only emphasized the diminished power of traditional advertising to sell products and services. ''Even before the recession, the industry began lagging behind gross national product growth. Total ad spending grew just 5 percent in 1989 and 3.8 percent in 1990—well below nominal GNP growth,'' reported Mark Landler in *Business Week.*

Industry analysts suggested several explanations for the apparent loss of effectiveness of advertising. First of all, consumers became less receptive to the continual assault of commercials and also became more price conscious and less brand loyal. The days of a ''Colgate family'' or a ''Crest family'' effectively ended, as large numbers of shoppers bought primarily on the basis of price.

At the same time, technological advances and the proliferation of alternative communication tools transformed the way advertisers reached their customers. For example, computerized market research allowed manufacturers to collect detailed information about their customers. Direct marketing increased in usage and popularity, along with in-store promotions and price discounts. ''Companies now spend 70 percent of their marketing budgets on promotions, leaving just 30 percent for ads,'' Landler stated in *Business Week.*

Advertising agencies responded to these changes by expanding their services into new areas and developing new specialties like direct marketing or, later, Internet services. Some also expanded their reach by absorbing smaller shops located in strategic cities.

The proliferation of television viewing options also took its toll on the advertising industry. The networks of ABC, CBS, and NBC used to account for 93 percent of the U.S. homes watching TV. By 1993, however, the big three maintained only a 60 percent share, while cable television and alternative networks claimed the difference. In 1997 network commercials accounted for about $13 billion in advertising revenues, or about 29 percent of total television advertising. During the early 1990s network television stations responded to the increased competition of cable TV by cutting their ad rates in an attempt to draw back advertisers. But since agencies obtained most of their commissions from placing media ads, they lost money with the implementation of rate reductions.

In addition, as clients searched for greater creativity and lower costs, many advertisers divided their ad jobs by assigning media and creative work to different agencies. Larger companies even began to bring some of their marketing, advertising, and promotional work in-house. Smaller advertising agencies appeared to be more capable of adjusting to the evolving marketing needs of their clients. A lack of bureaucracy and emphasis on creativity helped smaller agencies become the fastest-growing segment of the industry by capturing large accounts. Some large advertisers demanded that main line agencies change their work habits and entrenched processes to accommodate all aspects of a marketing campaign, including packaging, in-store promotions, direct mail, direct response, toll-free comment lines, database marketing, coupon redemption programs, and cable programming.

According to the Television Bureau of Advertising, the total dollar value of U.S. advertising spending rose by 7 percent in 1997 to reach $187.5 billion. This figure seemed to indicate that the advertising industry had fully recovered from its depression in the 1980s, a recovery that began in the early 1990s. By segment, television accounted for the greatest share of the industry, with 23.8 percent, accounting for more than $44.5 billion in ad revenues. Newspapers, despite their declining readership, recorded advertising revenues of $41.7 billion, or a 22.2 percent share. Direct mail posted $36.9 billion, or 19.7 percent, of total ad revenues. Radio brought in $13.5 billion, or a 7.1 percent share; the Yellow Pages sold $11.4 billion in ads for a 6.1 percent share; and magazines drew $9.8 billion, or 5.2 percent. The remaining revenues were generated by farm publications, business papers, outdoor ads, and miscellaneous media.

If television was the second revolution in the advertising industry, few would argue that the Internet represented the third revolution. In 1996 *Advertising Age* reported in its own online forum that the dollar size of the Internet segment of the interactive industry had grown from $366 million in 1994 to $771 million in 1995 and $1.5 billion in 1996. Projected sizes for 1997 and 1998 were $2.4 billion and $3.7 billion, respectively.

Current Conditions

In the days that followed the terrorist attacks of September 11, 2001, the advertising industry suddenly stagnated. World-leader Interpublic Group's stock fell 23.1 percent, and Omnicon's stock dropped 18.4 percent. Overall media billings dropped by 10 percent in 2001, the worst decline in the industry since 1987. As declining sales put downward pressure on advertising prices, agencies responded by cutting costs through staff reductions, which fell across the board by 10 percent.

When the United States became entangled with Iraq in 2003, the advertising industry continued to feel the effects of the sluggish economy and lack of consumer confidence. In an attempt to return to the familiar, common in times of uncertainty, advertisers began returning to television. A survey conducted by Morgan Anderson reported that 63 percent of the top 100 advertisers said they planned to spend more on television in 2003, whereas 15 percent planned to spend less and 22 percent planned to spend the same amount. Advertisers have adjusted to the uncertain economic and political situation by agreeing to shorter contracts and carefully targeting their advertising budgets.

Although the industry struggled in the early 2000s to stay afloat, the industry leaders were more apt to be toppled by merger and acquisition mistakes than the slow economy. Smaller firms, however, continued to weather the storm and wait for brighter days. A sustained conflict in the Mid East, combined with an ongoing recessive economy in the United States, would put pressure on smaller operations to compete for their smaller portion of the nation's advertising dollars.

INDUSTRY LEADERS

WPP Group PLC. WPP Group PLC, a marketing conglomerate built by takeovers and the world's third largest advertising company in 1998, claimed the title as the world's largest ad agency based on billings in 2002. Comprised of 1,400 in 100 countries WPP recorded a gross income of nearly $8.2 billion in 2001. Included in this London-based collection of companies were the large advertising agencies J. Walter Thompson Company and Ogilvy & Mather. In addition to advertising services, WPP had operations in media planning, buying and research, information and consultancy, public relations and public affairs, and specialist communications.

WPP began in 1958 as Wire and Plastic Products, a small manufacturing firm. During the late 1980s the company, renamed WPP, ventured into advertising by acquiring several small marketing firms. In 1989 it became the world's largest advertising company by purchasing Ogilvy Group in a transaction that nearly crippled the company by overloading it with debt during an industry-wide recession. After recovering by the mid-1990s, WPP turned to fueling growth through the establishment of international offices rather than through large acquisitions. By 1997, however, the firm reverted to its acquiring ways and purchased a number of firms throughout the remainder of the decade, among them Batey Holdings, Management Ventures, and Goldfarb Consultants, as well as acquiring stakes in Asatsu and AGB Italia Group.

The Interpublic Group of Companies, Inc. The Interpublic Group of Companies, Inc. was the world's largest advertising group before being overtaken by rival WPP in gross billings. Based in New York, this holding company operated Universal McCann, Lowe Lintas & Partners Worldwide and also Western Initiative Media Worldwide. These subsidiaries actually served rival clients while using the resources of the parent. Although Interpublic had, historically, focused on advertising services, in the mid-1990s it expanded into such new areas as interactive technology and brand consultancy.

Interpublic began in 1911, when Harrison McCann established a small advertising firm to serve Standard Oil of New Jersey. Through a 1930 merger, this firm became McCann-Erickson Co. After acquiring a variety of strategic companies, McCann-Erickson reorganized itself in 1961 as a holding company that provided resources for its separately operating subsidiaries. Acquisitions continued through the 1990s as the company, then known as Interpublic, strengthened its advertising operations while venturing into such markets as public relations, direct marketing, film production, sports management, and Internet services. Interpublic held 15.7 percent of the world market share of advertising in 2001. In 2002 the company posted revenues of over $6.2 billion.

Omnicom Group Inc. Omnicom Group Inc., which also once held the position of the world's largest advertising agency, posted revenues of $7.5 billion in 2002. This New York-based holding company operated three of the top ten global advertising networks—BBDO Worldwide, DDB Worldwide, and TBWA International. It also operated various smaller advertising agencies as well as Diversified Agency Services, which is a global public relations/direct marketing network of more than 75 companies, and Optimum Media Direction, an independent media-buying service. Omnicom, which ranked as the world's third largest advertising agency as recently as 1994, credits its growth to an aggressive acquisition campaign enacted in the mid-1990s. Among such acquisitions were Ross Roy Communications, one of the largest full-service marketing communications services companies; Ketchum Communications Holdings and Fleishman-Hillard, two top public relations firms; and London-based GGT Group. Omnicom offers its services to clients worldwide on a local, national, pan-regional, or global basis.

Young & Rubicam Inc. Young & Rubicam Inc., based in New York, operated in five primary areas in the late 1990s: advertising, database marketing and customer relationship management, perception management and public relations, branding identity consultation and design services, and healthcare communications. It consisted of such companies as Young & Rubicam Advertising, Dentsu Young & Rubicam, The Bravo Group/Kang & Lee, Wunderman Cato Johnson, KnowledgeBase Marketing, Brand Dialogue, The Media Edge, Burson-Marsteller, Cohn & Wolfe, Landor Associates, and Sudler & Hennessey.

Founded in 1923, Young & Rubicam achieved several decades of steady growth by fostering an unencumbered, creative atmosphere. The firm made history during the 1960s by producing the first television commercials in color. The 1970s were marked by acquisitions, a strategy that proved unwise when the industry hit a recession in the 1980s. The early 1990s also provided a challenge for the firm, which pleaded guilty to bribery charges in connection with a Jamaican tourism account. In 1993 the company announced its fourth restructuring in eight years. In 1994 one of the company's top executives, Thomas Mosser, was killed by a bomb attributed to the Unabomber. In 1995 the company's luck seemed to turn around, though, when it landed the Colgate-Palmolive worldwide brand advertising account valued at an estimated $200 million. Still, the company suffered from a heavy debt load. To ease this burden Young & Rubicam ended its 75-year tradition as a private company by holding its initial public offering in May 1998. The company reported revenues totaling nearly $1.1 billion in 2002.

Workforce

According to the U.S. Department of Labor, Bureau of Labor Statistics, 279,370 people held jobs related to advertising in 2001. Of that number, management occupations totaled nearly 15 percent. Chief executives had a mean annual salary $121,220; general and operations managers, $100,940; market managers, $81,980; sales managers, $92,960; and advertising and promotion managers, $77,960. Art, design, and media-related occupations accounted for 20 percent of all jobs in the industry. Mean annual salary for graphic designers was $45,340; multi-media artists and animators, $47,120; writers, $56,360; public relations specialists, $47,430; and art directors, $70,720. Advertising sales-related jobs totaled 23 percent of the industry's workforce. The mean annual salary of an advertising sales agent was $49,130. Administrative and office support occupations totaled nearly 25 percent, with a mean annual salary of $29,910.

Similar to other industries, the field of advertising was traditionally dominated by large, public corporations, many a collection of independent agencies. However, most professionals who worked in the industry were employed at small agencies. In fact, the average firm had only 11 employees, and nearly four out of every five agencies employed fewer than 10 people. Advertising agencies varied greatly in size and scope of activities. Workers in smaller agencies might be responsible for a variety of tasks, while those in larger agencies would find their job duties to be more narrowly defined.

The advertising industry was highly competitive in terms of entry. Most entry-level applicants had earned at least a bachelor's degree, and many had participated in internships or gained some kind of previous advertising work experience. Managers, executives, sales people, and administrative support workers accounted for 9 out of every 10 jobs in the industry.

America and the World

As major U.S. manufacturers of consumer products ventured into overseas markets, U.S. advertising agencies followed. Marketers and ad agencies viewed international expansion as an essential part of their future growth. Compared to the mature U.S. market, such international markets as Asia and Latin America offered tremendous growth possibilities. Other promising regions are China, the former Soviet Union, and Eastern Europe.

Some agencies forayed into Vietnam, a country touted as the next boom market in Asia. With 68 million people—half under the age of 19—Vietnam held tremendous potential for marketers of consumer goods. Agencies that had established a presence by the mid-1990s included J. Walter Thompson, Backer Spielvogel Bates Worldwide, Ogilvy & Mather Worldwide, and Saatchi & Saatchi.

''Many Asian countries offer a predominately young and hungry marketplace,'' A. William Deval, senior vice president, Asia-Pacific, for Grey Advertising told *Advertising Age.* ''In addition to new-found prosperity and a growing population of younger consumers, changing political forces are opening Asian markets to greater numbers of foreign goods.'' Japanese firms set up 26 joint ventures after Vietnam relaxed its foreign investment law in 1988. U.S. companies, however, were restricted by a trade ban from investing in Vietnam.

Latin America also was expected to be an increasingly popular destination for marketers. This region provided a sizeable market of young consumers, as 65 percent of its population of 450 million was under 30 years old, and 37 percent was between the ages of 10 and 29. These age groups are successful target markets for consumer products.

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SIC 7312

OUTDOOR ADVERTISING SERVICES

This industry includes establishments primarily engaged in the preparation of poster displays and painted and electronic spectacular displays on billboards, panels, bulletins, and frames, principally outdoors. Such establishments may construct, repair, and maintain display boards and may post advertisements. Establishments primarily engaged in manufacturing electrical, mechanical, or plate signs and advertising displays are classified in **SIC 3993: Signs and Advertising Specialties.**

NAICS CODE(S)

541850 (Display Advertising)

INDUSTRY SNAPSHOT

Outdoor advertising was the first, and at one time the only, form of advertising in the world. By 1997, with the competing advertising media of television, radio, magazines, newspapers, and cable television, outdoor advertising—primarily billboards—made up less than five percent of total advertising expenditures in the United States.

Historically, outdoor advertising agencies have relied heavily on tobacco and alcohol advertising — at one point these accounts provided more than 50 percent of their revenue. However, in the past few decades outdoor advertising of these products has dropped substantially because of the public's increasing concern for health and safety.

With the decline in tobacco and alcohol advertising, outdoor agencies began to focus on attracting new business. Some advertisers were quite successful in doing so as the most popular billboard spaces, once dominated by long-standing tobacco contracts, became available. According to the Outdoor Advertising Association of America (OAAA), advertisers spent more than $4.4 billion in 1998. Billboards alone generated the lion's share — $2.3 billion, an increase of 9.1 percent over 1997. This increase marked the sixth consecutive year of growth in the industry. This trend was expected to continue during the late 1990s, when the OAAA projected spending on billboards would increase by ten percent each year.

In an attempt to win new clients in the 1990s, outdoor advertising agencies began to use such technologically-advanced equipment as computerized painting and mapping services. These tools allowed outdoor ad companies to provide high-quality images and to target specific geographic and demographic markets. Additionally, outdoor agencies promoted the cost effectiveness of their medium. Outdoor advertising, which in 1999 cost about 81 cents CPM (cost per thousand), was relatively inexpensive compared to other media. A 30-second television ad averaged $10.40 CPM on prime-time network and $18.90 CPM for a prime-time spot. A 60-second radio ad during drive-time cost $5.57 CPM. A quarter-page newspaper ad averaged $11.03 CPM, while a four-color magazine ad cost $9.14 CPM.

Marketers of apparel, packaged goods, financial services, entertainment, and other consumer products and services began to increase their usage of outdoor advertising in the early 1990s. For example, in 1992 McDonald's launched its first outdoor campaign with the introduction of its Value Meals program. Unlike McDonald's, however, most marketers do not use outdoor advertising for product launches, but instead work the medium in conjunction with television and radio. By 1995, such marketers as fashion designers Calvin Klein, Ralph Lauren, and Donna Karan started using outdoor advertising as a major part of their ad campaigns—a move many in the industry took as a sign of the medium's growing strength. ''The fashion industry has definitely brought respectability to the medium,'' Terry McGrath, a partner at the PGR Media ad agency, told *Marketing News.* ''It's bringing in advertisers that wouldn't have even considered it before.''

ORGANIZATION AND STRUCTURE

The outdoor advertising industry can be divided into two major classifications: on-premise and off-premise. On-premise advertising basically entails the use of signs to identify a business establishment. Off-premise advertising is a service in which outdoor displays are erected and maintained on property owned, leased, or controlled by a third party.

Off-premise outdoor advertising has generally been geographically subdivided—rural versus urban. The rural road sign tends to the immediate needs of the traveling public, such as food, fuel, and lodging. In urban settings, three kinds of off-premise advertising have historically been found. The first two, transit advertising and neighborhood point-of-purchase, have historically produced only a small volume of business, although by the late 1990s the industry had begun to fully utilize advertising on mass transit buses, subways, taxicabs, and more. The third category of off-premise advertising—called a