

Sci-Fi Channel, Better Homes and Gardens Live, and Car Talk. By the late 1990s, the Internet had become a force to be reckoned with in virtually every advertising segment. Some media, such as radio and television, experienced notable increases in ad revenues from web marketers publicizing their sites. In a single year, television drew an 81 percent increase in Internet advertising revenues, from \$120.3 million in 1997 to \$217.2 million in 1998. Likewise, radio drew \$44.5 million in Internet advertising revenue during the first nine months of 1998, compared to \$15.6 million for the full-year 1997.

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SIC 7319

ADVERTISING, NOT ELSEWHERE CLASSIFIED

This classification covers establishments primarily engaged in offering advertising services, not elsewhere classified, such as aerial advertising, circular and handbill distribution, distribution or delivery of advertising material or samples, and transit advertising. Establishments primarily engaged in direct mail advertising are classified in **SIC 7331: Direct Mail Advertising Services**; those that write advertising copy, but do not place the advertising with media, are classified in **SIC 8999: Services, Not Elsewhere Classified**; and those that provide services in commercial art, graphics, or other creative advertising services, but do not place the advertising with media, are

classified in **SIC 7335: Commercial Photography** or **SIC 7336: Commercial Art and Graphic Design**.

NAICS CODE(S)

481219 (Other Nonscheduled Air Transportation)
541830 (Media Buying Agencies)
541850 (Display Advertising)
541870 (Advertising Material Distribution Services)
541890 (Other Services Related to Advertising)

The advertising services offered by this industry include coupon distribution; display service, except outdoor; independent media buying services; poster advertising, except outdoor; distribution of product samples; shopping news advertising and distribution; and sky writing. Approximately 2,246 establishments operated in this industry in 1998, employing 45,500 workers. Leaders by sales volume in the late 1990s included LM Berry and Company, SFM Media Corporation, and Heritage Media Corporation.

Historically, one of the most active sectors of this industry has been media buying services. These companies are independent of traditional advertising agencies and serve their clients only by purchasing media. Responsibilities of media buyers include monitoring media space and purchase availability; verifying the accuracy of ads placed; and calculating rates, usage, and budgets. These services charge 3 to 5 percent of the cost for the ad, as opposed to the traditional 15 percent charged by agencies.

As clients have become more cost-conscious, many have bypassed the traditional advertising agency and moved to independent companies to make their media purchases. For instance, more than 22 percent of the 201 agency executives responding to a 1992 *Advertising Age* Beta Research Corp. survey reported that their clients use independent media services. As of 1998, media buying services handled 6 percent of all advertising.

Western International Media led this industry with more than \$2.3 billion in media billings in the mid 1990s. Since 1989, many accounts have moved to independent media services like Western International. These include the \$90-million American Isuzu Motors account, the \$90-million Nike account, the \$70-million Reebok International account, and the \$50-million Bally account. In 1996, this trend continued when Bell South Corporation awarded its \$185-million plus account to Western International Media. Efficiency of service and the power of media buying consolidation have been two reasons cited for the switch to independents.

Promotional items and services make up another active segment in this industry. This segment has been especially successful in grocery stores. In the past, marketers of packaged goods have used kiosks that dispense

coupons, along with advertising on supermarket floors and shelves to promote their products. The industry, however, has been developing a new generation of promotional services that capitalize on technology. In 1997, for example, J.C. Penney, Toys “R” Us, and Boston Market offered coupons from an Internet site called Cool Savings. Developed by the Interactive Coupon Network (ICN), customers retrieved proprietary printing software that allowed them to customize and print their own coupons locally. Encoding assured that coupons were authenticated. McDonald’s and Domino’s participated in another online experiment called Smart Save in 1997. Using the Internet and a “smart” card, consumers visited the Smart Save site, browsed for coupons, and transferred the information to the “smart” card for later use.

Transit advertising was expected to be another growth area for the industry. Gannett Outdoor Group operates transit displays in six major markets including New York and Los Angeles. Gannett’s subsidiary in Canada, Toronto-based Mediacom, also has predicted a growing market for transit advertising and recently added about 500 new travel shelters throughout Canada. In 1996, Outdoor Systems of Phoenix agreed to buy Gannett Outdoor Group for \$690 million. Meanwhile, Patrick Media Group operates bus shelters in Orange County, California and Miami. The company also provides transit advertising in the Bay Area Rapid Transit (BART) system throughout the San Francisco Bay area. Patrick Media was sold in 1995 to Eller Media for \$518 million.

Advertising employment was expected to grow rapidly through the year 2006, due to increased competition between other industry competitors and the need for more effective marketing.

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SIC 7322

ADJUSTMENT AND COLLECTION SERVICES

This category covers establishments primarily engaged in the collection or adjustment of claims other than insurance. Establishments primarily engaged in providing credit card service with collection by a central agency are classified in **SIC 6153: Short-term Business Credit Institutions, Except Agricultural**; those providing adjustment services are classified in **SIC 6411: Insurance Agents, Brokers, and Service**; and those providing debt counseling or adjustment services to individuals are classified in **SIC 7299: Miscellaneous Personal Services, Not Elsewhere Classified**.

NAICS CODE(S)

561440 (Collection Agencies)

561491 (Repossession Services)

INDUSTRY SNAPSHOT

Debt collectors are businesses acting as third-party agents to recover outstanding debts from consumers and businesses. Most credit grantors initially attempt to collect the money due using their in-house collection departments. At some point, however, it becomes more economical to hand over past-due accounts to a collection company. In turn, the agency works to recover the amount still owed and is paid a percentage of the amount received. According to the American Collectors Association (ACA), in 1997, more than \$32.2 billion in outstanding debt was collected — out of the \$247.4 billion in new accounts turned over that year to third-party collection agencies.

The debt collection industry has grown from small, localized businesses to nationwide companies. The industry has also become more regulated with the implementation of the Fair Debt Collection Act of 1977. This legislation mandates behavioral guidelines for creditors. Violations of the act are reported to the Federal Trade Commission (FTC). In addition, the majority of states also regulate debt collection agencies through state licensing, registration, or certification of the right to conduct business within a particular state.

Debt collection industry leaders have been large, computerized agencies, such as the NCO Group and Outsourcing Solutions. Beyond the few major national cor-