

Advertising and Marketing Industry

SIC CODES:

7311, 7312, 7313, 7319, 7331, 8743

NAICS CODES:

5418

Industry Overview

The Advertising and Marketing industry in the US accounts to an annual revenue of over \$60 billion. The industry is huge and has around 30,000 companies working across United States. The major players in the industry includes Omnicom, WPP, Interpublic and many more.

Products, Operations & Technology

The industry includes all the advertising and marketing activities like creative advertising services, PR and media services, direct mail services, television advertising and more. The big shots in the industry offer the complete range of services whereas the smaller agencies specialize in any particular service. The companies not only take care of the creative side, they also ensure that the ads are posted effectively to catch the attention of the audience.

Regional and International Issues

The recession has hit the Advertising industry adversely. The big spending that prevailed in the industry has come down drastically. Also, the advertising campaigns are usually targeted at a particular audience. With the target audience heavily concentrated in the major cities, agencies often tend to forget the other areas.

Recent Developments

- Word-of-mouth advertising grows
- Mobile phone advertising on the up
- Industry growth will slow down in 2009

Business Challenges

1. Heavy dependence on economy- The advertising and marketing industry is very heavily dependent on the state of the economy. The ad spending of the companies is directly linked with the economic scenario.
2. Majority of business coming from top clients- A big share of the revenues of each Ad agency comes from a small group of major clients. The loss of such an account will have huge consequences on the agencies.
3. Power with the major Media companies- A few major media companies rule the roost in the industry. They dictate the pricing and other industry specifics.
4. Public annoyed with intrusive tactics- Some advertising tactics like email marketing and telemarketing have not gone down well with the public. They feel that the tactics intrude their privacy.
5. Hold of advertising coming down- Advertisements do not have the same holding power as they used to have. Users often tend to skip the commercials as they have many other options available.

Industry Trends

Online Advertising

Online advertising has fast become the preferred advertising tool around the globe. Though new online marketing strategies are evolving, all the advertising companies are incorporating the online medium into their repertoire.

Rise of Hispanic population

The Hispanic population have gained prominence in the US in the recent years. Advertising and Marketing agencies are making sure that the advertisements cater to this population.

In-store TV marketing

In-store TV ads, wherein commercials and infomercials are run on the television sets in the retail stores have brought in great results. Though it is expensive, the effective nature of the medium has attracted more and more clients.

Acquisitions

In order to provide comprehensive solutions to clients, advertising agencies are acquiring small agencies which provide specialized services. These small agencies will then work as separate entities under the big name.

Industry Opportunities

International market

Advertising companies have access to the global markets today. Agencies catering to an international audience have more and more opportunities.

Comprehensive solutions

Clients prefer advertising agencies offering comprehensive solutions. They prefer their entire advertising and marketing efforts to be handled by a single agency. It is therefore vital to have all the solutions under one roof.

Targeted marketing

Clients often look to target a highly targeted audience with their marketing campaigns. These campaigns will be for that specific audience. Advertising and marketing companies that offer highly customized and targeted marketing campaigns are on the rise.



WEB LINKS AND ACRONYMS

Industry Web Sites

Industry news, statistics.
<http://www.adage.com>

American Advertising Federation

Government relations information and news.
<http://www.aaf.org>

American Association of Advertising Agencies

Links, research, resources.
<http://www.aaaa.org>

American Marketing Association (AMA)

Resources, publications, links.
<http://www.marketingpower.com>

Cabletelevision Advertising Bureau (CAB)

Network profiles, programming, information, news, links, events, and studies.
<http://www.onetvworld.org>

Direct Marketing Association (DMA)

Library, events, individual services, professional development, and governmental affairs.
<http://www.the-dma.org>

Interactive Advertising Bureau (IAB)

News.
<http://www.iab.net/>

International Advertising Association (IAA)

Global best practices, technology and the world, advertising and constitutional practices, advocacy and self-regulation.
<http://www.iaaglobal.org>

Radio Advertising Bureau

Industry statistics.
<http://www.rab.com>

Television Bureau of Advertising

Industry statistics.
<http://www.tvb.org>

The Ad Council

News, media calendars, events, and research reports.
<http://www.adcouncil.org>

GLOSSARY OF ACRONYMS

AMA - American Marketing Association
DMA - Direct Marketing Association
FCC - Federal Communications Commission
FTC - Federal Trade Commission
PR - Public Relations