

The Media Audit

NEWS RELEASE

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Newspaper Classified Readership Drops; Web Job Sites Claim 25% Market Share

Houston – (1/29/02) – Readership of newspaper classified ads in 67 metro markets surveyed by The Media Audit declined more than 11 percent in three years and more than 25 percent of those who regularly read employment ads do so on the web.

Employment or recruitment ads are one of three classified ad categories that traditionally produce the most classified ad revenue for newspapers. The other two are automotive and real estate. "The recruitment classified market alone is generally estimated to be in excess of \$10 billion," says Bob Jordan, co-chairman of The Media Audit. Collectively, recruitment, automotive, real estate and all other classified advertising often produces as much as 40 percent of a daily newspaper's total revenue.

"Readership of newspaper classified advertising in general has been falling for several years," says Jordan. In The Media Audit surveys in 1998, 13.2 percent of respondents said they read newspaper-classified advertising regularly. By 2000 that percentage had fallen to 11.7. "That's an 11.4 percent drop in just three years," says Jordan. "Editor & Publisher magazine's web site recently said the decline in classified ad sales isn't a curve – it's a cliff." Our readership numbers seem to be agreeing with that pronouncement.

Competitive Pressure Is Growing

The Media Audit has measured the readership of classified advertising in general for several years. In 2001 the survey started focusing specifically on the readership of employment and automotive classified advertising categories. "It appears to us that it is the newspaper's employment/recruitment classified advertising that is under the most competitive pressure," says Jordan. "The alternative press; shoppers, city and regional publications, have been nibbling away at the newspaper classified market for several years, but now the Internet employment sites are rapidly capturing significant market share also."

The Newspaper Association of America (NAA) recently said on its web site: "online media...has firmly established itself in recruitment...companies like monster.com not only have established themselves, but show a profit as well."

The Media Audit regularly surveys 85 metro markets but recruitment data was available for only 67 markets at the writing of this news release. The 67 markets surveyed have a combined population of approximately 118.4 million. Of that total, 3.4 percent, or 3.9 million people visit web classified job sites regularly. Of that same 118.4 million, 9.6 percent or 11.3 million people read newspaper employment ads regularly. "No one could possibly see good news for newspapers in these numbers," says Jordan. What the numbers show, Jordan believes, is that the newspaper industry which invented the classified ad business and owned it for decades has now lost 25 percent of its recruitment advertising audience. And the losses have been sustained over a very few years.

Lost Readers Not Being Recaptured on the Web

It's possible that some of the employment ad readers the newspapers are losing from their print editions are being recaptured on the newspaper's employment ads on the Internet, says Jordan, "that sort of recapturing is occurring but, it's certainly not significant enough to reverse the losses. It doesn't even look as though it's slowing the losses."

A compilation of data from 67 metro markets shows 35 percent of regular readers of employment ads in daily newspaper classified sections are also regular visitors to employment web sites on the Internet. Only 41 percent of regular visitors to employment web sites on the Internet are regular readers of employment ads in newspaper classified sections.

"What the numbers are saying," says Jordan, "is that the duplication between newspapers and web sites is less than 42 percent. Most people are searching employment ads in one medium or the other, not both."

Affluent Use Web Job Sites

The Media Audit research also shows significant differences in household incomes between those who search employment ads on the web versus those who do the same in newspaper print. "We were very surprised by the differences," says Jordan. "When household incomes are low, newspapers dominate. When incomes exceed \$50,000, the web takes over," says Jordan.

Households with incomes of less than \$25,000 are more than twice as likely to search for employment opportunities in the newspaper. Of those searching newspaper employment ads, 16 percent have household incomes of less than \$25,000. That figure is 7.2 percent on the web.

Over 18 percent of those searching newspaper employment ads have household incomes of \$25,000 to \$35,000. The comparable figure for the web is 10.5 percent.

When household incomes are \$35,000 to \$50,000 newspapers and web sites are virtually the same.

Beyond \$50,000 the web classifieds start pulling away. Of those searching web employment ads, 25 percent have household incomes between \$50,000 and \$75,000. The comparable number for newspapers is 20 percent.

More than 31 percent of those searching web employment ads have household incomes of \$75,000 or more while the comparable percent for newspapers is 17.8. Of those with incomes of \$100,000 or more, 17 percent search the web for jobs compared to 7.8 percent who search newspapers.

Professionals Also Use Web Job Sites

"The same split," says Jordan, "occurs throughout employment and education classifications. The clerical, blue-collar workers with a high school education or less use the newspaper classifieds. Professional/technical/managerial workers with a college degree are much more inclined to search web employment opportunities."

In Jordan's view, the daily newspaper is still the dominant player in local media and local classified opportunities. "Daily newspapers have the brand identity, the content and the marketing clout to regain what they have lost. But, to a great extent they will have to make those gains on their web sites. Unfortunately, some dailies still think - or hope - that the web is a passing fad. That thinking could be fatal."

It's not just the employment sites on the web like Monster or Hot Jobs that are taking classified business from the newspapers, says Jordan. "It's also Yahoo, AOL, CitySearch and a growing host of other web sites that are selling, or in some cases giving away, any kind of classified ad anyone might want. Those seeking employment can also go directly to job opportunities listed on the web sites of prospective employers." Jordan also believes the alternative press; shoppers and city magazines, have made inroads into the classified market.

The Media Audit provides both quantitative and qualitative data for traditional media as well as for new media. In

addition to comprehensive audience profiles, The Media Audit provides trend data on market penetration and market share.

Traditional media – print, broadcast and outdoor – have used The Media Audit in sales, marketing and management for 30 years. In 1998, the survey started providing data on local media web sites. The survey now contains more than 400 fields of qualitative information in addition to quantitative measurements of local web audiences.

TMA has more than 1700 clients that include radio and television stations, cable television networks, cable television operators, daily newspapers, alternative weekly newspapers, city and regional magazines, shopper publications, outdoor billboard companies and direct mail houses. In addition, TMA clients include local Internet web sites for daily newspapers, television and radio stations, alternative newspapers, shoppers and city guides. The client base also includes more than 500 advertising agencies, media buying services and advertisers.

The Media Audit is a product of International Demographics, Inc., a 30-year-old firm engaged exclusively in syndicated, multimedia surveys conducted at the local market level.

[Next Page >>](#)

Note: If you would like to periodically receive market survey data from The Media Audit, please contact Bob Jordan by email (bjordan@themediiaaudit.com) and leave your name, title, company affiliation and your mailing and/or email address.

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