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Outlook 2006: Online Recruitment Advertising

EXECUTIVE SUMMARY

(Full report available at www.borrellassociates.com)



2816 Acres Road, Suite 1100, Portsmouth, VA 23703
Phone 757-686-4502
www.BorrellAssociates.com

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Borrell Associates Leadership Team:

Colby Atwood
CAAtwood@borrellassociates.com

Gordon Borrell
GBorrell@borrellassociates.com

Kip Cassino
KCassino@borrellassociates.com

Peter Conti Jr.
PConti@borrellassociates.com

www.BorrellAssociates.com

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Executive Summary

As unemployment rates moved below 5 percent last year, recruitment advertising enjoyed a bonanza year. Even the beleaguered newspaper industry saw double-digit gains in help-wanted classifieds. Monster, CareerBuilder and others all enjoyed strong growth as well.

Amid all the growth, however, a series of ground-level trends began emerging that promise to make 2006 a very interesting year for this category. Hundreds – perhaps thousands – of niche sites emerged. Craigslist had people uttering the “F” word in more than 100 cities (we’re talking about “free” here). And recruiters began shifting major portions of their budgets from sources like brochures, job fairs and temp services into new online services – including their own Web sites – that meet their needs more efficiently. Unlike years past, when the discussion was all about erosion in newspaper classifieds, the new focus is on a bevy of online options that are siphoning dollars from non-media recruitment methods.

As a result, online recruitment advertising nearly tripled in 2005, growing from \$1.3 billion to \$3.5 billion. The main reasons appeared to be the widespread emergence of niche job boards many of them associated with offline magazines, trade publications eager to hop aboard the up-sell bandwagon and firms investing in their Web space. In many cities, we found more than 100 job boards competing for local listings. There are job sites solely for pharmacists, for stay-at-home moms, for cruise-ship musicians, and for professional dancers in San Antonio.

The 400-member Borrell panel, made up of leading advertising experts, has forecast that online recruitment advertising will soon dwarf newspaper help-wanted advertising. Last November, four out of five panel members told Borrell they believed that online media would become the overwhelming choice for recruiters within five years, beating out newspapers and magazines.

As is to be expected, every local market is different. Craigslist or Monster might be in the lead in some cities, but in many markets, especially smaller ones, the daily newspaper site is the marketplace leader. That may be the case for years to come, too. As formidable as the pure-play job boards seem and after a decade of trying, they still can’t reach the majority of job seekers who don’t use online services at all. In some job categories, two-thirds of the job seekers conduct their searches entirely offline . . . which puts the advantage squarely in the hands of media companies that can offer both online and offline help-wanted advertising.

Borrell Associates Inc.

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We would appreciate your feedback on this report. E-mail us at info@borrelassociates.com.

Borrell Associates' headquarters is located at 2816 Acres Road, Suite 1100, Portsmouth, Virginia 23703. The telephone number is 757-686-4502.