

Online recruitment advertising - just 10 years to overtake print - what is next?

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Who would have thought that it would take just 10 years for online recruitment advertising to overtake national newspaper recruitment advertising spend?

According to the latest IAB report online recruitment spend has increased from £81 million in 2003 to over £180 million in 2005. At this rate of growth 2006 will see online overtake national newspapers, just 10 years since online became a viable media.

Newspapers are fighting back by investing heavily in online, either through organic growth or through acquisition. But what are the implications for advertising over the next five years? Most jobs seekers, at any level, have now had a look at job boards, if only out of curiosity.

For senior executives, there is still the aura of being 'headhunted'. Why not wait until the telephone rings to have the best jobs brought to you? In theory this model is effective. But in practice the headhunter will not be able to have a completely up-to-date database. Those who look and respond through the internet announce their interest and availability, saving both the headhunter and client time and effort. Is this really going to change?

I believe it will, so let's take a look at two important predictions for the next five years.

Prediction 1. The pool of qualified candidates will expand dramatically. At many of the UK's business schools the population is more than 40% Asian, particularly Chinese. These experienced international business people are not on most headhunters' radar screens. Nor do they understand how the UK's traditional recruitment systems work. They do, however, understand the internet. And they are keen to find excellent roles which demand international perspective and language, in Europe. We have had several clients ask us to help them find native Chinese speakers, experienced in Chinese and European business, to help set up operations in China. The internet will accelerate as the provider of global candidates.

Prediction 2. Newspapers will be forced to drop pricing to keep a minimal level of ads. Five years ago it was difficult to book an ad in a national newspaper for less than £10,000. Today, competition is fierce and last minute deals for less than £5,000 are not unusual. This has an important implication for both recruitment companies and advertising agencies. Commissions paid to these intermediaries are falling - and both are scrambling for ways to replace this lost profit. And end-clients are also wanting to reduce the cost per hire, frequently putting off newspaper spend in favour of innovative web advertising techniques. Combined with falling circulations, newspapers will not be able to deliver enough candidates to justify their rates. By 2010 expect to see very few ads in the national newspapers and at less than one-third of the rates charged today.