

Craigslist costs US newspapers billions

WASHINGTON , USA: The online classified service Craigslist has cost US newspapers at least US\$5bn in revenue since 2000, researchers say.



The study, to be published in the journal Management Science covering the period 2000 to 2007, found Craigslist has had a huge impact on local US newspapers, which have in the past relied heavily on classifieds.

The US\$5bn over the 2000 to 2007 period is a conservative figure. "If we extended the study to 2012 it would probably be a lot higher," said Robert Seamans of New York University's Stern School of Business, co-author of the study.

Over that period the researchers noted a 20.7% drop in classified ad rates, a 3.3% increase in subscription prices and a 4.4% decrease in circulation, according to a summary of the research released this week by New York University.

"We ascribe this impact to Craigslist," Seamans told AFP. "When Craigslist enters a market, the effect on newspaper's classified advertising is almost immediate," he added.

While sites like Craigslist have long been blamed for declining newspaper revenues, there has been little data on this impact.

Classified advertising revenues

Seamans and Feng Zhu at Harvard Business School estimated that classified ad buyers saved US\$5bn between 2000 and 2007 as a result of Craigslist entering the market, savings which directly impacted newspaper revenues.

"The study focused only on the mostly free service Craigslist, so the impact could be even greater when other online sites are included," Seamans said. The study excluded three mostly national newspapers - The New York Times, Wall Street Journal and USA Today.

Seamans said Craigslist is one of a number of things hurting US newspapers that have had a major impact on their revenues.

"Your average newspaper in the past received around 40% of its revenue from classified advertising and that has basically disappeared because of Craigslist and other online sites," Seamans said.

"But we don't believe newspapers are dying or that Craigslist is contributing to the death of newspapers. Newspapers are changing their business models," he added.

Source: AFP via I-Net Bridge

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