

Making sense of ANZ job advertisements

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Newspaper Advertising Forum

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Making sense of ANZ newspaper job advertisements

1. History of the ANZ newspaper job advertisements series
2. How well does ANZ newspaper job ads track the Australian labour market?
3. Recent challenges
 - The rise of the internet

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History of the ANZ newspaper job ads series

- Every major Bank undertakes an economic survey
 - National Australia Bank business survey
 - Westpac/Melbourne Institute consumer sentiment survey
 - Commonwealth Bank/HIA housing affordability
 - ANZ job advertisements
- The ANZ job advertisement series started in 1975
- There have been some technological changes along the way
 - We no longer go through the paper and manually count the number of job ads each week with newspapers now sending the data through
- Historical focus on the States
 - Australia-wide papers (eg. the Australian and the AFR) not included
 - We only include regional newspapers from Tasmania (but would welcome further inclusions!)
- We can't count ads by industry

ANZ newspaper job advertisements explained

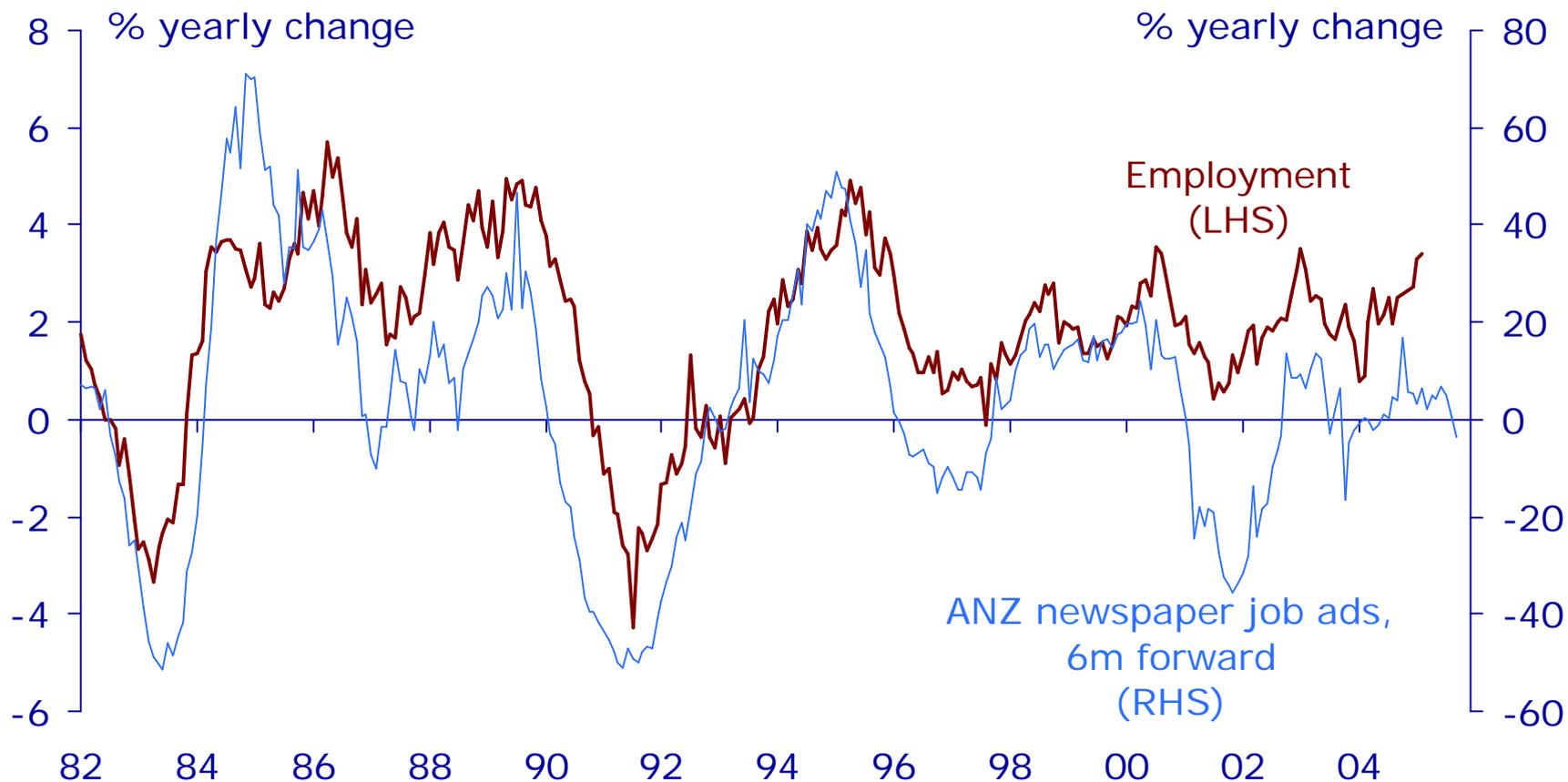
- The ANZ job ads series is a simple and timely concept that aims to provide a leading indicator for the Australian labour market
- ANZ newspaper job ads counts the average weekly number of job advertisement bookings placed in newspapers each month
 - ANZ job ads counts bookings, but not necessarily vacancies
 - Each 'booking' may contain multiple ads
 - Does not include display ads, which may also contain multiple ads
 - Does not distinguish between new and existing vacancies
 - Will double-count if an ad is placed in more than one paper
- Therefore, ANZ job ads is not a conceptually perfect indicator of employment growth
 - Also, ANZ job ads is not an accurate measure of newspaper advertising volumes or revenues from job advertising (so the financial performance of the newspapers cannot be assessed)

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ANZ newspaper job advertisements has proven to be a reliable indicator of employment

Newspaper job ads and employment



This has been backed up by 'official' research

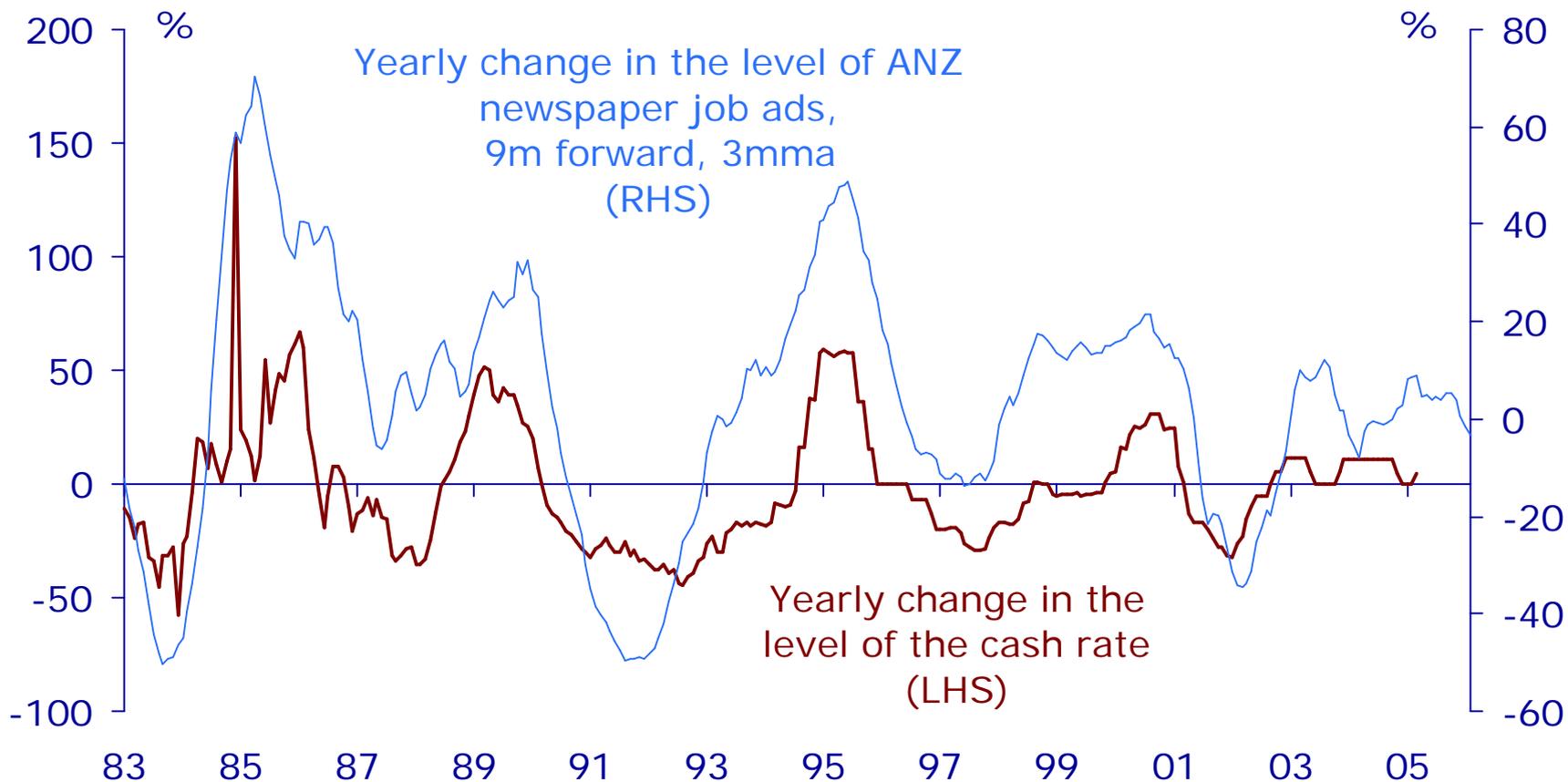
- The Commonwealth Treasury analysed the relationship between job vacancies and employment growth in 1996¹
 - The Treasury found that a stable, well-based relationship exists between quarterly employment growth and the level of job ads
- The Australian Bureau of Statistics (ABS) analysed leading indicators of employment growth in 2003²
 - The ABS found that the ANZ (newspaper) job ads series leads peaks in employment growth by 1 to 3 quarters, and troughs in employment by 0 to 2 quarters.
 - The ABS also found that the ANZ newspaper job ads series has a correlation coefficient of 0.75 with employment growth at a lead period of 3 quarters.

¹ Commonwealth Treasury Economic Roundup, Winter 1996

² ABS Labour Market Statistics, April 2003

ANZ newspaper job ads has also proven to be a reliable indicator of interest rate changes

Newspaper job ads and changes in the official cash rate

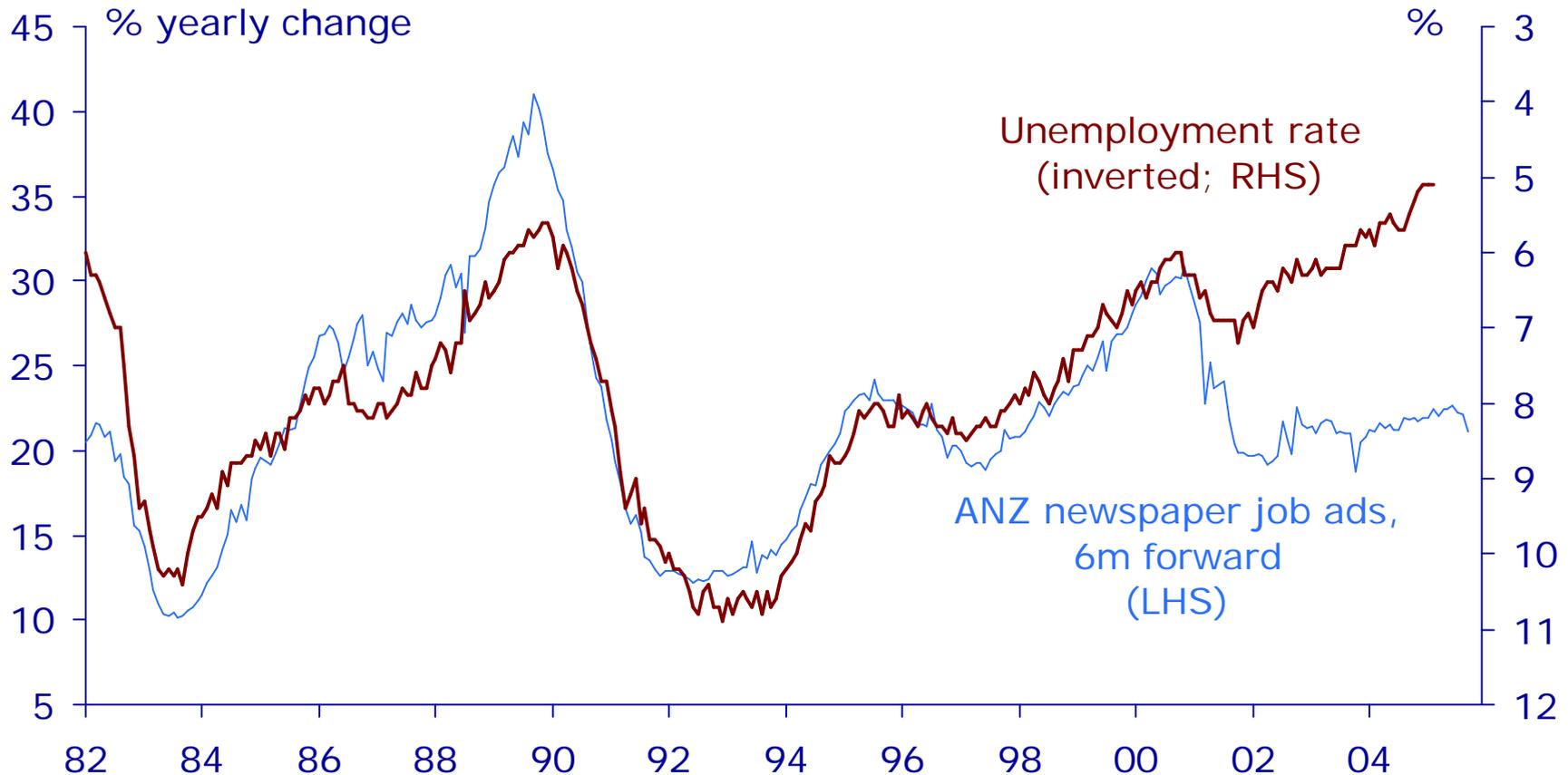


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The conceptual reliability of the ANZ newspaper job ads series is facing some challenges

Newspaper job ads and unemployment rate

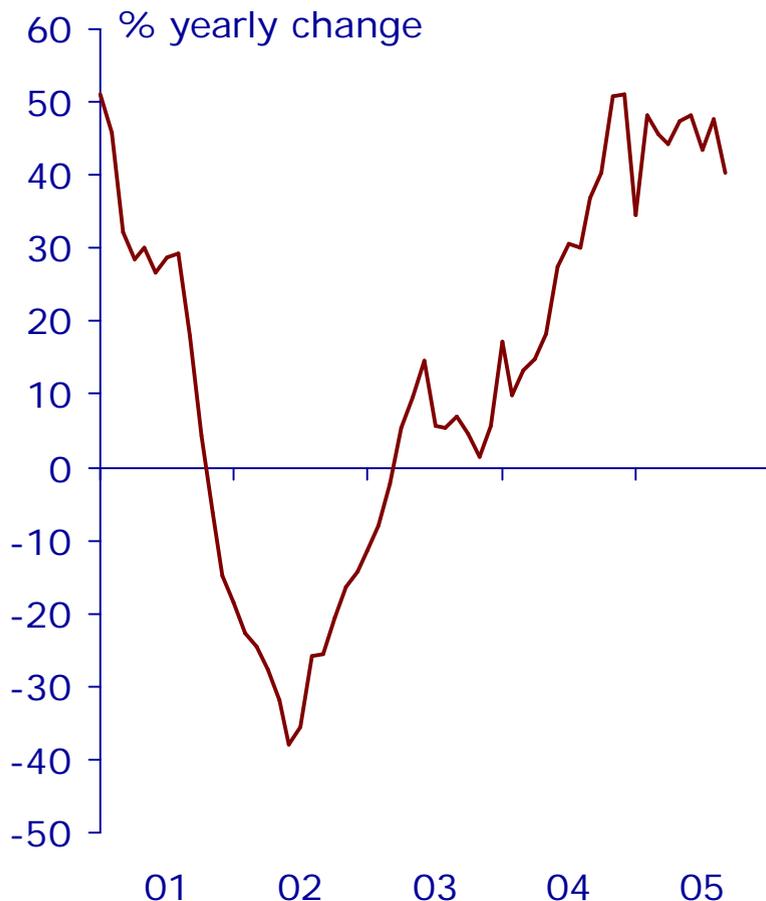


The newspaper advertising intensity of employment growth seems to have fallen

- Growth in part-time and casual employment
 - A structural break emerged in Australia's labour market after the early-1990s recession with part-time and casual employment rising at the expense of full-time employment
 - Part-time and casual employment is not as likely as full-time employment to be advertised in newspapers
- Rise of recruitment agencies
 - Employers that use recruitment agencies may be less inclined to advertise vacancies
 - Also led to a rise in 'block-booking' and display ads
- Rise of internet job advertising
 - Alternate form of job advertising that can be used in conjunction with or instead of newspaper job advertising

ANZ is the first organisation to try and measure internet ads!

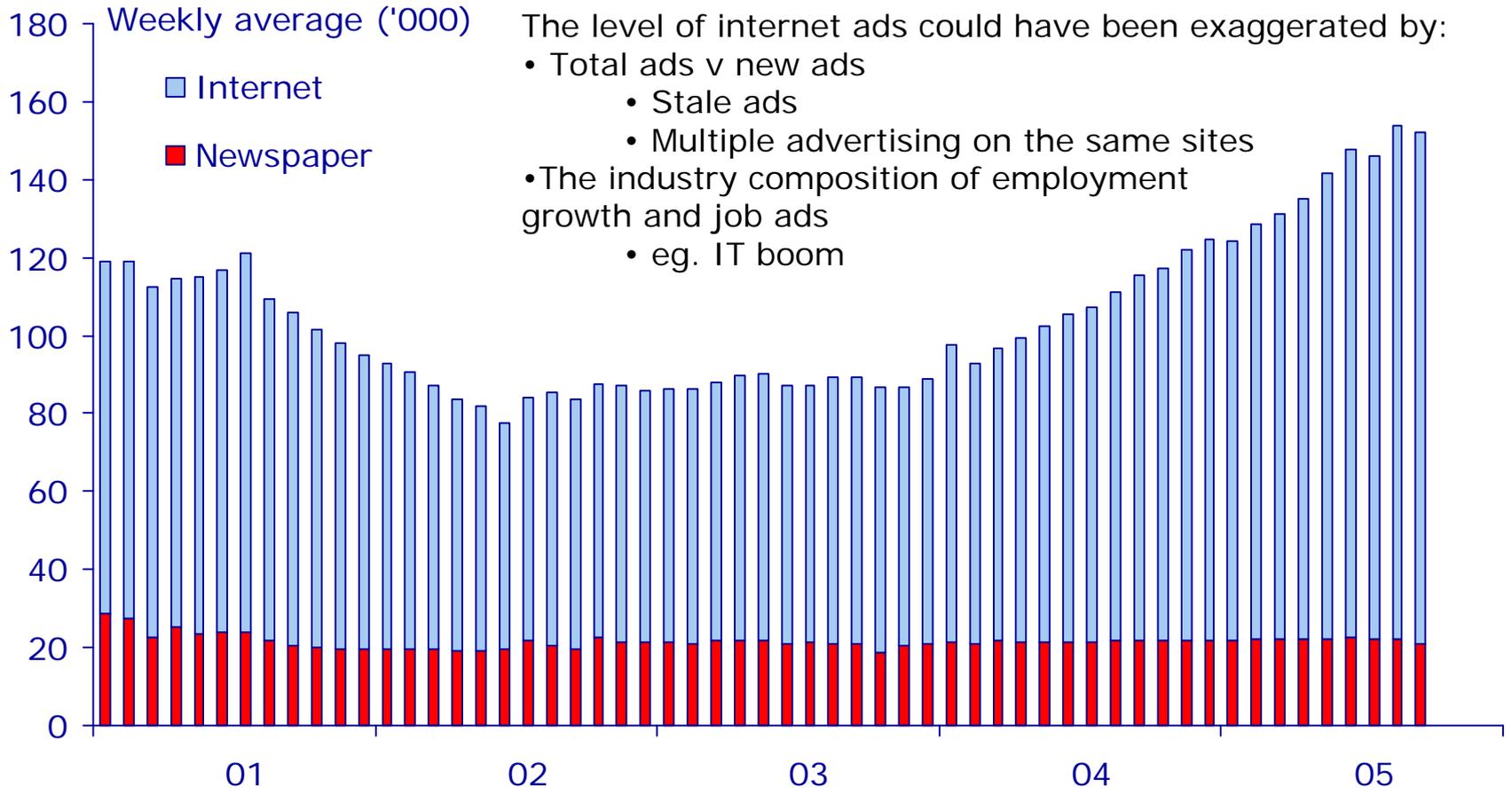
ANZ internet job ads



- **ANZ started collecting internet job ads in July 1999**
 - This was a world-first!
 - We have been approached by North American Statistical Agencies and Banks in several European countries to discuss our methodology
- **The ANZ internet job ads series attempts to conceptually replicate the ANZ newspaper job ads series**
- **In practise however, there are important differences**
 - We count the total stock of internet ads, not the weekly flow of internet ads

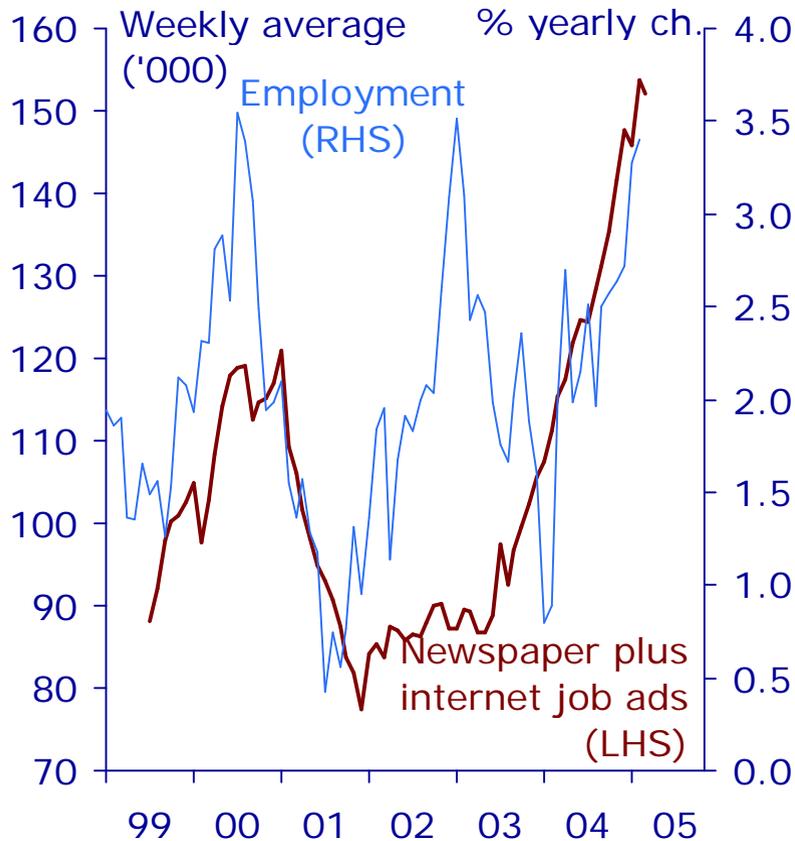
The internet job ads series still has 'teething' problems, eg. exaggerated market share

ANZ newspaper and internet job ads



There isn't a strong relationship between employment growth and internet job ads...yet

Total ANZ job ads and employment



- So far, no statistically robust relationship exists between total (newspaper plus internet) job ads and employment growth
- However, the internet job ads series does allow us to make a 'qualitative' adjustment to our newspaper job ads model
- This has been successful recently
 - The labour market has recently been much stronger than suggested by economic growth or ANZ newspaper ads
 - The strength of the labour market has however been picked up by the ANZ internet job ads series...
 - ...allowing ANZ's employment forecasts to have a recent good track record

There will always be a place for newspaper job advertising

- Of course, the rise of internet job advertising is a challenge for newspapers
 - Newspapers will probably lose market-share and pricing power
- But this isn't the end for newspaper job advertising!
 - 42% of Australians don't have access to the internet
 - Big city-based internet advertising job sites will never suit the needs of small, regional employers
- How can newspapers face the challenge of the internet?
 - Establish an internet job advertising site!

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