

Craigslist costs US newspapers billions: study

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A man walks past the office of online site Craigslist 10 March 2006 in San Francisco, California. The online classified service Craigslist has cost US newspapers at least \$5 billion in revenue since 2000, researchers say.

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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 \$5 billion over the 2000 to 2007 period is a conservative figure, "and 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, and a co-author of the study.

Over that period the researchers noted a 20.7 percent drop in classified ad rates, a 3.3 percent increase in subscription prices and a 4.4 percent 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 a newspaper's classified ads 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.

Seamans and Feng Zhu at Harvard Business School estimated that classified ad buyers saved \$5 billion from 2000-2007 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 noted. 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, but has had a major impact.

"Your average newspaper in the past received around 40 percent of its

revenue from classified and that has basically disappeared due to Craigslist and other online ad sites," Seamans said.

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

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