

Study: Craigslist revenue to climb 23 pct to \$100M

June 10 2009, By MICHAEL LIEDTKE , AP Technology Writer

(AP) -- Craigslist, one of the Internet's top sites for classified ads, is thriving while newspapers and other marketing-driven media are reeling from huge revenue losses, according to a report to be released Wednesday.

Launched as an e-mail list in 1995, Craigslist's revenue is on pace to rise 23 percent this year to reach \$100 million for the first time, based on an analysis by classified advertising industry consultants Advanced Interactive Media Group.

A spokeswoman for privately held Craigslist declined to comment on the revenue estimate, citing the San Francisco-based company's long-standing refusal to discuss its finances.

Many newspaper executives view Craigslist as a nemesis because it doesn't charge for most ads. As Craigslist and scores of other Web sites have offered free or less expensive alternatives, newspapers' total revenue from the classified advertising in print editions has waned from a peak of nearly \$20 billion in 2000 to about \$10 billion last year.

Meanwhile, Craigslist has been raking in more revenue from the ad listings that it does charge for in major U.S. markets. Most of the money comes from help-wanted ads - another former cash cow for newspapers that has been drying up.

Craigslist's annual revenue has risen from just \$7 million in 2003 to \$81

million last year, according to the AIM Group. Based on its count of paid ads appearing on Craigslist in recent months, the company's revenue should be about \$100 million this year, the consultants predicted.

Employment advertising is expected to account for \$85 million of Craigslist's revenue this year. Other paid categories include housing ads (nearly \$9 million) and adult-only ads (nearly \$4 million) that have gotten the company into legal trouble with the law. Craigslist has promised to do a better job of screening its adult listings, formerly labeled "erotic," to block solicitations for prostitution and other content that may break laws.

More than 40 percent of Craigslist's revenue is expected to be generated from listings in three cities - New York (\$17.7 million), the San Francisco Bay area (\$14.4 million) and Los Angeles (\$12.6 million), according to the AIM Group. The analysis found paid ads in 19 other of the more than 570 cities covered by Craigslist worldwide.

If Craigslist charged to place ads in more cities, AIM Group principal Peter Zollman believes it could easily double or triple its revenue. But Craigslist founder Craig Newmark and Chief Executive Jim Buckmaster so far haven't shown much interest in maximizing the company's revenue growth.

Although the AIM Group didn't estimate how much money [Craigslist](#) is making, its profit margins are believed to be impressive because it doesn't have a lot of overhead. The company employs just 30 people, although it might have to hire more people to vet its adult ads.

Overall spending on ads has been shrinking during the past year as the recession crimps the budgets of traditionally big marketers in financial services, automobiles, retail and real estate.

With the audiences for their print editions dwindling as more readers migrate to the Internet, newspapers have been hit with the worst of the advertising downturn so far. After ad [revenue](#) plunged 17 percent last year, newspapers suffered a 28 percent drop during the first three months of this year.

Even online advertising is ailing. Total spending on Internet ads declined 5 percent in the first quarter to \$5.5 billion, marking the first year-over-year decrease since 2002, according to the Interactive Advertising Bureau.

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Citation: Study: Craigslist revenue to climb 23 pct to \$100M (2009, June 10) retrieved 21 September 2024 from <https://phys.org/news/2009-06-craigslist-revenue-climb-pct-100m.html>

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