Making sense of ANZ job advertisements

Presentation to the PANPA 2005 Newspaper Advertising Forum

Katie Dean
Economist
ANZ Bank

Sydney
5 April 2005
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
Making sense of ANZ 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
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)
Making sense of ANZ 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
ANZ newspaper job advertisements has proven to be a reliable indicator of employment.

*Sources: ABS, Economics@ANZ*
This has been backed up by ‘official’ research

- The Commonwealth Treasury analysed the relationship between job vacancies and employment growth in 1996
  
  - 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 2003
  
  - 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

Yearly change in the level of ANZ newspaper job ads, 9m forward, 3mma (RHS)

Yearly change in the level of the cash rate (LHS)

Sources: RBA, Economics@ANZ
Making sense of ANZ 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
The conceptual reliability of the ANZ newspaper job ads series is facing some challenges.

Newspaper job ads and unemployment rate

% yearly change

Unemployment rate (inverted; RHS)

ANZ newspaper job ads, 6m forward (LHS)

Sources: ABS, Economics@ANZ
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 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

Sources: Economics@ANZ
The internet job ads series still has ‘teething’ problems, eg. exaggerated market share

ANZ newspaper and internet job ads

Weekly average ('000)

- Internet
- Newspaper

The level of internet ads could have been exaggerated by:

- Total ads v new ads
  - Stale ads
  - Multiple advertising on the same sites

- The industry composition of employment growth and job ads
  - eg. IT boom

Sources: Economics@ANZ
There isn’t a strong relationship between employment growth and internet job ads...yet

- 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

Sources: Economics@ANZ
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!
In Australia and the UK, ANZ Investment Bank is a business name of Australia and New Zealand Banking Group Limited, ABN 11 005 357 522 (“ANZ Bank”), which holds an Australian Financial Services licence no. 234527 and is authorised in the UK by the Financial Services Authority (“FSA”). In New Zealand, ANZ Investment Bank is a business name of ANZ National Bank Limited WN / 035976 (“ANZ NZ”).

This document is being distributed in the United States by ANZ Securities, Inc. (“ANZ S”) (an affiliated company of ANZ Bank), which accepts responsibility for its content. Further information on any securities referred to herein may be obtained from ANZ S upon request. Any US person(s) receiving this document and wishing to effect transactions in any securities referred to herein should contact ANZ S, not its affiliates.

This document is being distributed in the United Kingdom by ANZ Bank for the information of its market counterparties and intermediate customers only. It is not intended for and must not be distributed to private customers. In the UK, ANZ Bank is regulated by the FSA. Nothing here excludes or restricts any duty or liability to a customer which ANZ Bank may have under the UK Financial Services and Markets Act 2000 or under the regulatory system as defined in the Rules of the FSA.

This document is issued on the basis that it is only for the information of the particular person to whom it is provided. This document may not be reproduced, distributed or published by any recipient for any purpose. This document does not take into account your personal needs and financial circumstances. Under no circumstances is this document to be used or considered as an offer to sell, or a solicitation of an offer to buy.

In addition, from time to time ANZ Bank, ANZ NZ, ANZ S, their affiliated companies, or their respective associates and employees may have an interest in any financial products (as defined by the Australian Corporations Act 2001), securities or other investments, directly or indirectly the subject of this document (and may receive commissions or other remuneration in relation to the sale of such financial products, securities or other investments), or may perform services for, or solicit business from, any company the subject of this document. If you have been referred to ANZ Bank, ANZ NZ, ANZ S or their affiliated companies by any person, that person may receive a benefit in respect of any transactions effected on your behalf, details of which will be available upon request.

The information herein has been obtained from, and any opinions herein are based upon, sources believed reliable. The views expressed in this document accurately reflect the author’s personal views, including those about any and all of the securities and issuers referred to herein. The author however makes no representation as to its accuracy or completeness and the information should not be relied upon as such. All opinions and estimates herein reflect the author’s judgement on the date of this document and are subject to change without notice. No part of the author’s compensation was, is or will directly or indirectly relate to specific recommendations or views expressed about any securities or issuers in this document. ANZ Bank, ANZ NZ, ANZ S, their affiliated companies, their respective directors, officers, and employees disclaim any responsibility, and shall not be liable, for any loss, damage, claim, liability, proceedings, cost or expense (“Liability”) arising directly or indirectly (and whether in tort (including negligence), contract, equity or otherwise) out of or in connection with the contents of and/or any omissions from this communication except where a Liability is made non-excludable by legislation.

Where the recipient of this publication conducts a business, the provisions of the Consumer Guarantees Act 1993 (NZ) shall not apply.