

classified intelligence report

Consulting Services for Interactive Media and Classified Advertising

CRAIGSLIST PREVIEW April 26, 2010

Craigslist revenue to top \$122 million

What you'll find in this report:

- Craigslist chugs on, but vulnerabilities apparent
 - City-by-city revenue
 - Revenue breakdown
 - Craigslist at-a-glance
 - Traffic comparisons
- Money trail: Where does all that dough go?
 - Oh, what coulda been
- eBay Classifieds calculated to grab U.S. share
 - Q&A with eBay: classifieds content is king
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- What happens on Craigslist, stays on Craigslist
 - Craig fought the law and the law ... lost
- 15 things you absolutely must do to compete
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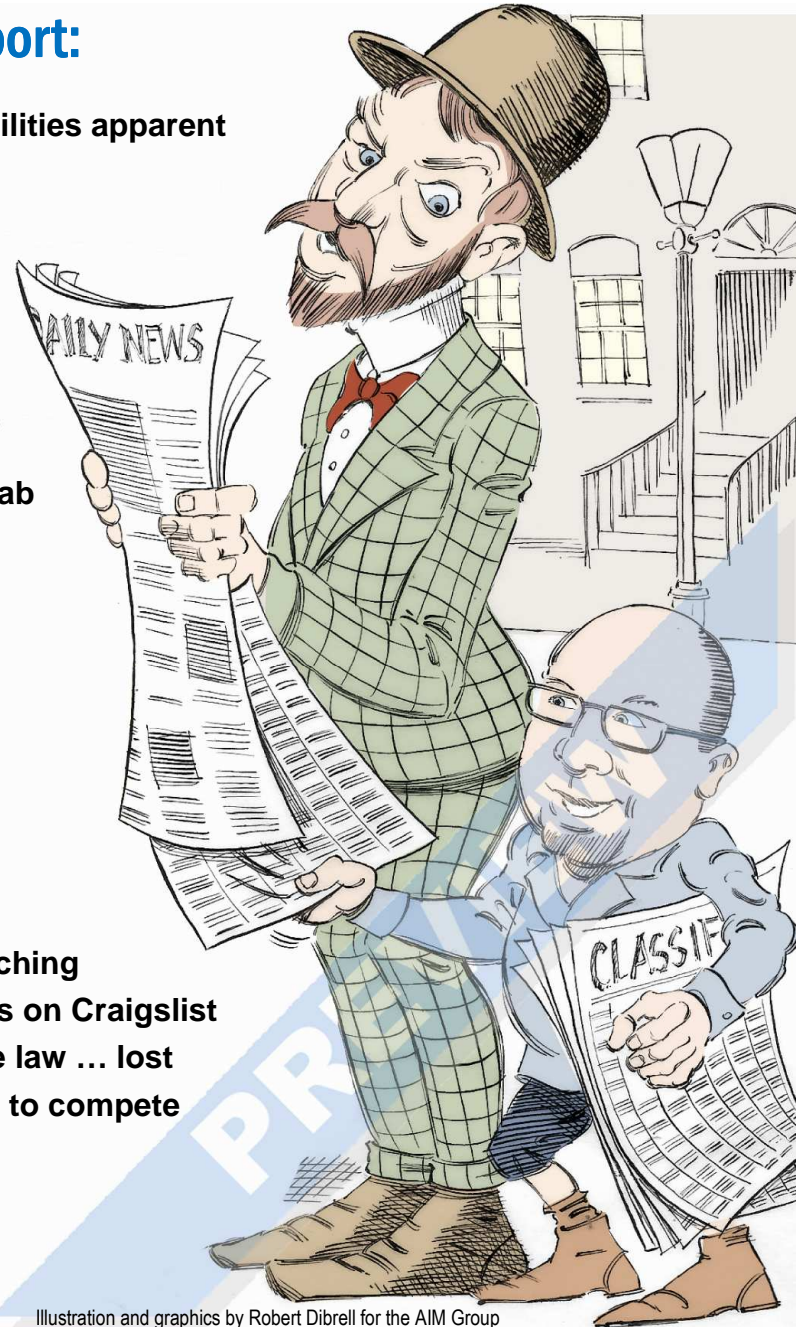


Illustration and graphics by Robert Dibrell for the AIM Group

Craigslist 2010 revenue to hit \$122 million

Craigslist, the global classified advertising site, will generate an estimated \$122 million in revenue and profits of \$88 million to \$99 million in 2010.

More than half the company's revenue comes from recruitment advertising, while 30 percent comes from "adult services" ads -- thinly disguised advertising for prostitutes -- and about 17 percent (almost \$21 million) comes from apartment ads in New York City, the AIM Group estimates.

The 47-page report includes the first detailed published analysis ever of Craigslist's expenses, which include technology, bandwidth, personnel and legal fees. Craigslist Inc., parent of Craigslist.org, is locked in a fierce legal battle with EBay, its only outside shareholder and its largest direct competitor in the U.S. and Canada.

"Craigslist claims to have a 'relatively non-commercial nature, public service mission and non-corporate culture,' but in reality it turns so much profit that it's a gold mine for its owners," said Peter M. Zollman, founder of the AIM Group. "Per employee, it generates more than \$4 million in revenue and profits of \$2.9 million to \$3.2 million -- staggering numbers any way you count.

"By taking a comprehensive look at Craigslist's revenue and expenses, and the many issues the company is facing, we illustrate the lucrative and changing nature of the classified-advertising industry."

The AIM Group's annual report on Craigslist, which is available at AIMGroup.com for \$395, provides revenue estimates for Craigslist's "adult services" ads; recruitment ads in each of the 19 cities where the company charges for job postings, and for apartment ads in New York. It outlines the company's revenue growth; analyzes Craigslist's costs, opportunities and challenges, and provides extensive background on the company's legal fight with EBay. It also takes a detailed look at EBay's U.S. and international classified advertising operations and growth, along with more than a dozen other competitors to Craigslist.

"We're astonished at the explosive growth Craigslist continues to show, even in a very tough economy," said Jim Townsend, editorial director of Classified Intelligence Report and the AIM Group. "For 2010, its 'adult services' revenue will be three times the revenue it generated in that category in 2009."

The report also includes:

- An extensive overview of Craigslist, which grew from an e-mail list founded by Craig Newmark 15 years ago.

- A 15-point prescription for successfully competing with Craigslist and other classified publishers.

- A recap and timeline of the ongoing legal battle between Craigslist and EBay.

- A review of Craigslist's plans, scuttled in early 2001, to become a community much like Facebook, which launched three years later. ("Oh, what could have been," the report notes.)

- A look at other successful classified advertising sites and companies, including Oodle and Kaango in the U.S.; Kijiji, Loquo, Gumtree, Marktplaats and others owned by EBay as it expands its classified footprint; Schibsted's successful Blocket marketplace model, now in 10 countries, and more.

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About the Contributors

Jim Townsend, the AIM Group / Classified Intelligence Report editorial director, led this project, edited it, wrote several sections and handled production. He's responsible for Classified Intelligence Report, our continuous advisory service, and manages our writers and analysts worldwide. Before joining the AIM Group, he was content director and founding editor of Chron.com, the website of the Houston Chronicle. Based in Houston, he joined the AIM Group / Classified Intelligence in 2001.

John Zappe, who researched and wrote the article about Craigslist Inc.'s expenses, was a consultant and contributing editor for the AIM Group for several years before joining ERE.net, a community and website for recruiters. He was a long-time director of new-media products at California newspapers. Zappe has reporting, editing and advertising sales experience, and a law degree. For three years, he served as VP of new media for the Los Angeles Newspaper Group. He is based in Long Beach, Calif.

Sharon Hill is the primary U.S. writer / analyst for the AIM Group. Earlier in her career, she was a classified rep for the Sacramento Bee and the Herald in Rock Hill, S.C., and a newspaper executive at the Chapel Hill (N.C.) News; Topics Newspapers in metro Indianapolis, and McCarthy Media. She also worked as a circulation district manager for The Anchorage (Alaska) Times. She's been with the AIM Group since 2004 except for a stint as marketing manager for the Suburban Newspapers of America. She lives in Phoenix, Ariz.

Katja Riefler is European director and senior consultant for the AIM Group. She joined us in 2002, and has written extensively classified advertising, interactive media and social media in Europe. Before joining us, she founded a consulting company, RISolutions, focusing on the German newspaper industry. She has written several books and industry white papers about interactive media. She is based in Munich.

Linda Karlsson is a Munich-based analyst for the AIM Group, focusing on interactive markets in both Germany and her home country of Sweden. She is also a freelance writer, reporter, and translator and for newspapers and other media publishers in Sweden, Germany and the U.S. She has a political science degree from Uppsala University in Sweden, and interned with the Bavarian Parliament. She has also worked as a PR consultant.

Robert Dibrell is a Houston-based designer and illustrator who works in a variety of media, including watercolors, Photoshop, pen-and-ink, Freehand, Illustrator and acrylics. He served as a news artist for 20 years at the Houston Chronicle. He currently freelances for a number of publications. You can learn more about his work [here](#).

Peter M. Zollman, who wrote several articles for this report and helped edit the project, is founding principal of the AIM Group and Classified Intelligence. He started them in 1998 and developed them into a million-dollar virtual company, operating globally. Zollman is a well-known speaker at industry conferences worldwide, and has worked with hundreds of companies as a consultant to help strengthen their classified advertising and interactive media products and revenues. A long-time journalist who also has sales and marketing experience, Zollman spent more than 14 years with United Press International, followed by five years with Reuters before joining Time Warner's interactive media project in 1995 as news director. He is based in Altamonte Springs, Fla.

About the Advanced Interactive Media Group

The **AIM Group**, formally known as the Advanced Interactive Media Group, is a global team of consultants in interactive and traditional media, founded by internationally known industry consultant and speaker Peter M. Zollman.

It is the parent company of Classified Intelligence, which publishes “the bible of the classified advertising industry,” **Classified Intelligence Report**.

We work with newspapers, dot-coms, broadcasters, ASPs, software vendors and corporate clients to help develop successful interactive-media services. Our focus is the intersection of interactive media and traditional media like newspapers, broadcasting, yellow pages and magazines. We work with our clients to develop successful, real-world businesses, and spend our time on practical issues and immediate concerns. But we also keep long-term concerns in mind, carefully balancing the present and the future.

Our areas of expertise include:

- Classified advertising - print and online
- Increasing revenue at traditional media websites
- Sales training for Web and traditional-media sales representatives
- Audience development strategies and tactics
- Strategic workshops and interactive-media coaching for senior executives
- Advertiser presentations - local media, real estate, automotive, recruitment
- Call-center optimization for traditional and interactive-media publishers
- New ad models, including pay-per-click and pay-for-performance advertising
- Local search and its implications for retail and classified advertising
- The growing need for video content on media websites
- The increasing use of mobile applications for content and advertising
- Using e-mail as a marketing tool, traffic builder and advertising delivery vehicle

The **AIM Group** and **Classified Intelligence** consultants are leaders in their industries. All of them have practical, real-world experience operating and managing traditional and interactive-media businesses.

What sets us apart?

Unlike many consultants, the **AIM Group** never presents “canned” or “off-the-shelf” presentations, or unsupported revenue numbers and projections that are based on flimsy or undisclosed methodology. We work closely with our clients to provide specific, detailed, actionable strategies and tactics that deliver **higher revenue**, sales reps who are **trained in real-world interactive media issues**, and more effective interactive media tools for publishers.

About Classified Intelligence

Classified Intelligence is the world's leading classified advertising consulting group.

CI works with dot-coms, newspapers, print classified publishers, yellow page publishers, broadcasters and technology vendors in the U.S., Canada and internationally to help develop, launch and grow revenue-generating services.

We are first and foremost "consultants who publish" - not "publishers who do a little consulting on the side." Most of our consulting work is performed on a proprietary basis - so our clients often see only a small fraction of our work-product.

Classified Intelligence Report - known as "the bible of the classified industry" - delivers "must-have" information and analysis of the \$100 billion annual global classified advertising.

We divide the industry into four key vertical categories:

- Cars (automotive), including most forms of transportation
- Homes, including sub-verticals like "new homes," "resale homes," "apartments / flats for rent or lease," and others
- Jobs (recruitment / employment)
- "Stuff" - merchandise / auctions

In addition, we focus on a wide range of classified-related topics and services, like social networking, professional networking, mobile advertising, video advertising on PCs and mobile devices, and other media and publishing opportunities.

We offer solutions for companies planning their strategies, increasing revenue, market share, and in developing products and packing strategies to grow their business.

Our team includes long-time senior executives, so we can work with senior executives to help them understand where their classified services need to evolve.

Our team includes people who have been sales reps and sales managers, so we can help sales teams grow and develop traditional and interactive media services.

We help **build** interactive products and services; *we don't just talk about them based on flimsy research*. Our analysts and consultants are well known and respected, with years of experience in the field.

We work with clients globally, and have a team of more than 25 people throughout the world following the changes in classified advertising **more closely than anyone else**.

Every project we provide is developed **in conjunction with our client, for that specific engagement**.

Let us know how we can help you meet your objectives.