

# classified intelligence report

Consulting Services for Interactive Media and Classified Advertising

Vol. 11 No. 18 Sept. 14, 2010

## Sex ads: Where the money is

With Craigslist out of the advertising-for-commercial-sex business – at least for now, if not forever – where will that money go? Where will the “escorts,” their pimps and traffickers move to find their customers?

To answer that question, it helps to start with the question, “Where was the money before Craigslist pulled out?”

Most of it was on Craigslist, of course. Research in August by the AIM Group showed that Craigslist was by far the revenue leader in the United States for advertising by “adult services,” the common euphemism for prostitution.

Our projection showed that Craigslist would generate about \$44.6 million in “adult services” ads in 2010, up from a projection of about \$36.3 million we made in April, or growth of about 22 percent over our projection based on ad counts early in the year.\*

BackPage.com, owned by Village Voice Media, is the No. 2 site for “adult services” ads in the U.S. AIM Group research projected revenue of at least \$17.5 million for online commercial-sex ads in 2010 on BackPage, with an additional \$6.9 million in print advertising revenue for sex-related services for the two “alternative” weekly publishing companies most closely

- 12 sites will account for \$63 million in sex-for-sale ad revenue in 2010.

- Craigslist will account for about \$30 million of that — after eliminating sex ads.

- BackPage.com will earn about \$17.5 million online in sex ads this year.



**Where's Craigslist's "adult-services" section?** On Sept. 3, Craigslist pulled down the controversial ads on its U.S. sites and put the word, “censored” where the subcategory had been. On international sites, Craigslist continues to allow sex-service listings in a subcategory called “erotics.” It does not charge for them.

\* After Craigslist stopped carrying adult services ads on Sept. 3, we recalculated its 2010 revenue from those ads based on 34 weeks, and estimated that the company collected \$30 million on sex ads in 2010.

associated with BackPage.

Ten more sites surveyed by the AIM Group will generate an additional \$15.5 million in prostitution ads during 2010, AIM Group research showed.

Why does all of this matter?

If you're trying to track a problem, or just interested in knowing about the revenue generated by ads for commercial sex, you've got to know who's got the money. And with Craigslist getting out of the prostitution-advertising business in early September, you've got to know where it's going.

The AIM Group has been tracking revenue on Craigslist since 2003. In April, we estimated its revenue from sex ads for the year at \$36.3 million – renewing a controversy about the company's efforts to eliminate trafficking in women and children from the site. Seventeen attorneys general urged the company to drop its adult services ads. After more than four months of pressure, and the threat of Congressional hearings (which are scheduled this week), the company complied.

As Craigslist's sex-ad business grew, the AIM Group's interest in the category followed. We were engaged to study revenue on key "adult advertising" sites by a private foundation based in the southeastern U.S. that focuses on the elimination of trafficking in children and women as two of its key initiatives.

The AIM Group analyzed sales of sex ads by 12 sites, and considered dozens of others. The top two – Craigslist and BackPage.com – accounted for more than 88 percent of the revenue we tracked. We did not review *all* sites that carry advertising for commercial sex; that would have been impossible. We tried to identify the players with the highest revenue.

Immediately after Craigslist eliminated its adult-services ads, first by placing a "censored" bar where the category had been listed and later by dropping it entirely, ads for commercial sex started moving elsewhere.

Some ads quickly migrated to other categories on Craigslist, including "therapeutic massage" and "casual encounters." But we found that Craigslist's users began flagging ads as inappropriate, and Craigslist seems to be removing the ads when it finds them. Other ads moved to other sites, including BackPage. In fact, BackPage even ran an ad for yet another site, AdultSearch.com, that blatantly solicited ads for "escorts" at \$5 each. AdultSearch – headquartered in Las Vegas – claimed more than 21,000 participating escorts, and noted: "Craigslist adult services closed permanently. [sic] Post your ads on AdultSearch.com."

The screenshot shows the AdultSearch.com website interface. At the top, it says "backpage.com" and "san jose, ca free classifieds by backpage.com". Below that, there's a navigation bar with "backpage.com", "san jose adult entertainment", and "san jose body cams". A "report" button is visible with options for "inappropriate content", "wrong category", and "over posted".

The main heading reads "Craigslist Adult Services closed Permanently. Post your ads on AdultSearch.com". Below this, it says "posted: September 13, 2010, 01:01 AM" and "Reply: [click here](#)".

The central advertisement features a woman holding a laptop. The text on the ad says:
 

- Craigslist Closes Adult Services Section!**
- Post Ads on AdultSearch.com
- Posting is EASY. Just go to [www.adultsearch.com](http://www.adultsearch.com)
- Over 21,000 ESCORTS LISTED! JUST LISTED within the past 5 days with PICTURES, prices, locations, phone numbers ethnicity - White, Black, Hispanic, Latin, Asian, Chinese, Korean/Indian, Russian, European Escorts & more. <http://www.adultsearch.com/>
- Choose a Section for your Ad: Female Escorts, TS / TV Shemale Escorts
- Choose a Metro Area: A - Seattle, B - San Francisco, C - Chicago, D - Los Angeles, E - Miami, F - New York, G - Dallas, H - Houston, I - Phoenix, J - San Diego, K - Las Vegas, L - Orlando, M - Tampa, N - Washington, O - Boston, P - Atlanta, Q - Denver, R - Minneapolis, S - Portland, T - Salt Lake City, U - Phoenix
- Ad Title: (BGM)Shell looking for a Hot Evening!
- Ethnicity: Asian
- Provide Email
- That's it! Get Started >

At the bottom of the ad, it says "Location: City Location" and "Post ID: 6011399". There are also links for "Email this ad to a friend", "Account Login", "Affiliate Program", "Blog", "Help", "Escorts Adult Services", "Privacy Policy", "Promote Us", "Terms of Use", "San Jose", and "Backpage.com". A copyright notice for 2010 is also present.

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Published twice monthly, except once in December,  
by the Advanced Interactive Media Group LLC © 2010

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mised by any client relationships.

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Beyond Craigslist and BackPage, our research took us to 10 sites during the month of August. Our goal was to track the number of ads they carried for escorts or other sex providers, and to extrapolate an annual revenue projection. The sites are identified, with background and some detail, in our comprehensive report. (The foundation has asked that we not identify all of them in this limited summary report.)

Eros.com, which averaged about 175,000 monthly unique visitors during the past 12 months, generated a projected \$5.4 million. The site launched in 1997 in San Francisco; it now offers links and information about pornographic videos, adult-dating sites, sex toys and escort services. In addition to charging \$85 to \$195 for escort listings in cities in the U.S., U.K., Canada and the Caribbean, the site also offers memberships which provide premium access; “featured” and premium listings for escorts, and banner ads for porn sites and sexually oriented travel resorts.

Three of the sites we reviewed offered sex ads without charge. None of the three, which were all general-purpose classified advertising sites, carried a significant volume of escort ads, although each had a relatively small number.

Many of the sites generated revenue from banner advertising and memberships, while several did not list their fees for sex ads on the site nor offered the advertising for free.

On three of the sites, “reviews” of sex providers were the focal point. One site notes that, *“We all work hard for our money and we don’t want to waste it on someone who doesn’t deliver as promised.”*

Our full report, available at \$395 through our [website](#), includes detailed analysis and revenue projections for Craigslist, BackPage and the other 10 sites we reviewed, along with details of our research methodology. All proceeds received from the sale of the report will be distributed by the foundation to organizations it designates. The foundation will also distribute the report to its affiliated organizations, and to law enforcement upon request. (The foundation has asked not to be identified, in part because it does not want to seem to be taking credit for the Craigslist decision, nor promoting other adult-services advertising media.)

## Contents

The full report contains four sections:

- **Section 1** – Executive summary
- **Section 2** – Overview (Begins on Page 4)
- **Section 3** – The sites, the revenue, our research and analysis (Begins on Page 9)
- **Section 4** – About this report, and about us (Begins on Page 20)

## Context

- For continuing coverage of Craigslist, BackPage and other sites, see our website, [AIMGroup.com](http://AIMGroup.com). We have hundreds of articles available for further reading.

The complete PDF report is available for **\$395**.

It includes detailed analysis and revenue projections for Craigslist, BackPage and the other 10 sites we reviewed, along with details of our research methodology.

All money received from the sale of this report will go to the human-rights foundation that commissioned this study, which will redistribute proceeds to the organizations it funds.

- To order online for immediate download, go to [aimgroup.com/buy](http://aimgroup.com/buy)
- To order by e-mail, write to us at [info@aimgroup.com](mailto:info@aimgroup.com)
- To order by phone, call **+1 407-788-2780**

### Getting Involved

If you suspect a child is being exploited, please report to the National Center for Missing and Exploited Children, +1 **800-843-5678** or go to [www.cybertipline.com](http://www.cybertipline.com).

If you suspect a person or child is a victim of sex trafficking, please report to the National Human Trafficking Resource Center (NHTRC) 1-**888-373-7888**.

If you want to get more involved in the fight to protect children and women from sex trafficking on the Internet, the foundation that commissioned this report suggests you reach out to one of the following organization leading the effort:

- A Future. Not A Past [www.afuturenotapast.org](http://www.afuturenotapast.org)
- Coalition Against Trafficking in Women-International (CATW) [www.catwinternational.org](http://www.catwinternational.org)
- Equality Now [www.equalitynow.org](http://www.equalitynow.org)
- Girls Educational & Mentoring Services (GEMS) [www.gems-girls.org](http://www.gems-girls.org)
- Juvenile Justice Fund [www.juvenilejusticefund.org](http://www.juvenilejusticefund.org)
- National Center for Missing and Exploited Children (NCMEC) [www.ncmec.org](http://www.ncmec.org)
- Polaris Project [www.polarisproject.org](http://www.polarisproject.org)
- Shared Hope International [www.sharedhope.org](http://www.sharedhope.org)
- The Rebecca Project for Human Rights [www.rebeccaproject.org](http://www.rebeccaproject.org)
- Women's Funding Network [www.womensfundingnetwork.org](http://www.womensfundingnetwork.org)

### About this report

This report was commissioned by a non-profit foundation active in the crusade against the practice of selling teenagers for sex. Based in the southeastern U.S., it wishes to remain anonymous.

We examined more than 40 North American websites that fall into four categories – general classified advertising sites like Craigslist; adult dating sites such as AdultFriendFinder.com; sites that are devoted exclusively to adult services listings for escorts and related services; and sites that are established as forums for reviews of escorts.

Our first step was to identify sites, which we did through search engines and with recommendations from people involved in preparing this report. After examining the sites, we threw out general classified sites that don't allow adult services listings – EBay Classifieds and Oodle, for example.

We also separated the “adult” dating sites. Those more resemble dating sites such as Match.com or OKCupid.com, and listings take the form of personal ads. Although some of the content in the adult dating sites may be related to prostitution, it is not explicit as it is with other sites.

So we looked most closely at general classified sites that offer adult services advertising and at sites that specifically cater to escorts seeking to advertise their services and their prospective customers. Using Compete.com, we ranked the top sites according to average monthly unique visitors from July 2009 to July 2010.

We then counted ads on these sites to create “snapshots” of ad volume over time – weekly or monthly – depending on the length of time each site displayed the ads. Generally, revenue estimates are based on ad rates multiplied by ad volumes projected over 52 weeks.

## Contributors

**Mark Whittaker** is a senior consultant and sales director for the AIM Group. He compiled and analyzed most of the research, and developed the project in conjunction with the foundation. He helped oversee the ad counts, provided by a team of researchers at the AIM Group's direction. His career in newspapers spans 30 years as a reporter, editor and online manager. Before joining the AIM Group, Mark spent seven years as online managing editor and online director for PittsburghLive.com and the Tribune-Review Publishing Co. in Pittsburgh. He later worked as interactive media director for Beaver Newspapers Inc. in suburban Pittsburgh, where he was responsible for day-to-day advertising, design and operation of the company's Web sites, supervising a staff of eight. A graduate of Temple University with a degree in journalism, he's an avid softball player and a fan of the Pittsburgh Penguins.



**Jim Townsend**, editorial director of the AIM Group, provided most of the editing on this report and pulled together the disparate pieces. He's one of our long-time Craigslist watchers. He is an award-winning career journalist, consultant and interactive media pioneer with more than 35 years of experience in news management. He leads a global team of analysts who report media-industry trends in North and South America, Europe, India, Asia, Australia and other countries in the Pacific Rim. Jim has been guest speaker or keynote speaker at a number of national and international conventions. In the mid-1990s, Townsend was founding editor of Houston Chronicle Interactive, now Chron.com, the Web site of the Houston Chronicle. His team there created an array of subscriber-only services that tied premium digital content to print subscriptions.



**Peter M. Zollman**, founding principal of the AIM Group, has more than 35 years of media experience. He's been involved in interactive media for more than 25 years, since the days of audiotex and faxed newsletters. He has spoken at hundreds of industry conferences, on four continents in more than 20 countries, and is quoted frequently by media including The New York Times, The Wall Street Journal, CBS Evening News and the Washington Post. His primary focus is consulting, working with a wide range of media companies, dot-coms, technology providers and start-ups to develop and expand successful interactive-media services. Peter leads strategic executive workshops; supports product launches, and has trained dozens of sales reps. He's one of the world's leading experts on free classifieds; self-service ad placement; recruitment / automotive / real estate advertising, and interactive media strategies for traditional media companies.



**Sharon Hill**, senior analyst for the AIM Group, wrote many of the articles about Craigslist that appear on AIMGroup.com. Early in her career, she was a classified ad sales 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 break to work as sales and marketing manager for the Suburban Newspapers of America.



### About Classified Intelligence Report

**Classified Intelligence Report** the world's leading publication covering the classified-advertising industry, from the world's leading consultants, the **AIM Group**.

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**.

### About the AIM 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.

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.

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