



# The Guide to Performance Job Advertising, UK Edition

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# Introduction

Online recruitment advertising in the United States, in 2021, is a \$13.1 billion market, according to [IBISWorld](#), a provider of industry research. Between 2016 and 2021, the market has grown by 17.9% per year on average. This year, it is expected to increase by 12.7%.

Although this is US data, it is relevant because in the UK there is an emerging market for pay-for-performance job advertising.

Hiring organisations spend a lot of money to try and get their job ads in front of candidates. Spend varies by organisation, but research shows job advertising is typically between 27% and 30% of an organisation's overall recruiting budget. Yet, according to [Aptitude Research](#), a human capital management (HCM) research and advisory firm, 40% of job advertising spend is typically wasted.

Reasons for wasted spend vary, but manual processes and failure to embrace programmatic job advertising and automation are often to blame, Aptitude Research finds.

However, programmatic alone is only part of the solution. A pay-for-performance (PFP) advertising model allows organisations to maximise return on investment (ROI), because it takes into account volume and efficiency, and forces optimisation at the micro level of each job on all recruitment advertising channels.

This guide cuts through general job advertising misperceptions, while providing practical strategies hiring organisations can implement to improve ROI - and find the talent they seek.

# What is pay-for-performance (PFP) or performance recruitment media?

Pay-for-performance recruitment media allows hiring organisations to invest in and manage their recruitment advertising budgets using a model that generates results in the form of candidate conversions on their job ads, such as clicks on a job or completed applications.

## Pay-for-Performance Job Advertising Terms & Definitions

### ▶ **Conversation Rate**

The number of candidates who click on a job ad that end up converting and taking any sort of "performance-driven" action. Oftentimes, with performance job ad units, conversion rates are calculated upon application completion (click-to-apply rate).

### ▶ **Application Time**

How long it takes a candidate to apply for a job.

### ▶ **Cost-per-Click (CPC)**

A payment model in which advertisers pay each time a candidate clicks on their job ad.

### ▶ **Cost-per-Apply-Click (CPAC), also known as Cost-per-Apply-Start (CPAS)**

A payment model in which advertisers pay each time a candidate clicks on the "apply" or "start apply" button to begin a job application.

### ▶ **Cost-per-Application (CPA)**

A payment model in which advertisers pay each time a candidate fully applies to their job ad.

### ▶ **Cost-per-Qualified-Applicant (CPQA)**

Spend associated with obtaining a qualified applicant; qualified defined by each hiring organisation.

### ▶ **Cost-per-Hire (CPH)**

Spend associated with a hire, or the average cost of hiring one person.



# 1 Define and set an **apply goal** for each open job.

An apply goal is the average number of candidates, based on your historical hiring data, that you need to drive for each open requisition to achieve a hire. Typically, this number varies by employer, job type, location, and hiring manager requirements. For example, one employer may need 40 applicants to generate a hire for a field sales position while another employer may only require 10.

Defining your apply goal for each open job is a foundational metric you will need as you begin to optimise your job advertising performance. Setting it effectively will enable you to identify when to stop spending on the jobs that already have enough applicants, thereby creating two opportunities: the availability of extra budget to advertise your other jobs, and a better candidate experience by eliminating applicants you don't have time to disposition.



**Action:** Set apply goals for each of your open jobs.

## 2

# Stop advertising jobs that have enough applicants.

Every employer has "runaway jobs" – positions that attract hundreds of unnecessary applications.. Most employers don't need even close to the number of applicants that runaway jobs receive. If you stop spending advertising budget on jobs once you have hit your apply goal, you can radically improve the ROI of your job ad spend. But, by how much?

An Appcast study of application flow at the individual job level found that 6% of sponsored jobs become "runaways" because they receive more than 30% of the applies. By limiting spend on these runaway jobs to a proportional rate, you could reduce your advertising budget by nearly 20% and/or reallocate spend.



**Action:** Monitor your applications and stop advertising jobs once they become "runaways."

# 3

## Monitor the jobs that don't have enough applicants, and adjust your strategy accordingly.

Low applicant volume is a reason why hiring organisations have difficulty finding candidates for open positions. And this can be an issue regardless of the economy and overall employment environment.

When advertising jobs online, it will become apparent that only a portion of them will perform in terms of delivering enough applicants to make a hire.

To solve this issue of underdelivery, first look at the jobs that don't have enough applicants. More often than not, you'll find that these requisitions break down into one of three categories:

### True "Underperformers"

These are the jobs receiving a steady flow of views, clicks, and applicants, but the application conversion rate (CR %) is lower than your company average (too many clicks, but not enough converting to applicants).



**Action:** Increase your cost-per-click (CPO) or cost-per-applicant (CPA) media prices to "out bid" your competitors and get in front of the best matched candidates. You can also use additional performance media vendors or acquire a one-off duration posting on a targeted niche site to get your job ad in front of more candidates that are likely to be interested in your opportunity.

# 3

## Monitor the jobs that don't have enough applicants, and adjust your strategy accordingly.

### Broken

These are jobs that get adequate numbers of views and clicks but generate few to no applies. This may happen for several reasons, including:

- ▶ A major discrepancy between the job title and job description.
- ▶ A poor job description that is too long to read, doesn't compel, or deters a candidate with unclear or unreasonable expectations.
- ▶ A bad application process that takes too long to complete, requires the unnecessary creation of an account, or doesn't function on a mobile device.
- ▶ Foreign or unexpected characters in the job title or job description.
- ▶ A title that a candidate typically would not type into a search engine.
- ▶ An incomplete or unidentifiable job location.



**Action:** Ensure you have an accurate job title and description, and a functioning apply process to help address the major candidate conversion problem of "broken" jobs.



## Hard-to-Fill

Jobs in this category are genuinely hard-to-fill positions, which require finding either very few highly qualified candidates or incredibly large numbers of candidates due to strong market demand.



**Action:** Allocate more budget for hard-to-fill roles by increasing your CPC and CPA bids with your performance media vendors. This will help the jobs get more online visibility. You also will most likely need to consider other channels, such as social media and traditional job boards, as supplementary candidate sources to reach apply goals for your hard-to-fill jobs.

# 4

## Measure the performance of all your recruitment advertising sources against the same metrics.

When you start to run multiple job advertising campaigns across different sources, the data you receive back from your vendors may appear slanted. Knowing this, it becomes particularly challenging to run comparison reports across all your sources with the various types of performance-media models available to recruitment advertisers.



**Action:** To understand the true performance of your vendors, start by separating your free sources from your paid sources. Free is free. It's important to not let free traffic confuse the success metrics from the real budget you are pouring into the market to generate candidates.

Then, from your paid performance media sources, regardless of your consumption model, you should choose a common metric to measure all your sites on the same performance. Ideally, you will want to measure performance as close to a hire as possible. Cost-per-application or cost-per-qualified-applicant are the two most consistent metrics to utilize when measuring performance across all your sources.

With an even playing field, you can start to implement changes to your job advertising strategy that will impact overall recruitment performance.



# 5

## Cast a wide net.

Every publisher in the job site ecosystem has a different performance profile. A job site that returns high volumes of qualified retail candidates might offer terrible returns for transportation candidates, and vice versa. Since it can be challenging to tell from the outset which publisher performs well for each job type, start by working with as many publishers as possible.

The industry-wide shift to performance-driven job ad models facilitates a "wide net" strategy. Many performance-based sources allow you to set a budget for each job or job group and distribute them to several different sites, while only paying for performance in the form of clicks, apply clicks, or applicants.

By casting a wide net, you can collect data that determines which sites perform well with your job inventory and which sites do not. The baseline results are a starting point for winnowing publishers and spending your advertising budget on the publishers that deliver the conversion rates and quality that make sense for your organisation. A performance media model is flexible; use it to your advantage. You will uncover new, better talent by casting a wide net.



**Action:** Test your introductory publishers, then reduce the number of sources you use by 5 to 10 percent each quarter, eliminating the sites that have the lowest quality scores. Use that open space to experiment with new sources.

# 6

## Experiment with your bidding strategy.

Run as many CPO and CPA bid tests as possible to determine the impact that lowering or raising a bid has on your applicant volume and conversion rates. When presented with a well-performing job ad, some recruiters may adopt the tendency of lowering their bid as much as possible until they start to see the volume of traffic fall off. Ironically, while this strategy may be successful in some cases, it also can have the opposite effect. For some publishers, if you bid too low, the amount of traffic will stay the same but the quality of the traffic will drop radically.



**Action:** Test different CPC and CPA bids to see what delivers the right volume and right candidates for your open jobs. Beware of the "bid lowering" fallacy.

# Use software to drive the best return on your investment in job advertising.

The time, cost, and human error associated with manual bidding in job advertising is inevitable. It's important to find a solution that allows you to scale your strategy to reach your target goals, while easily managing spend across all your requisitions.

Similar to your investments in applicant tracking systems, job distribution platforms, and paperless onboarding, programmatic job advertising software pays dividends in a number of ways by:

- ▶ Removing dependencies on an employee to watch, notice, and aggregate various data inputs to make good job advertising decisions that reflect a continuously shifting market;
- ▶ Computing massive amounts of data to make decisions faster, better, and with more extensive candidate information than humans;
- ▶ Making real-time micro changes to bidding strategies that can greatly impact job advertising return on investment (ROI).



**Action:** Use programmatic recruitment advertising software to optimise the performance of your ads and make your limited budget go further.

Appcast's software helps solve for wasted job advertising spend. Through automation, advanced algorithms leverage programmatic rules-based ad buying to identify, sponsor, and increase quality traffic to your jobs that need more applicants, while automatically unsponsoring jobs that already have enough. Hiring organisations that rely on programmatic job advertising to run and optimise their ad buying decisions find that this software increases candidate volume.

# Summary

Recruiting leaders at any company have one main objective: to quickly hire impactful employees for their organisation. Today's online recruitment scene is an intense competition to find talent; your ads must be seen by the right candidates, at the right time. In our digitally driven world, this is done by spending advertising budget in the most effective fashion, to drive high-quality candidates to apply for your jobs.

By making a few simple tweaks to their ad buying strategy, recruiters can radically improve the ROI of their job advertising spend and eliminate all that wasted money.

And now, it's up to you.



Appcast is a leading provider of recruitment advertising technology and related managed services. We help businesses of all sizes find the right job candidates fast with our advanced programmatic technology and easy-to-use, data-driven analytics.

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