

# The AGR Graduate Recruitment Survey 2004

Winter Review

**HIGH FLIERS** 

*Survey produced for the AGR by:*

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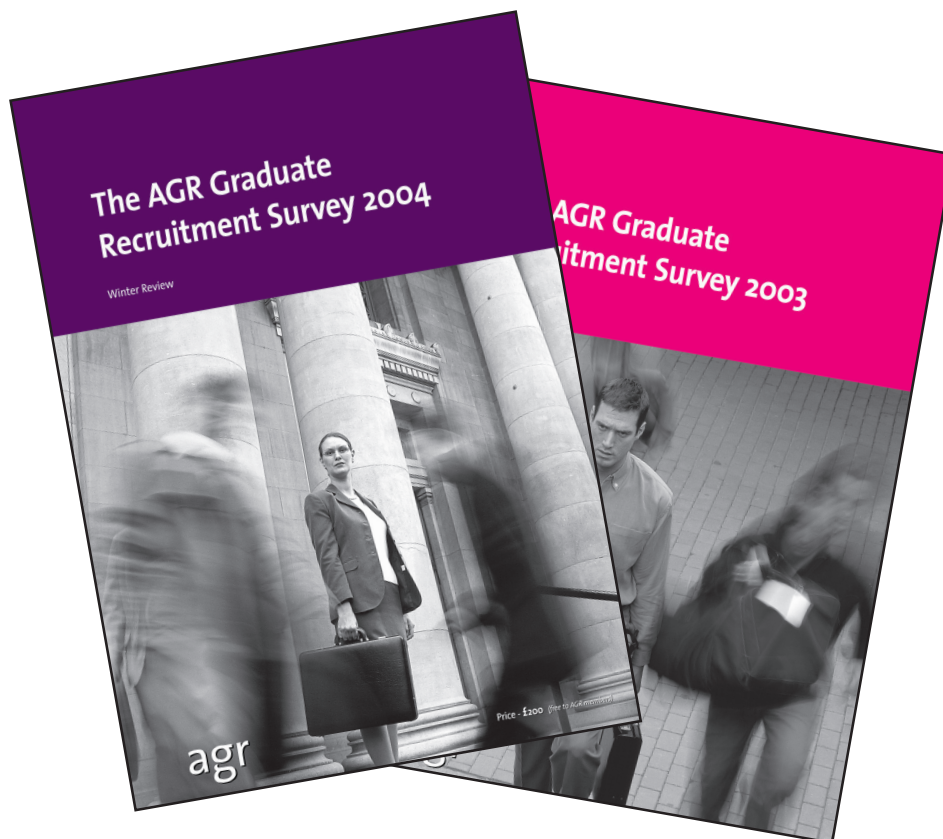
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Make sure you get the *insider's* view on graduate recruitment.



## The AGR Graduate Recruitment Survey

*Published twice each year in January and July\*, based on research with AGR employers.*

**agr**

the collective voice of graduate recruiters

\*Price - **£200** per report (free to AGR members)

# Executive Summary

## About the Survey

The *Winter Review* from *The AGR Graduate Recruitment Survey 2004*, is based on research conducted for the AGR by **High Fliers Research** with **215 graduate employers** during **December 2003**. The survey has been developed to provide employers with the very latest market information on:

- Graduate salary levels for the 2003-2004 and 2002-2003 recruiting seasons
- Vacancy levels for graduates starting work in 2004 and 2003
- Graduate recruitment marketing used by AGR employers during the 2003-2004 and 2002-2003 recruitment rounds

## Graduate Vacancies

After two consecutive years of reduced vacancies for graduates, AGR employers predict an increase in vacancies for 2004:

- Graduate vacancies are expected to rise by **11.9%** in 2004, compared to the numbers actually recruited by employers in 2003
- The largest number of vacancies in 2004 are likely to be in accountancy or professional services firms, engineering or industrial companies, retailers, investment banks or in the public sector.
- By business function or career areas within organisations, the most graduate jobs in 2004 are in chartered accountancy, general management, investment banking, retail management, IT and law. Together, these six areas account for half of all graduate vacancies.
- The smallest number of vacancies in 2004 are for graduate positions in marketing and human resources, both of which remain extremely popular with student & graduate applicants.

## Graduate Salaries

Graduate starting salaries are continuing to rise and AGR employers are expecting to pay increases above the 'cost-of-living' for new graduates starting work in 2004:

- Graduate starting salaries are expected to increase by **3.9%** in 2004, compared to the salary rates actually paid in 2003. The predicted median graduate starting salary for 2004 is **£21,100**.
- The highest starting salaries in 2004 are being offered by investment banks, consulting firms, law firms, oil companies, commercial/retail banks, & fast-moving consumer goods companies.
- Regionally, median salaries are expected to be highest in London and the south east of England, with the lowest rates paid in Wales and the north east of England.
- By business functions or career areas within organisations, the highest starting salaries in 2004 are set to be for graduate positions in investment banking, consulting, solicitors or barristers, actuarial work, marketing and IT. The lowest are for positions in retailing and purchasing.
- Just a quarter of employers plan to offer new graduates an initial bonus this year.

## Graduate Recruitment Marketing

AGR employers' spending on graduate recruitment marketing activities have been profiled for 2003-2004 and 2002-2003 recruitment seasons:

- **AGR employers spent a median amount of £15,000 in 2004 on their individual graduate recruitment brochures, with a further £12,000 for their graduate recruitment website.**
- **Graduate recruitment advertising in careers publications and other paper-based titles accounted for a median of £17,000 in 2004. A median of £9,000 was spent on online promotions such as commercial recruitment websites and email services.**
- **Recruiters who attended graduate careers fairs and on-campus presentations spent medians of £7,500 and £4,000 respectively.**
- **Employers' total spend on graduate recruitment marketing in 2004 was a median of £48,000, down 10.3% on budgets in 2003.**
- **The median 'marketing spend per graduate vacancy' was £1,500 in 2004.**

# Chapter 1

## Introduction

### Researching the Graduate Market

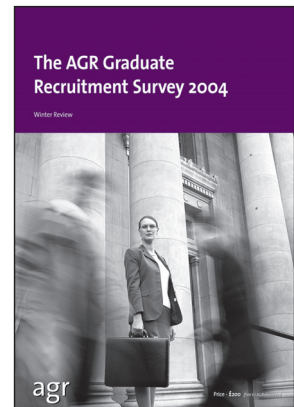
Welcome to the *Winter Review* from *The AGR Graduate Recruitment Survey 2004*, the definitive study of AGR employers and their graduate recruitment, conducted for AGR members.

The survey has been developed from AGR's long-established *Graduate Salaries & Vacancies Survey* which has traditionally been the main source of information about the starting salaries offered to graduates and vacancy levels in the market.

*The AGR Graduate Recruitment Survey* continues to give AGR employers twice-yearly, up-to-the minute insights into the latest graduate market conditions, but also provides regular benchmarking of graduate recruitment practices.

This *Winter Review* examines how employers have been marketing their graduate opportunities during the 2003-2004 and 2002-2003 recruitment seasons, along with a full digest of all the latest graduate vacancy and salary information.

*The AGR Graduate Recruitment Survey* is carried out on behalf of the AGR by the specialist student & graduate research company, **High Fliers Research**. The company has more than ten year's experience of researching the graduate market and already produces *The UK Graduate Careers Survey* which annually examines final year university students' career aspirations & expectations, and their views on individual employers.



### Survey Methodology

Research for the *Winter Review* for *The AGR Graduate Recruitment Survey 2004* took place during early December 2003 using a specially-designed online questionnaire accessed via the AGR website.

The screenshot shows a web browser window with the URL <http://www.agr.org.uk/survey/winter04>. The page title is "The AGR Graduate Recruitment Survey Winter Review". The main heading is "The AGR Graduate Recruitment Survey Winter Review". Below this, there is a welcome message and a deadline: "The deadline for completing the questionnaire is Monday 22nd December 2003. Please take a moment to read the instructions below before you start the questionnaire." The questionnaire includes 18 short questions and should take 10-15 minutes to complete. There is a "Submit Questionnaire" button. Below the questions, there is a section titled "About Your Organisation" with a form for providing contact details. The form includes fields for "Your name", "Your job title", "Organisation", "Address line 1", "Address line 2", and "Address line 3". The "Your name" field is marked as required. The "Your job title" field is marked as required. The "Organisation" field is marked as required. The "Address line 1" field is marked as required. The "Address line 2" field is marked as required. The "Address line 3" field is marked as required. There is a note: "Please state your organisation and contact details. These details will only be used to contact you about the survey. All the information that you provide in the questionnaire will remain strictly confidential and data on individual organisations will not be published."

The questionnaire contained eighteen questions about employers' graduate recruitment activities during the 2002-2003 and 2003-2004 recruitment seasons, focusing on graduate vacancies, graduate salaries & other remuneration, and their graduate recruitment marketing.

All of the questions were specially designed so that the survey results could be analysed by employers' industries or business sectors, by the location of their graduate vacancies, and by the career area or business function into which their graduates are recruited.

## Participating Employers

High Fliers Research contacted 308 AGR employers to participate in *The AGR Graduate Recruitment Survey 2004*. The online questionnaire was live for a fortnight during December 2003 and the deadline was extended for two further weeks to ensure the maximum number of employers could participate in the research.

Overall, **215 employers** either completed the questionnaire or responded that they had not recruited in graduates in 2003 and had no recruitment plans for 2004, giving the survey a response rate of **70%**. For the first time the sample includes the teaching profession, with the participation of the Fast Track Teaching scheme. The full list of AGR members who took part in the survey is:

ABB Limited	Coors	Lloyds TSB	Reuters
ABB Power UK Ltd	Corus	Local Government	Richards Butler
Abbey	Countryside Properties Plc	LogicaCMG	Rolls-Royce plc
Accenture	Croda International plc	Lovells	Royal Bank of Scotland Group
Addleshaw Goddard	Data Connection	Marks and Spencer	Royal Sun Alliance Insurance
Air Products plc	Davis Langdon & Everest	Marsh UK Ltd	Safeway Stores plc
Airbus UK	Deloitte	Masons	Schlumberger
Aker Kvaerner E&C	Deutsche Bank	Masterfoods	Scottish Police Service
Allen & Overy	Diageo Great Britain	McCain Foods GB Ltd	ScottishPower
Alliance & Leicester	Dixon Wilson	McDonald's Restaurants Ltd	Severn Trent Water Ltd
Allianz Cornhill Insurance	DLA	McKinsey & Company	Shell International Ltd
Alvis Vickers	DML	Mercer HR Consulting	Siemens plc
AMEC	Dresdner Kleinwort Wasserstein	Merck Sharp & Dohme Ltd	SJ Berwin
American Express	Eversheds	Merrill Lynch	Slaughter and May
Arcadia Group Ltd	Exel	MI5	Smith & Williamson
ARUP	ExxonMobil	Microsoft Ltd	Smiths Aerospace
Asda	FaberMaunsell	Mills & Reeve	Soci�t� G�n�rale
AstraZeneca	Fast Track Teaching	Millward Brown	Sodexo
Audit Commission	Fidelity Investments	Moore Stephens	Somerfield
BAE SYSTEMS	Filtrona plc	Morgan Stanley	Stamp, Jackson & Procter
Baker Tilly	Ford Motor Company	MORI	Standard Chartered Bank
Bank of England	FSA	Mott MacDonald Ltd	Standard Life Assurance Company
Barclays Bank plc	GCHQ	Mowlem plc	Syntegra
BDO Stoy Hayward	George Wimpey	Nabarro Nathanson	Tarmac Ltd
Berwin Leighton Paisner	GKN Plc	National Audit Office	Tate & Lyle Europe
BNFL	GlaxoSmithKline	National Grid Transco	Taylor Wessing
BNP Paribas	Grant Thornton	Nationwide Building Society	Tesco Stores Ltd
Bombardier	Greggs plc	Network Rail	Thales Corporate Services Ltd
British Energy Group	HAT Group of Accountants	Next plc	The BOC Group
British Sugar	HBG Construction Ltd	NHS Leadership Centre	The Patent Office
BT	HBOS plc	Northern Foods Plc	The Tetley Group
BUPA	Highways Agency	Norton Rose	Thompson Derwent
C&J Clarks International	HM Customs & Excise	Norwich Union	TNS
Cabinet Office	Horwath Clark Whitehill	NPower	Towers Perrin
Cadbury Schweppes	HSBC	Oracle Corporation UK Ltd	UBS
Carillion plc	HW Fisher & Company	Orange PCS	Unilever
Carphone Warehouse Services	Hymatic Engineering Company Ltd	PA Consulting Group	United Utilities
Caterpillar	IMI plc	Pilkington plc	Vodafone
CB Richard Ellis	J Sainsbury plc	Powergen	Waitrose Ltd
Cedar Software Ltd	Jaguar and Land Rover	PricewaterhouseCoopers	Walkers Charnwood Bakery
Centre for Health Leadership Wales	John Lewis Partnership	Procter & Gamble	Warburtons
Centrica	Jones Day	Provident Insurance plc	Wates Group Limited
CIBC World Markets	JPMorgan	PSA Peugeot Citro�n	Watson Wyatt
Citigroup	Kerry Foods	QinetiQ	Westbury Homes Ltd
Clifford Chance	KPMG	Reckitt Benckiser	Wincanton
Clyde & Co	L'Oreal	Renault UK	Woolworths Group plc
Co-operative Insurance Society Ltd	Linklaters	Rentokil Initial plc	Yell Ltd
Computacenter (UK) Ltd	Lloyds Pharmacy	Research Machines plc	Yorkshire Water
			Zurich Financial Services



## Chapter 2

# Graduate Vacancies

### Introduction

The first part of the *Winter Review for The AGR Graduate Recruitment Survey 2004* examines the graduate vacancies that employers are looking to recruit during the current recruitment year, compared with the previous year. Employers were asked to give the actual numbers of graduates who were recruited into their organisations during the 2002-2003 recruitment season (usually to begin work in the autumn of 2003), along with the likely number of graduates to be recruited during the current 2003-2004 recruitment year.

Recruiters were encouraged to provide not only their total vacancy levels but also a basic breakdown of where these vacancies occurred in their organisations. This allows vacancy numbers to be analysed by geographical region and the business function or career area for which graduate recruitment takes place. Analysis of this kind is particularly helpful for employers who recruit many of their graduates for individual regions of the UK or beyond and want to measure how this local job market is faring.

Equally, this analysis is useful to the many employers who recruit graduates for a wide range of business functions, irrespective of their organisation's main purpose. For example, industrial or manufacturing organisations who are synonymous with engineering or technical opportunities often hire substantial numbers of commercial graduates for functions such as sales, marketing and financial management. Similarly, banks and other financial institutions now routinely recruit as many graduates to work in IT or support functions as they do for the traditional banking or management roles.

Within this section of the survey, the results refer to actual vacancies in 2003 (ie graduates recruited during the 2002-2003 recruitment season who started work in autumn 2002), versus likely vacancies in 2004 (ie graduates recruited during the 2003-2004 round, to start work in autumn 2004).

### Key Findings

After two consecutive years of reduced vacancies for graduates, AGR employers predict an increase in vacancies for 2004:

- Graduate vacancies are expected to rise by 11.9% in 2004, compared to the numbers actually recruited by employers in 2003
- The largest number of vacancies in 2004 are likely to be in accountancy or professional services firms, engineering or industrial companies, retailers, investment banks or in the public sector.
- More than half of all vacancies for 2004 are expected to be in London or south east England.
- By business function or career areas within organisations, the most graduate jobs in 2004 are in chartered accountancy, general management, investment banking, retail management, IT and law. Together, these six areas account for half of all graduate vacancies.
- The smallest number of vacancies in 2004 are for graduate positions in marketing and human resources, both of which remain extremely popular with student & graduate applicants.

## Comparing Graduate Vacancies in 2003 & 2004

The principal finding of the *Winter Review* is that graduate employers are expecting to increase their recruitment in 2004 for the first time in three years. The total number of likely graduate vacancies in 2004 at the 215 AGR employers who took part in the survey is 13,026, a rise of 11.9% on the 11,639 who were actually hired by these organisations in 2003 (see *Chart 2.1*).

This optimistic outlook follows two years of reduced vacancies for graduates in 2003 and 2002, when employers cut their recruitment by 6.5% and 3.5% respectively. Although the growth predicted for 2004 does not match the near 15% increase in vacancy numbers recorded in the 2000 and 2001 recruitment seasons, it does seem to indicate improving conditions in the graduate job market.

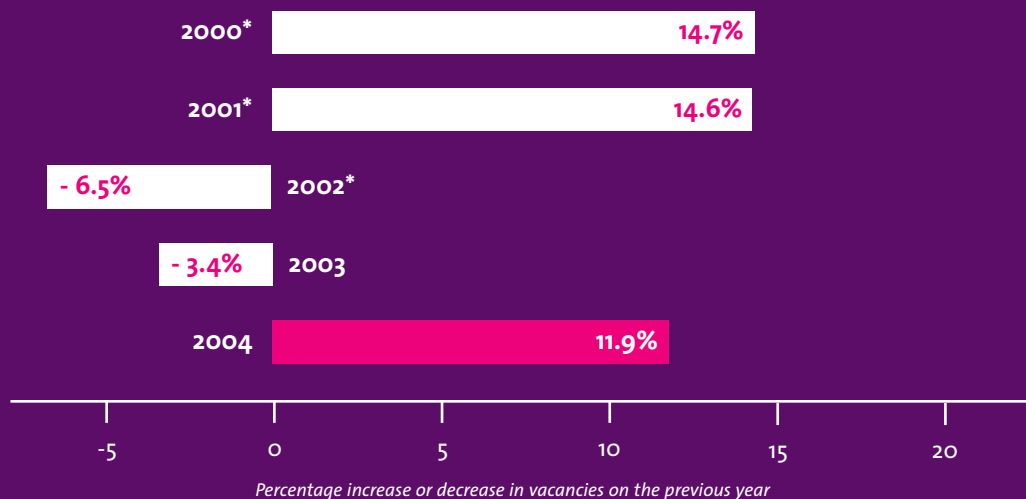
Indeed, more than half the employers questioned for the survey are set to increase their vacancies this year, with 23 organisations anticipating taking on at least an extra 25 graduates each (see *Chart 2.3*). The largest reported increase in vacancies is at a leading investment bank who plan to recruit an additional 200 graduates in 2004. Two other employers in other sectors are both increasing their graduates programmes this year by at least 150 vacancies.

Not all AGR recruiters are so confident though about their vacancies in 2004. Eight organisations expect to reduce their intake by more than 25 places and there are fewer than half the graduate opportunities this year in the motor industry than there were eighteen months ago. Despite this, most of the employers anticipating hiring fewer graduate in 2004 are expecting to cut ten or fewer places from their programmes.

Overall, there continues to be a tremendous variation in the scale of recruitment at different AGR employers (see *Chart 2.2*). In 2003, eleven organisations reported hiring more than 250 graduates, but the majority (more than 100 employers) took on 25 or fewer recruits. The median vacancy level for the year was 27 graduates per organisation.

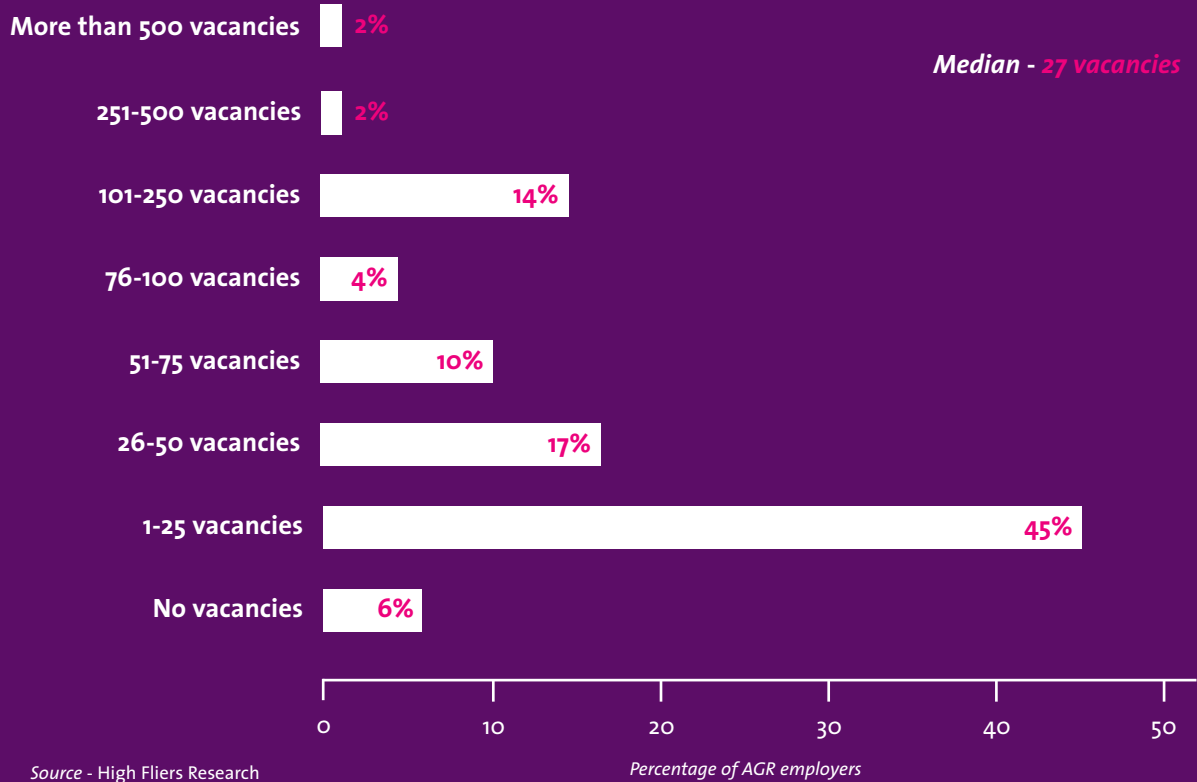
The survey also shows there is little or no correlation between the overall size of the employer and the number of vacancies for graduates. For example, one major public sector organisation with more than a million employees expects to recruit fewer than 200 graduates this year – just 0.02% of their total workforce, whilst an up-and-coming IT firm with little more than 250 employees plans to hire at least 20 graduates in 2004 – equivalent to 8% of the company’s personnel.

**Chart 2.1 How graduate vacancies at AGR employers have changed 2000-2004**

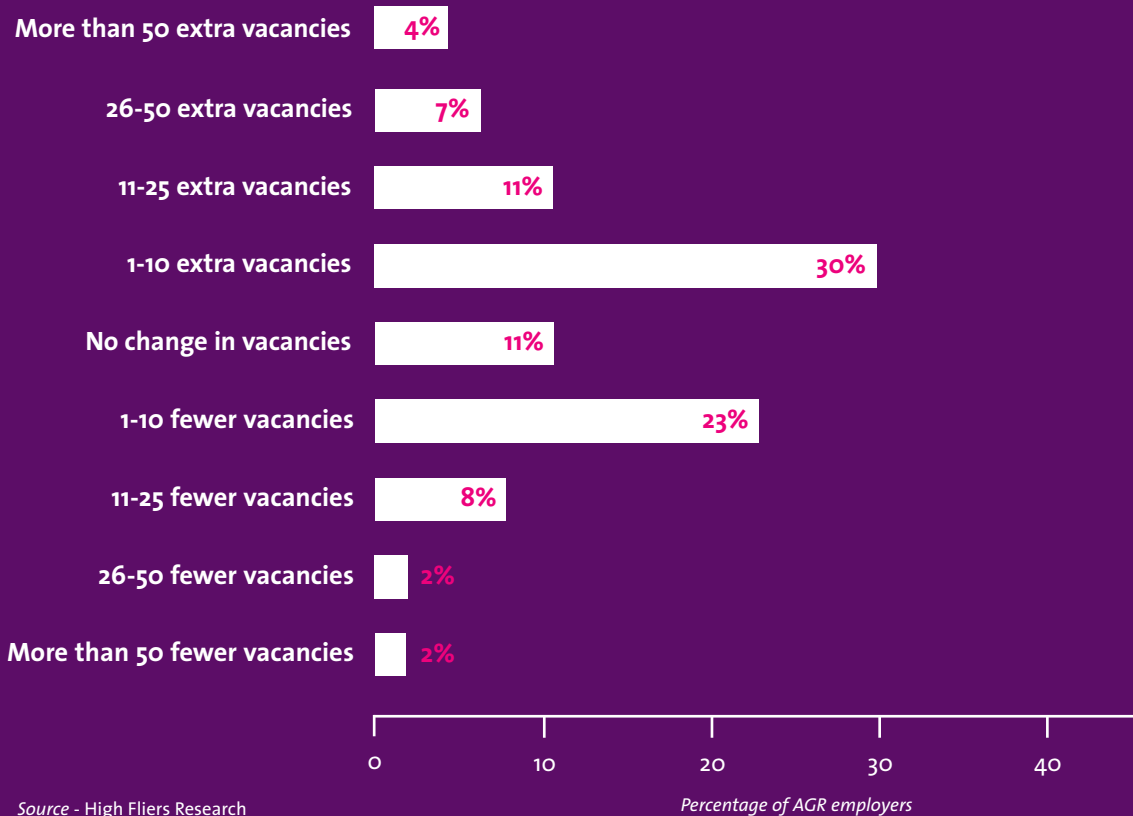


Source - High Fliers Research, \*Institute of Employment Studies

**Chart 2.2 Graduate vacancies at AGR employers in 2003**



**Chart 2.3 How AGR employers' expect their graduate vacancy levels to change in 2004**



## Profiling Graduate Vacancies in 2003

Vacancies for graduates within AGR employers are measured in three different ways – by the employer's industry or business sector, the geographical location of the vacancies, or the business function or career area of the vacancies.

During the 2002-2003 recruitment season, vacancies at AGR employers were dominated by just four business sectors (see *Table 2.4*). A fifth of all graduate places were at accountancy or professional services firms and engineering or industrial companies, the public sector and retailers accounted for a further third. The smallest number of vacancies for graduates were at motor manufacturers, media companies, and transport or logistics companies.

In terms of location, there were more graduate jobs at AGR employers in London and the south east in 2003 than all other parts of the UK together (see *Table 2.5*). Over 40% of vacancies were in the capital, with noticeably fewer jobs available in the Midlands, the north west, and the south west of England. Fewer than one in twelve graduate positions were to be found in Scotland, Wales and Northern Ireland.

Measured by the business function that graduates were recruited into, chartered accountancy was the largest career destination, followed by general management, solicitors & barristers, IT, retail work and investment banking (see *Chart 2.6*). Engineering was also a major recruiting area and the combined positions in electrical/electronic, mechanical, civil and other engineering amounted to more than 8% of the vacancies. The two smallest business functions in 2003 were human resources and marketing.

Overall, one in five recruiters reported some shortfall in their graduate recruitment in 2003, mainly due to recruiting for specialist areas or late-minute requests from their organisations for extra recruits. An estimated 3% of vacancies were left unfilled.

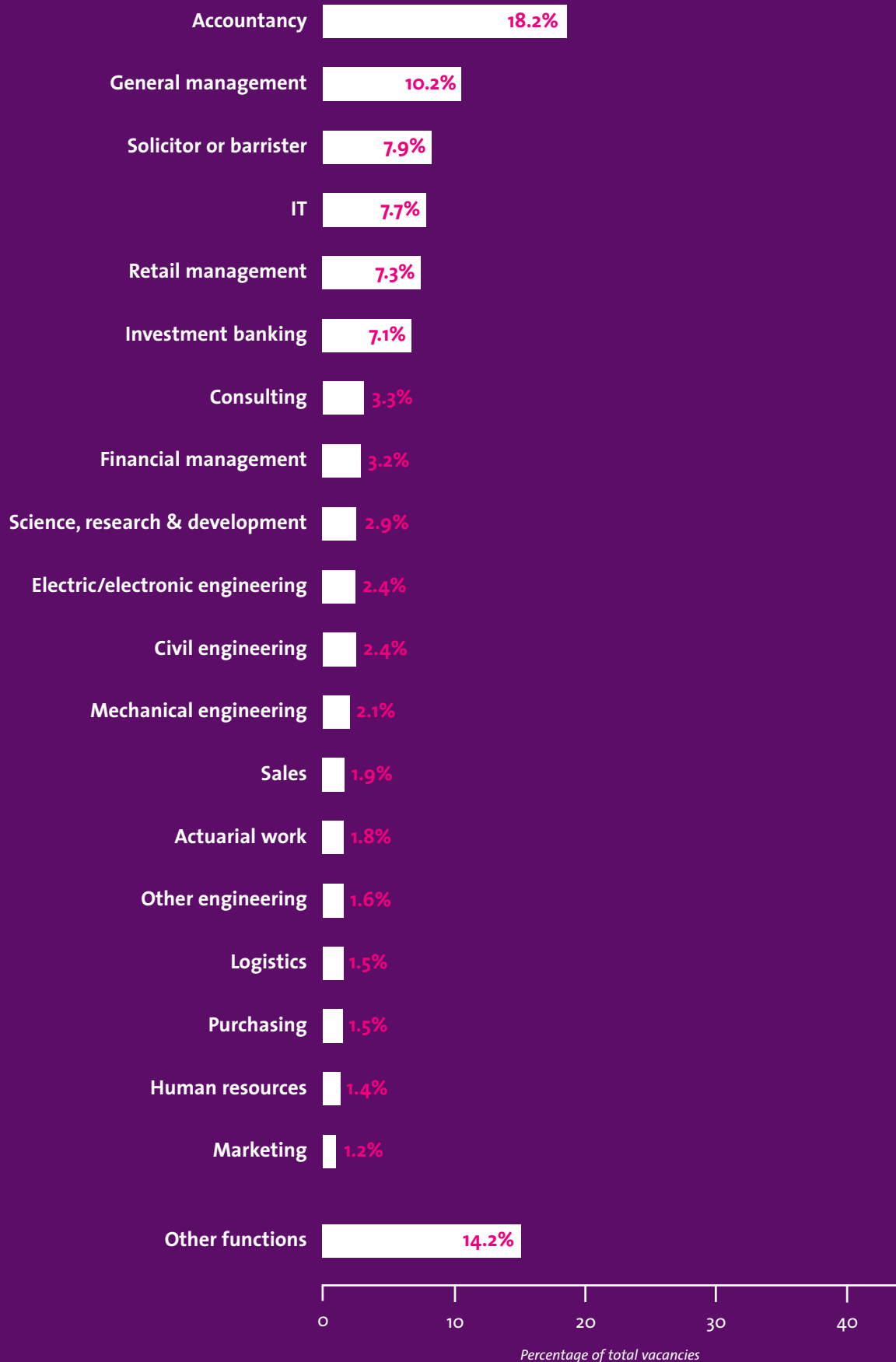
**Table 2.4 Vacancies at AGR employers by type of organisation in 2003**

	<i>% of total vacancies</i>
Accountancy or professional services firm	20.8
Engineering or industrial company	12.1
Public sector	11.0
Retailer	10.2
Law firm	8.8
Investment bank or fund manager	7.7
Commercial or retail bank	6.0
Consulting firm	5.8
Construction company	3.2
Telecommunications	2.6
FMCG company or food manufacturer	2.6
Chemical or pharmaceutical company	2.2
Energy, water or utility company	2.1
Insurance company	1.5
IT hardware or software company	1.5
Oil company	0.9
Transport or logistics company	0.7
Media company	0.5
Motor manufacturer	0.4
Other	1.1

**Table 2.5 Vacancies at AGR employers by location of vacancies in 2003**

	<i>% of total vacancies</i>
London	40.7
South East	11.6
The Midlands	9.3
North West	6.3
South West	6.1
Scotland	5.1
Yorkshire	4.1
East Anglia	3.2
North East	2.9
Wales	2.2
Northern Ireland	0.6
Ireland	0.3
Europe	1.4
Asia	1.6
USA	0.3
Rest of the World	1.0
Unknown	4.4

Chart 2.6 Graduate Vacancies at AGR employers by business function or career area in 2002



Source - High Fliers Research

## Changes in Graduate Vacancies in 2004

Despite the overall predicted improvements in the graduate job market in 2004, there are some noticeable differences in the vacancies being offered by AGR employers in individual industries or business areas. The largest increases in vacancies are expected from transport or logistics companies, IT hardware & software companies, investment banks, and chemical or pharmaceutical companies – all of whom anticipate at least a third more graduate positions in 2004 (see *Table 2.7*).

Several of these industries only accounted for limited numbers of vacancies in 2003, so a modest number of new vacancies can appear as a large percentage increase. The growth within investment banks however, appears to be much more substantial, with at least 300 extra graduate vacancies anticipated for 2004. There are three sectors where vacancies are expected to fall – engineering or industrial companies, insurance companies, and construction companies. There were too few vacancies in media companies or motor manufacturers to produce meaningful results.

By location of employment, AGR members are expecting up to a third more extra vacancies in the north west of England, and up to 20% growth in the south west and East Anglia (see *Table 2.8*). The buoyant outlook in the north west is helped in part by a sharp increase in fast-track teaching positions and the expansion of vacancies at two or three of the region's largest employers. Recruitment in London is expected to increase by around 8%, in marked contrast to the static vacancy numbers recorded in 2003.

Measured by job function, vacancies are set to rise most sharply in science, research & development (see *Chart 2.9*), driven mainly by a near doubling of graduate recruitment by one major science & technology company. Other strong growth areas include sales and marketing jobs, parts of engineering, investment banking and consulting positions – all of which are expected to offer a third more vacancies in 2004.

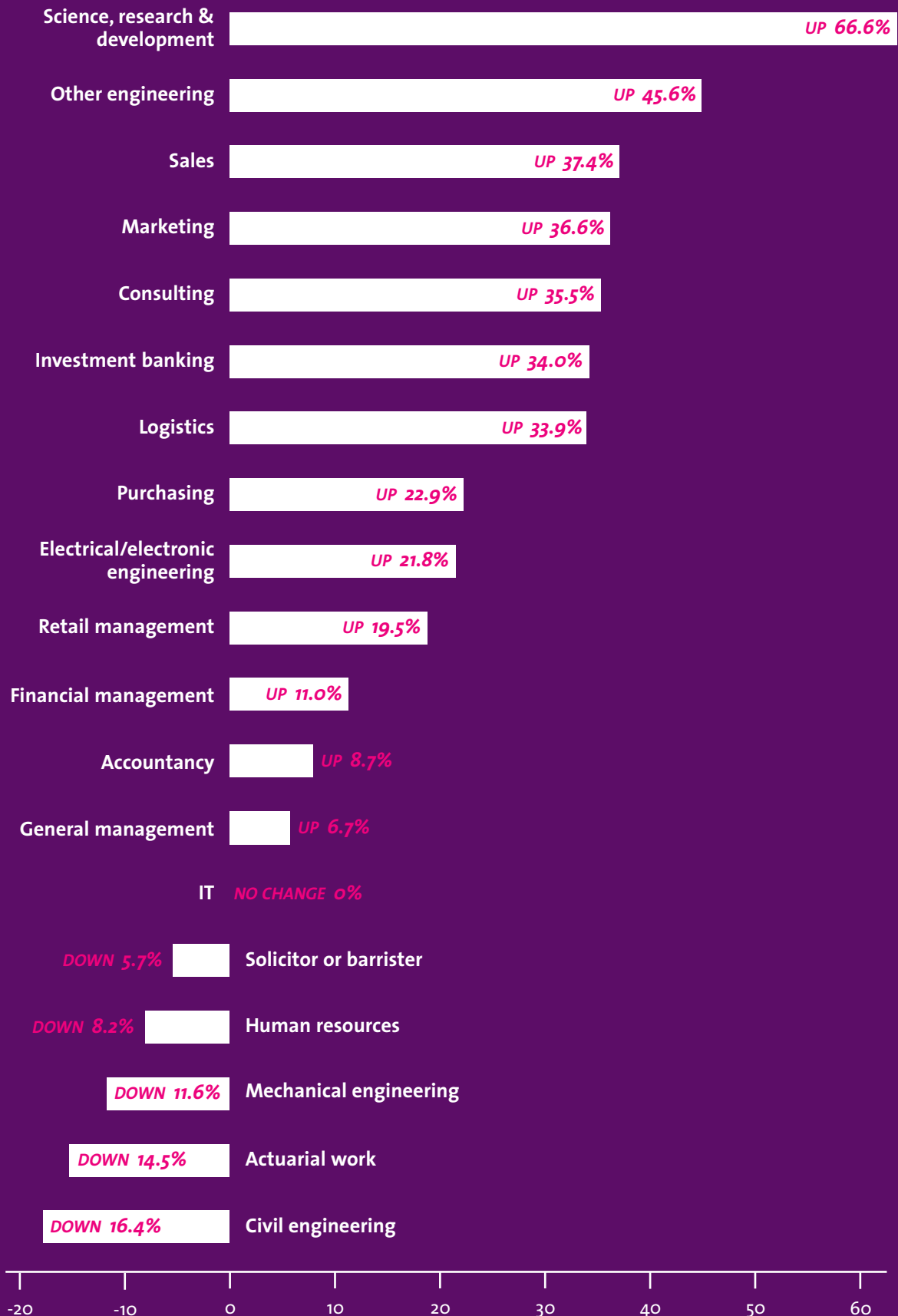
**Table 2.7** Expected changes in vacancies in 2004, by type of organisation

	<i>% change in vacancies</i>
Transport or logistics company	UP 79.5%
IT hardware or software company	UP 55.0%
Investment bank or fund manager	UP 46.9%
Chemical or pharmaceutical company	UP 33.2%
Oil company	UP 20.2%
FMCG company or food manufacturer	UP 15.7%
Consulting firm	UP 12.2%
Retailer	UP 12.0%
Commercial or retail bank	UP 4.2%
Energy, water or utility company	UP 4.2%
Accountancy or professional services firm	UP 3.3%
Public sector	UP 3.1%
Telecommunications company	UP 2.6%
Law firm	UP 0.7%
Engineering or industrial company	DOWN 0.5%
Insurance company	DOWN 7.4%
Construction company	DOWN 13.5%
Media company	-
Motor manufacturer	-

**Table 2.8** Expected changes in vacancies in 2004, by location of vacancies

	<i>% change in vacancies</i>
North West	UP 34.1%
South West	UP 21.4%
East Anglia	UP 16.3%
The Midlands	UP 9.0%
London	UP 7.9%
South East	UP 7.2%
Wales	UP 2.8%
Scotland	UP 0.7%
Yorkshire	DOWN 3.3%
North East	DOWN 16.9%
Northern Ireland	-
Ireland	-
Rest of World	UP 11.4%
Europe	-
USA	-
Asia	-

Chart 2.9 Expected changes in vacancies in 2004, by business function or career area



Expected percentage change in graduate vacancies between 2003 and 2004

Source - High Fliers Research





## Chapter 3

# Graduate Salaries

### Introduction

The second part of the *Winter Review for The AGR Graduate Recruitment Survey 2004* looks at the salaries that employers are planning to pay new graduates starting work later this year, compared with the rates for 2003. Employers were asked to give their *actual* starting salaries paid to graduates recruited into their organisations during the 2002-2003 recruitment season (generally to start work in the autumn of 2003), along with their predicted starting salaries for graduates to be recruited during the current 2003-2004 recruitment year.

Employers were not only asked to provide their national graduate starting salary, but also details of any variation of this rate paid to graduates in different parts of their organisations. This means that graduate starting salary data for AGR employers is now analysed by geographical region and the business function or career area that the graduates are employed within, as well as employer's industry or business sector.

As particularly high or low salaries can distort the average salary levels, the survey uses the 'median' value to compare salary levels. Throughout this section the median value is calculated by taking the 'mid-point' salary for all the actual *vacancies* under consideration, rather than the mid-point of the organisations' salaries. For example, to determine the median salary for five different employers who are offering 25 vacancies between them, the median salary is calculated to be the 13th highest salary (the mid-point) of the 25 individual vacancies, *not* the 3rd highest salary from the five employers.

The results shown throughout this section refer to actual starting salaries paid in 2003 (ie graduates recruited during the 2002-2003 recruitment season who started work in autumn 2003), versus the likely salaries on offer in 2004 (ie graduates recruited during the 2003-2004 round, to start work in autumn 2004).

### Key Findings

Graduate starting salaries are continuing to rise and AGR employers are expecting to pay increases above the 'cost-of-living' for new graduates starting work in 2004:

- Graduate starting salaries are expected to increase by 3.9% in 2004, compared to the salary rates actually paid in 2003. The predicted median graduate starting salary for 2004 is £21,100.
- The highest starting salaries in 2004 are being offered by investment banks, consulting firms, law firms, oil companies, commercial/retail banks, & fast-moving consumer goods companies.
- Regionally, median salaries are expected to be highest in London and the south east of England, with the lowest rates paid in Wales, the north east of England.
- By business functions or career areas within organisations, the highest starting salaries in 2004 are set to be for graduate positions in investment banking, consulting, solicitors or barristers, actuarial work, marketing and IT. The lowest are for positions in retailing and purchasing.
- Just a quarter of employers plan to offer new graduates an initial bonus this year.

## Comparing Graduate Salaries in 2003 & 2004

The survey shows that graduate starting salaries are set to rise again this year. Employers are expecting to pay median salaries of £21,100 to new graduates in 2004, some £800 higher than the median salary paid in 2003. This represents an increase of 3.9% year-on-year, a little lower than the annual rise recorded by *The AGR Graduate Recruitment Survey* in 2003 (see *Chart 3.1*).

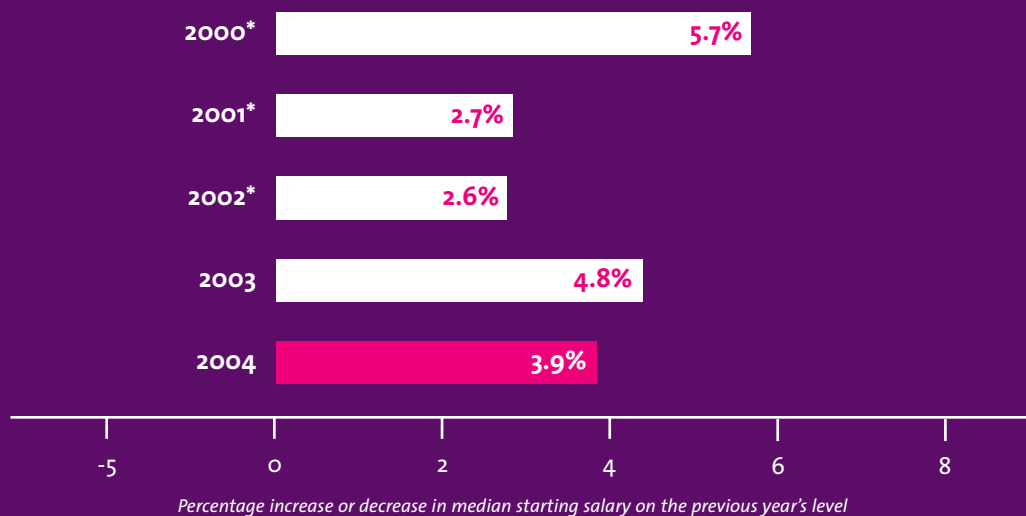
These salary increases are well above the ‘cost-of-living’ rises that were applied in 2001 and 2002, but are a long way from the double-digit salary inflation that was a feature of the graduate recruitment market in the late 1990’s. Graduate starting salaries are now generally much more stable with annual rises of between 2.6% and 5.7% recorded in each of the last six recruitment rounds. At the predicted median level of £21,100, graduate salaries in 2004 continue to outstrip almost all other routes into employment.

There remains considerable variation in the salaries offered by individual employers, as the profile of starting rates paid in 2003 shows (see *Chart 3.2*). At the lower end, two employers reported paying their new graduates less than £15,000, whilst eleven recruiters offered initial salaries of at least £30,000. Although it is important to recognise that these extremes only represent a small number of graduate vacancies – fewer than 10% of the total vacancies in 2003 – these results are a good reminder that the choices graduates make about their first employment could have a profound effect on their potential future earnings. The majority of employers though, who together accounted for two-thirds of vacancies in 2003, paid between £17,500 and £22,500 to new graduates.

The pattern of how salaries are likely to change in 2004 is quite mixed. Over 40% of AGR employers questioned for the survey believed their salaries would remain unchanged from 2003 levels, with a further fifth of recruiters expecting to award no more than a 2.5% ‘cost-of-living’ increase this year (see *Chart 3.3*). Just over a quarter of organisations plan to increase their starting salaries by twice this amount, but as many as one in eight recruiters anticipated paying increases of up to 10% or more. Just one employer believed their starting salaries for graduates would be cut this year.

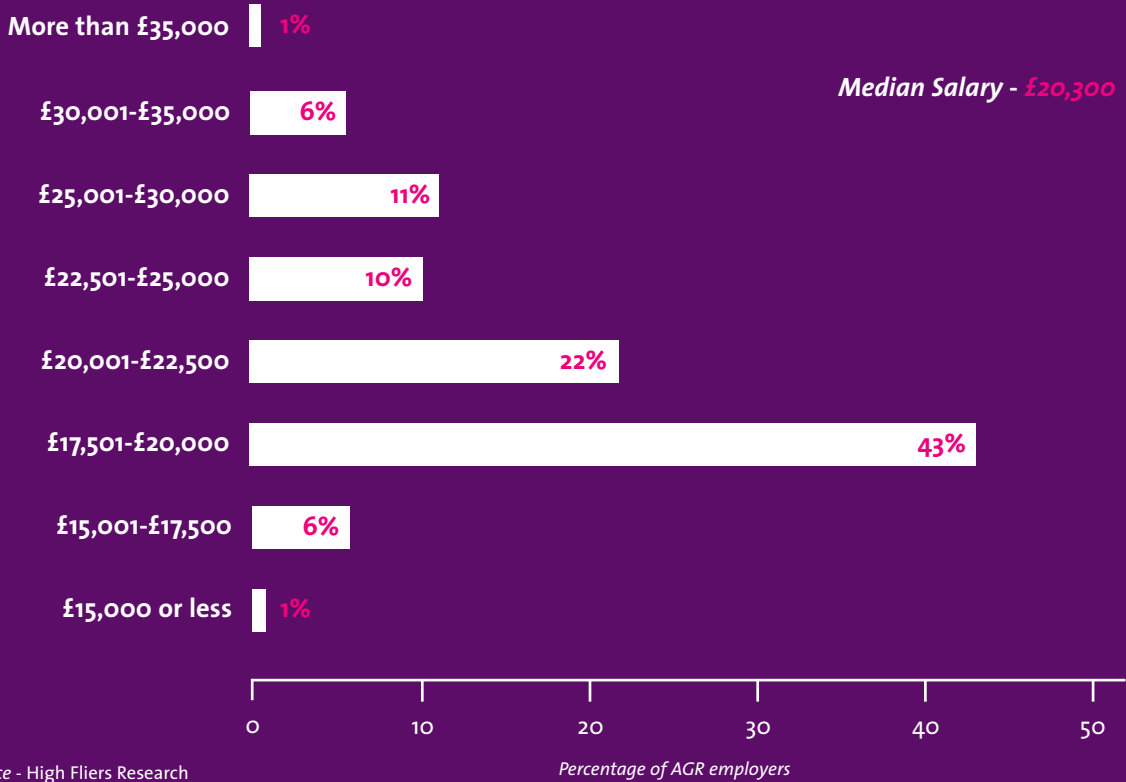
These changes and the increasing vacancy numbers for 2004 suggests that there are likely to be at least an extra 500 graduate jobs with AGR employers paying £30,000 or more to new recruits and that three-quarters of all graduate positions are set to pay starting salaries of at least £20,000.

**Chart 3.1 How median graduate starting salaries at AGR employers have changed 2000-2004**

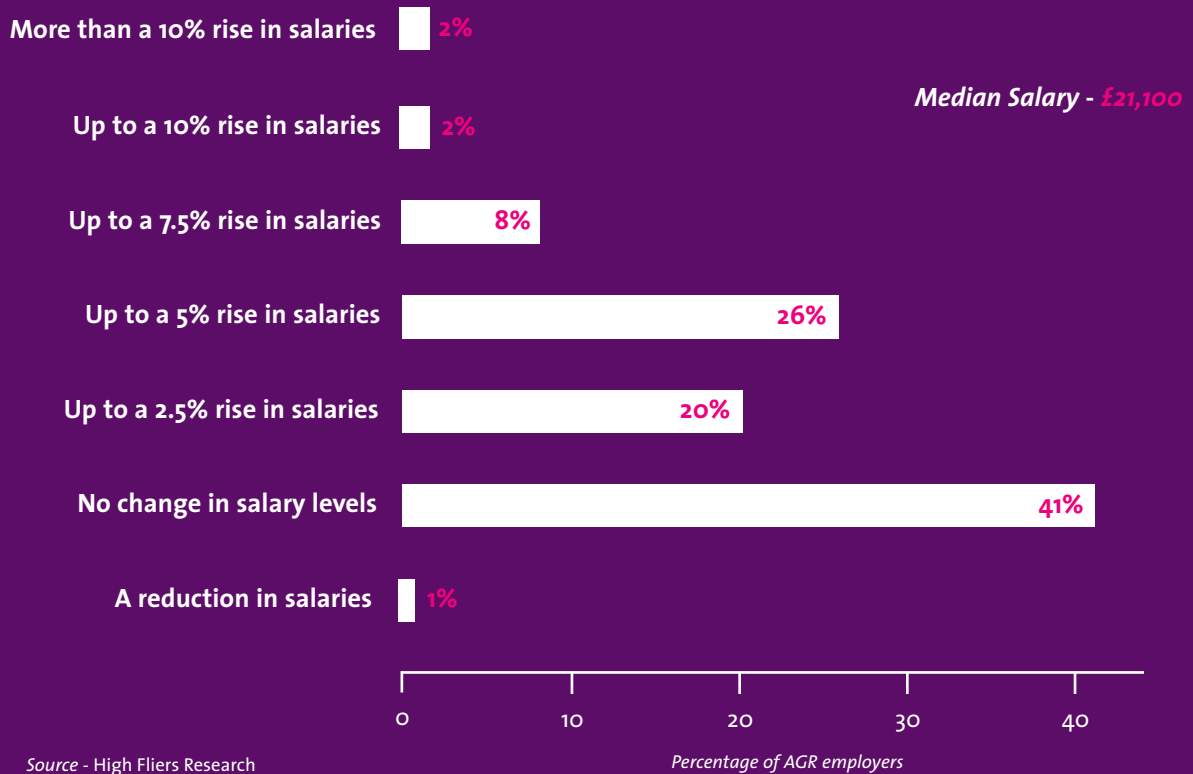


Source - High Fliers Research, \*Institute of Employment Studies

**Chart 3.2 Graduate starting salaries at AGR employers in 2003**



**Chart 3.3 How AGR employers' expect their graduate salary levels to change in 2004**



## Profiling Graduate Salaries in 2003

Starting salaries paid to graduates by AGR employers are measured in three different ways – by the employer’s industry or business sector, the geographical location of the vacancies, or the business function or career area of the vacancies.

The highest-paying AGR employers in 2003 were investment banks or fund managers, consulting firms, law firms and oil companies (see *Chart 3.4*). The median salaries at these kinds of organisations ranged from £25,000 to £35,000. Fast-moving consumer goods companies, chemical or pharmaceutical companies, and commercial or retail banks also paid above-average salaries, generally at least £2,000 more than the median salary for 2003. The lowest salaries recorded were for engineering or industrial companies, construction companies, and retailers. There were too few vacancies in media companies or motor manufacturers to produce meaningful salary figures.

Regionally, there were very noticeable variations in the salary levels paid in different parts of the UK (see *Table 3.5*). London offered graduates the highest median rate of £24,000, although this does include any London weightings or allowances that employers provided. Salaries in the south east of England were also above-average, but rates paid elsewhere in the UK were generally below the median national salary of £20,300. Positions in Yorkshire, the north east of England, Wales and Scotland were the lowest paid but there weren’t enough graduate vacancies in Northern Ireland, Ireland, Europe, USA or Asia to calculate accurate median starting salaries.

When measured by individual business functions and career areas (see *Table 3.6*) the highest starting salaries in 2003 were for graduate positions in investment banking, consulting, and solicitor or barristers where employers paid premiums of between £7,500 and £15,000 above the median salary for 2003. The lowest salaries reported were in purchasing, science, research & development, and retailing.

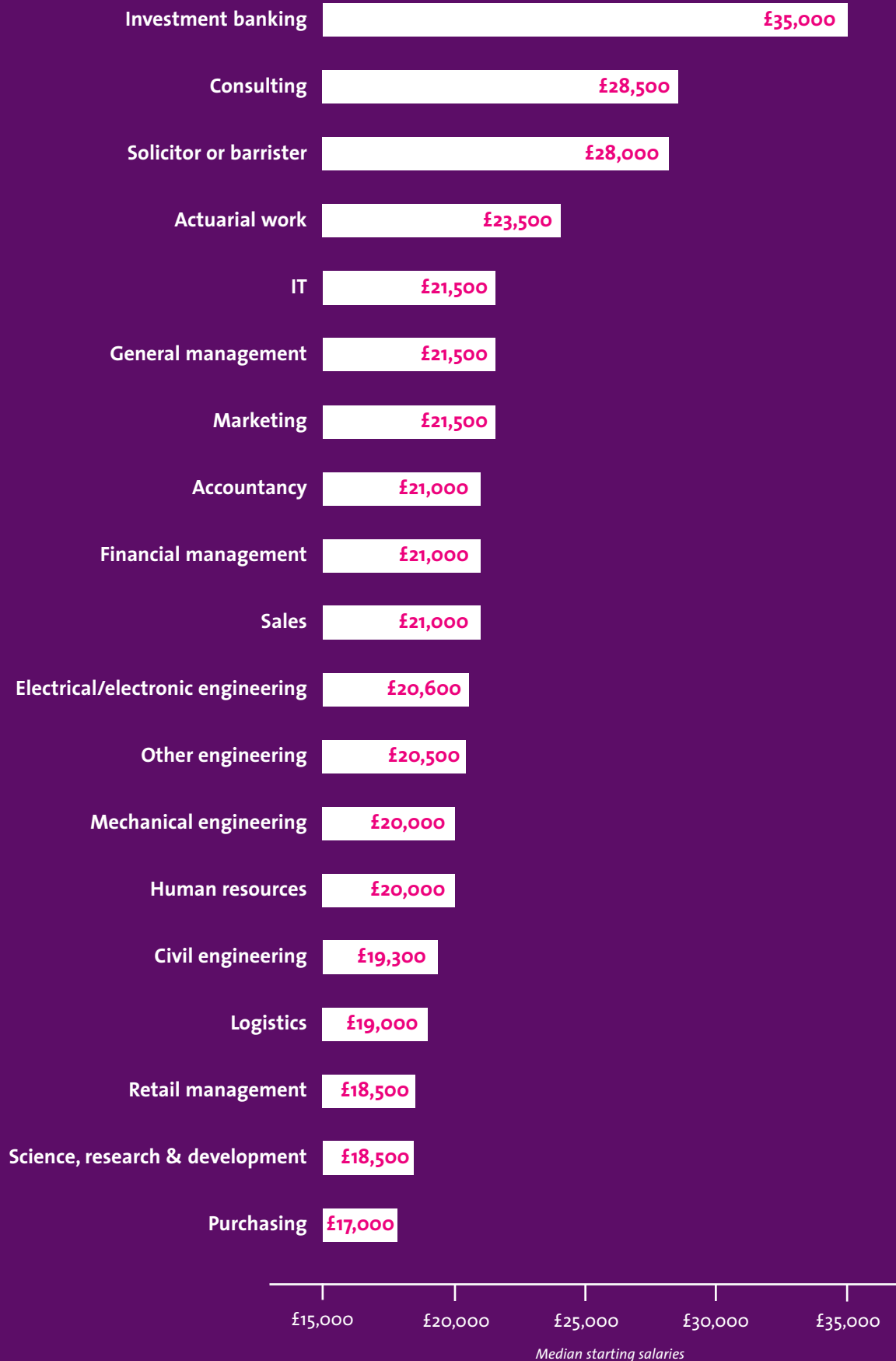
**Table 3.4 Median starting salaries by type of organisation in 2003**

	<i>Median Graduate Starting Salaries</i>
Investment bank or fund manager	£35,000
Consulting firm	£28,500
Law firm	£28,000
Oil company	£25,700
FMCG company or food manufacturer	£22,500
Chemical or pharmaceutical company	£22,000
Commercial or retail bank	£22,000
Telecommunications company	£21,500
IT hardware or software company	£20,000
Energy, water or utility company	£20,000
Public sector	£20,000
Accountancy or professional services firm	£19,800
Insurance company	£19,700
Transport or logistics company	£19,500
Engineering or industrial company	£19,300
Construction company	£19,000
Retailer	£18,000
Media company	-
Motor manufacturer	-

**Table 3.5 Median starting salaries by location of vacancies in 2003**

	<i>Median Graduate Starting Salaries</i>
London	£24,000
South East	£21,000
East Anglia	£19,300
South West	£19,100
North West	£19,000
The Midlands	£19,000
Wales	£18,500
Scotland	£18,500
North East	£18,500
Yorkshire	£18,500
Northern Ireland	-
Ireland	-
Elsewhere in the world	£15,000
Europe	-
USA	-
Asia	-

Chart 3.6 Median graduate starting salaries by business function or career area in 2003



Source - High Fliers Research

## Expected Changes in Graduate Salaries in 2004

The general predicted increase in median graduate starting salaries from 2003 rates is reflected by similar changes in salary levels within many of the larger industries and business sectors.

Salaries in eleven industries or sectors are expecting year-on-year rises, with the biggest increases predicted at commercial or retail banks, accountancy firms, retailers, the public sector and engineering or industrial companies (see *Chart 3.7*). As these types of organisations are all amongst the biggest recruiters of graduates, rises in their salary levels can be very significant.

AGR employers in six industries and sectors are not expecting increases to their median graduate salaries in 2004. Three of these – consulting firms, investment banks or fund managers, and law firms – have now left their starting salaries unchanged for three consecutive recruitment seasons. This means that although they do still pay very generous graduate packages, the differential from other recruiters' salaries is reducing.

By region, salaries for new graduates are expected to rise in all parts of the UK in 2004, except the south east of England (see *Table 3.8*). The strongest salary growth is likely to be in London, fuelled mainly by additional vacancies in the banking and consulting sectors, and in Yorkshire, Scotland and the Midlands. Despite the sharp increase in graduate vacancies predicted for the north west of England, salaries there are expected to rise by a below-average 2.6%.

Within different job functions, graduates starting work in 2004 in areas such as financial management, retail management and general management can expect initial salaries to increase by around 3% (see *Table 3.9*). Those working in more specialist areas such as logistics, purchasing or human resources could see like-for-like salary increases of up to 5%, compared with 2003 rates.

**Table 3.7** Expected changes to salaries in 2004, by type of organisation

	% change in median starting salaries
Commercial or retail bank	UP 9.1%
Accountancy or professional services firm	UP 6.1%
Retailer	UP 5.6%
Public sector	UP 5.0%
Engineering or industrial company	UP 3.6%
Transport or logistics company	UP 2.6%
FMCG company or food manufacturer	UP 2.2%
Chemical or pharmaceutical company	UP 1.8%
Insurance company	UP 1.5%
Energy, water or utility company	UP 1.5%
Oil company	UP 1.2%
Construction company	NO CHANGE
IT hardware or software company	NO CHANGE
Telecommunications company	NO CHANGE
Consulting firm	NO CHANGE
Law firm	NO CHANGE
Investment bank or fund manager	NO CHANGE
Motor manufacturer	-
Media company	-

**Table 3.8** Expected changes to salaries in 2004, by location of vacancies

	% change in median starting salaries
London	UP 11.3%
Yorkshire	UP 8.1%
Scotland	UP 8.1%
The Midlands	UP 5.3%
South West	UP 3.1%
North East	UP 2.7%
Wales	UP 2.7%
North West	UP 2.6%
East Anglia	UP 2.1%
South East	NO CHANGE
Northern Ireland	-
Ireland	-
Rest of the World	NO CHANGE
Europe	-
USA	-
Asia	-

Chart 3.9 Expected changes to median salaries in 2004, by business function or career area



Expected percentage change in median starting salaries between 2003 and 2004

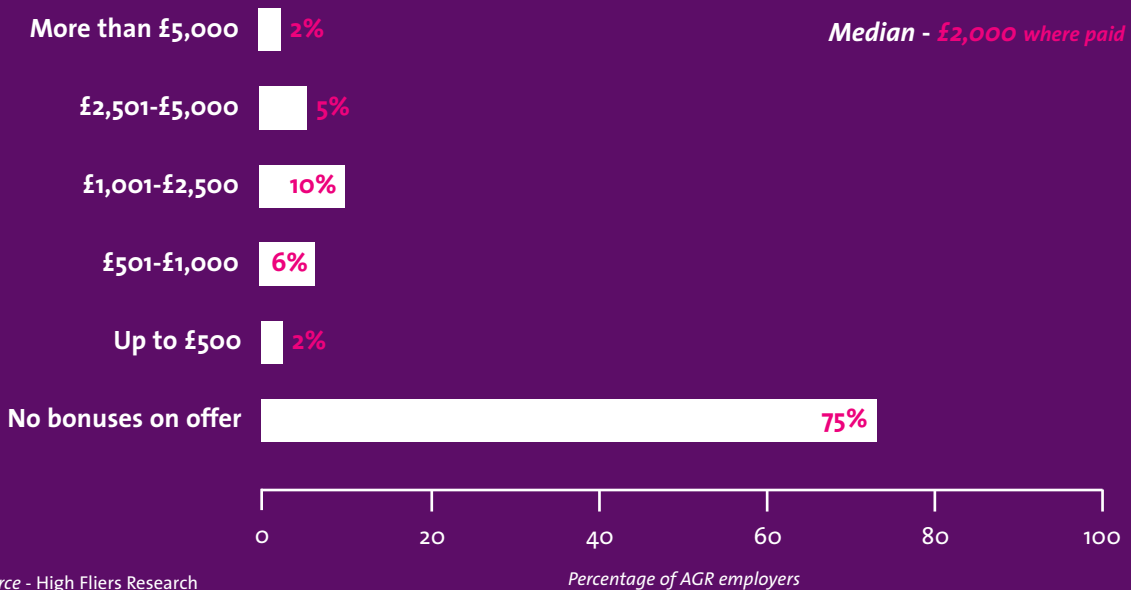
Source - High Fliers Research

## Initial Bonuses for Graduates in 2004

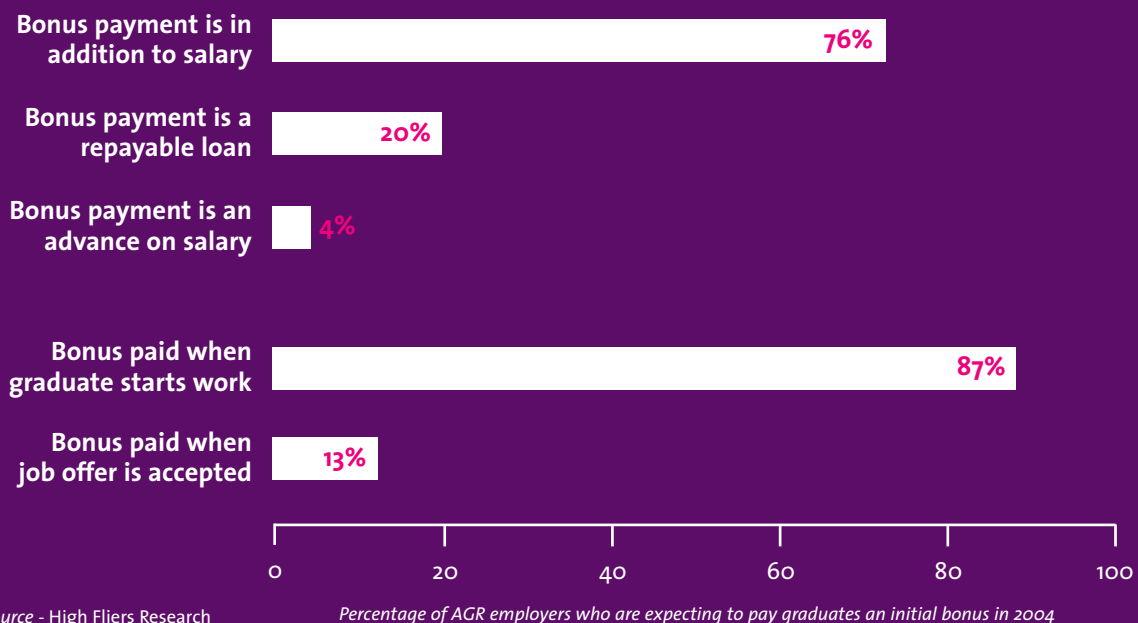
Although the starting salaries for new graduates seem set to increase in 2004, fewer AGR employers are planning to pay initial bonuses to recruits. The survey found that just 25% of organisations are offering any form of bonuses this year, compared with 32% who made payments in 2003 (see *Chart 3.10*). The median amount for bonuses has risen though, from £1,500 in 2003 to £2,000 in 2004.

The majority of employers who are offering bonuses this year are planning to pay the bonus in addition to the basic salary, rather than as a loan or an advance (see *Chart 3.11*). Almost all employers were expecting to pay their bonuses when graduates actually started work, rather than when they accepted the job offer.

**Chart 3.10 Initial bonuses that AGR employers expect to offer new graduates in 2004**



**Chart 3.11 How & when initial bonuses for graduates will be paid by AGR employers in 2004**





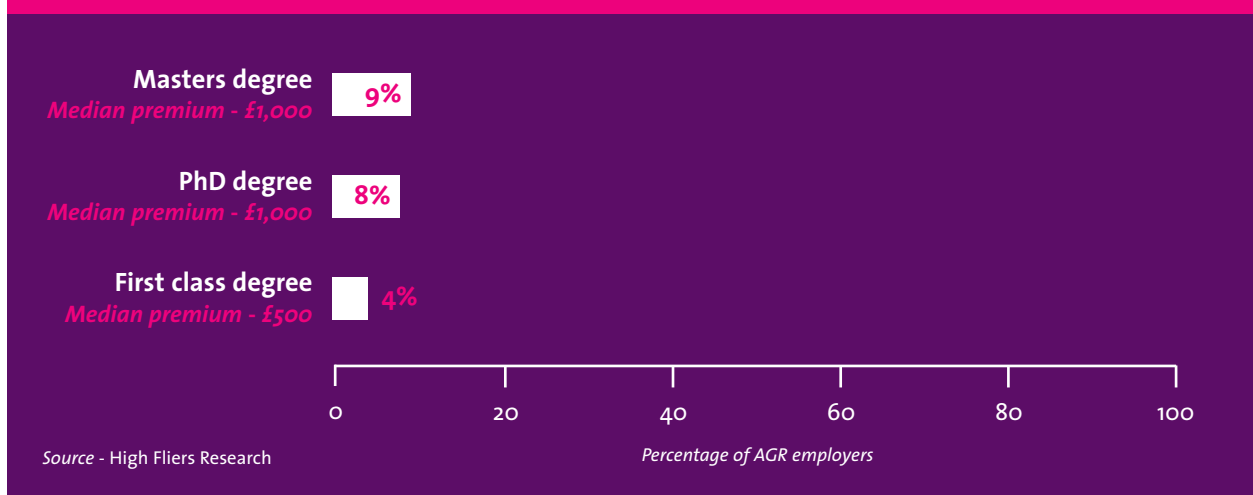
## Education Premiums & Other Remuneration for Graduates in 2004

Finally, many employers offer new recruits a range of other incentives in their graduate packages such as ‘education premiums’ for additional qualifications or better exam results, or non-financial benefits such as study leave or use of company sports facilities.

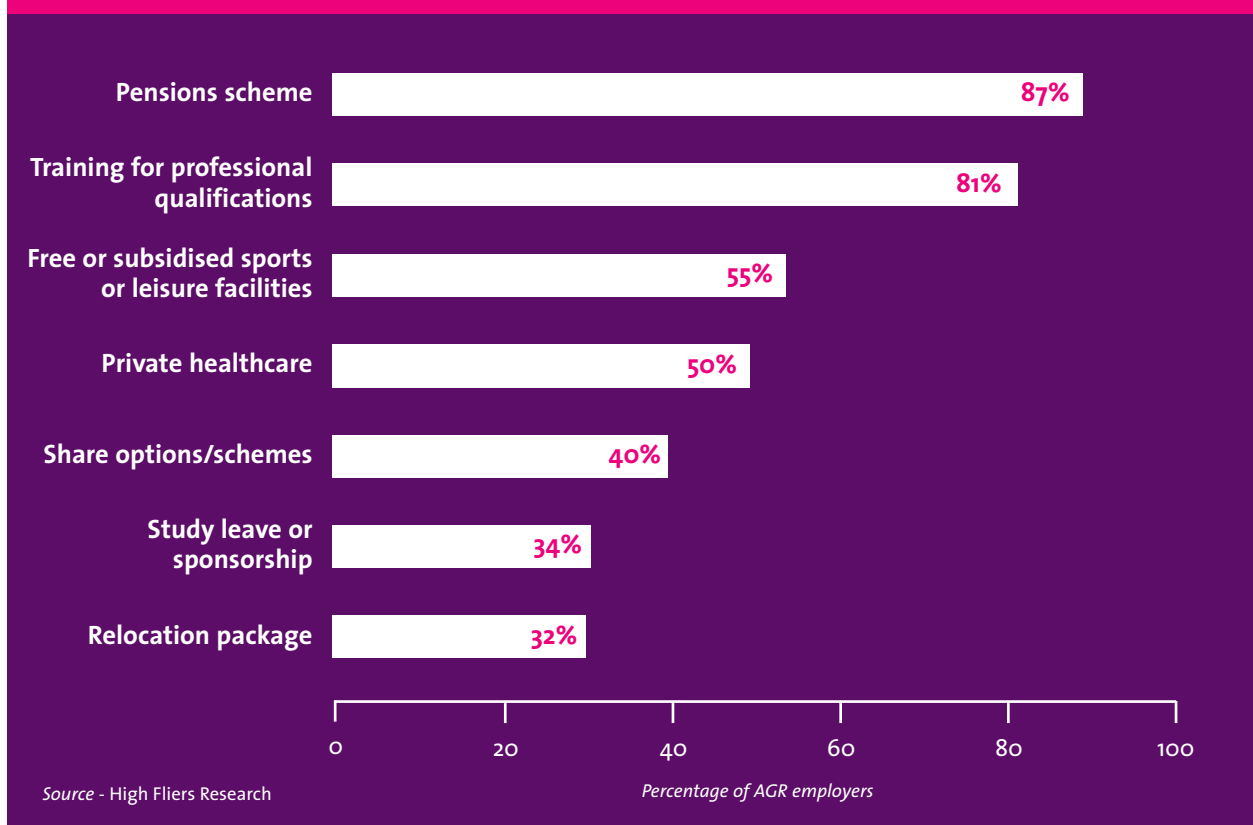
The survey found that fewer than one in ten AGR employers are planning to pay higher salaries this year for a candidate holding a postgraduate qualification such as a Masters degree or a PhD, with those who did offering a premium of £1,000 extra (see *Chart 3.12*). Just eight recruiters stated that they would make additional payments for graduates who achieved a first-class degree.

The most widely-offered other incentives for new graduates (see *Chart 3.13*) were pension schemes, training for professional qualifications, subsidised sports facilities and private healthcare – all of which are being offered by at least half of AGR employers in 2004.

**Chart 3.12 Education premiums that AGR employers expect to pay new graduates in 2004**



**Chart 3.13 Other benefits that AGR employers expect to offer new graduates in 2004**





## Chapter 4

# Graduate Recruitment Marketing

### Introduction

The last part of *The AGR Graduate Recruitment Survey 2004* explores how AGR employers use their marketing budgets to promote their graduate vacancies and encourage applications from final year students and recent graduates.

The survey asked employers about their spending on six key graduate recruitment promotions during the current 2003-4 recruitment season (referred to as '2004'), compared with spending in the previous year 2002-3 (described as '2003' throughout). The six areas were employers' own graduate recruitment brochures, their own graduate recruitment websites, graduate recruitment advertising, online graduate recruitment promotions, attending graduate careers fairs, and on-campus presentations. The survey also checked which individual activities within each of these promotions recruiters had invested in during their promotional campaigns.

Although over 150 AGR employers' did provide comprehensive responses to these questions, the remaining recruiters were either unable to provide data about their marketing activities or were not prepared to divulge information about their organisations. Despite these limitations, the results do provide a full account of the marketing spend that AGR employers declared for each activity, a notional 'total spend' per recruiter in 2004 and 2003, and an estimate of the median 'cost per graduate vacancy' for graduate recruitment marketing. It also provides a basic analysis of how the combined spending of the combined AGR membership is used on different marketing activities.

The survey uses the 'median' value to compare different spending levels and throughout this section the median value is calculated by taking the 'mid-point' spending for the employers being considered. For example, to determine the median spending for 25 employers who used a promotion, the median spending is calculated to be the 13th highest spend (the mid-point) of the 25 individual budgets.

### Key Findings

AGR employers' spending on graduate recruitment marketing activities have been profiled for 2003-2004 and 2002-2003 recruitment seasons:

- AGR employers spent a median amount of £15,000 in 2004 on their individual graduate recruitment brochures, with a further £12,000 for their graduate recruitment website.
- Graduate recruitment advertising in careers publications and other paper-based titles accounted for a median of £17,000 in 2004. A median of £9,000 was spent on online promotions such as commercial recruitment websites and email services.
- Recruiters who attended graduate careers fairs and on-campus presentations spent medians of £7,500 and £4,000 respectively.
- Employers' total spend on graduate recruitment marketing in 2004 was a median of £48,000, down 10.3% on budgets in 2003.
- The median 'marketing spend per graduate vacancy' was £1,500 in 2004.

## Spending on Brochures & Websites

The survey shows that for many graduate recruiters, having a recruitment brochure remains a major expense. The median spend on brochures in 2004 is £15,000, unchanged from 2003, but the range of different budgets available for producing graduate literature was considerable (see *Chart 4.1*). Nine AGR employers recorded spending at least £50,000 on their brochures in 2004, and yet more than a quarter of recruiters questioned managed to publish their organisation's material with budgets of £5,000 or less.

A similar pattern emerges for the costs associated with employers' individual websites. The median spending by recruiters on websites is £12,000, up £2,000 from 2003 but again there were very major differences between individual organisations (see *Chart 4.2*). Half of all AGR recruiters spent less than £10,000 on their individual website, but five employers invested £75,000 or more on their site during the year.

It is interesting to note that in this year's survey rather fewer employers reported spending the very highest amounts on their brochures and websites than did so 12 months ago, although this has had little or no effect on the median values recorded.

## Spending on Advertising & Online Promotions

It is clear that conventional advertising still plays an important part in graduate recruitment marketing as the median sum spent by employers on adverts in 2004 is £17,000, the highest amount of any the six promotions categories examined (see *Chart 4.3* overleaf). This is unchanged from the median spend recorded in 2003. It is also clear that virtually all the AGR employers who provided details of their marketing activities had advertised in one or more media during their campaigns.

The advertising was spread between careers directories (such as *Prospects Directory*, *The Times Top 100 Graduate Employers*, the *Hobsons Directory 2004* etc), careers sector guides (such as the GTI *Target* series), careers periodicals (such as *Real World* magazine), trade journals, national newspapers and local publications (such as student newspapers, careers service guides etc).

Online promotions have continued to grow in importance in 2004, with the median spend now £9,000, up £2,000 on 2003 levels and nearly a third higher than the amounts spent by employers in 2002 (see *Chart 4.4* overleaf). These promotions include commercial websites (such as *Monster*, *Prospects*, *DoctorJob* etc), university websites, and email services (such as *Milkround Online*, *TargetedGrad* etc).

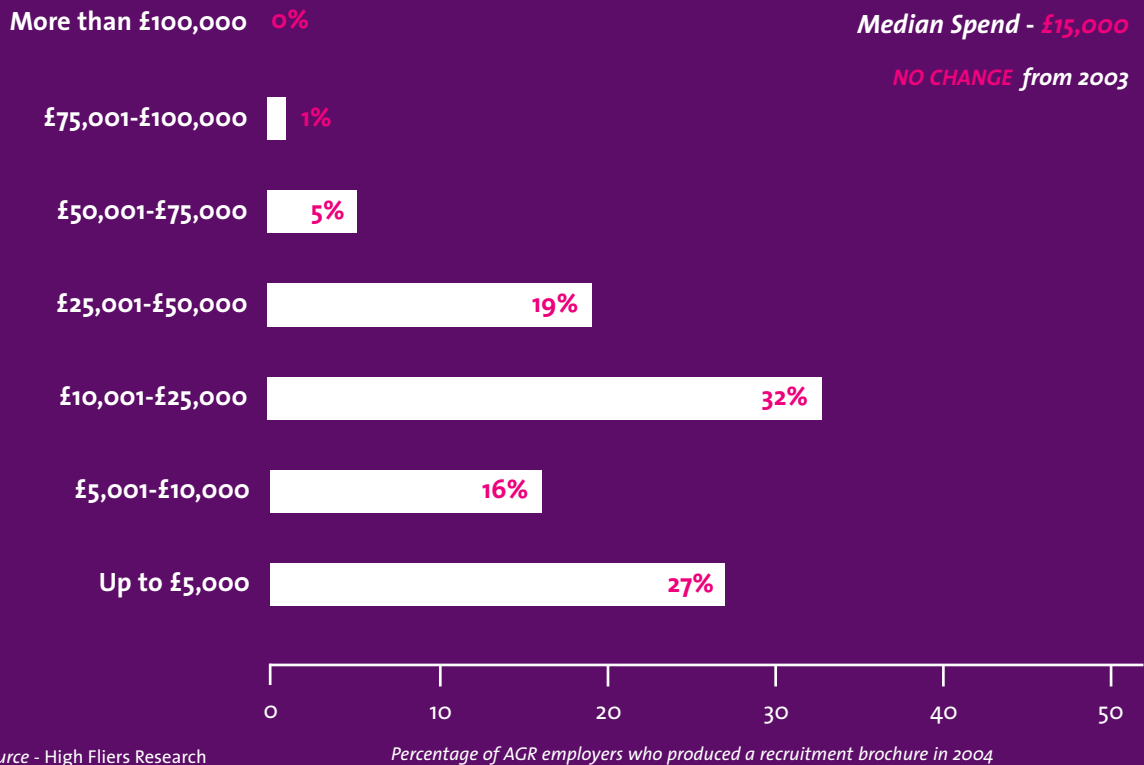
## Spending on Careers Fairs & On-Campus Presentations

Fewer AGR employers took part in campus events such as careers fairs, employer presentations, skills training evenings or business games, but those who did run a programme of university recruitment events often invested significant proportions of their marketing budgets on these 'student-facing' activities (see *Charts 4.5 & 4.6* overleaf). The median spend for careers fairs in 2004 is £7,500 (down £500 on 2003 levels) and presentations was £4,000 (down £1,000 on 2003).

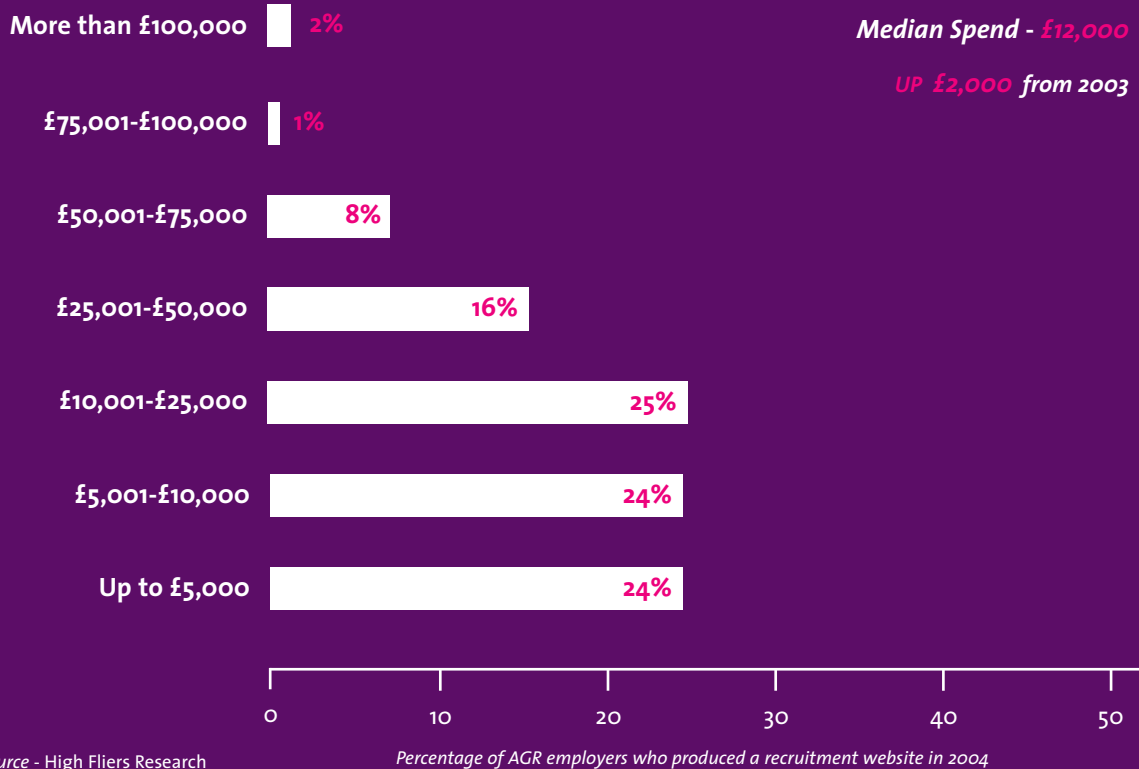
The fluctuation in spending between different recruiters is largely down to the type of events they held and the number of universities they included in their campus campaigns. For example, the cost of attending single university careers fair is generally just a few hundred pounds, whilst a stand at a regional or national fair can run to several thousand pounds.

Equally, an employer can often hold an informal departmental presentation or post-lecture talk for little or no cost, or instead choose to hire a major city-centre hotel with all its associated hospitality expenses. As a result, the budgets for university presentations ranged from just £30 per event to the breathtaking £15,000 per presentation spent by two employers. The median spend per presentation recorded by AGR employers for 2004 was £500.

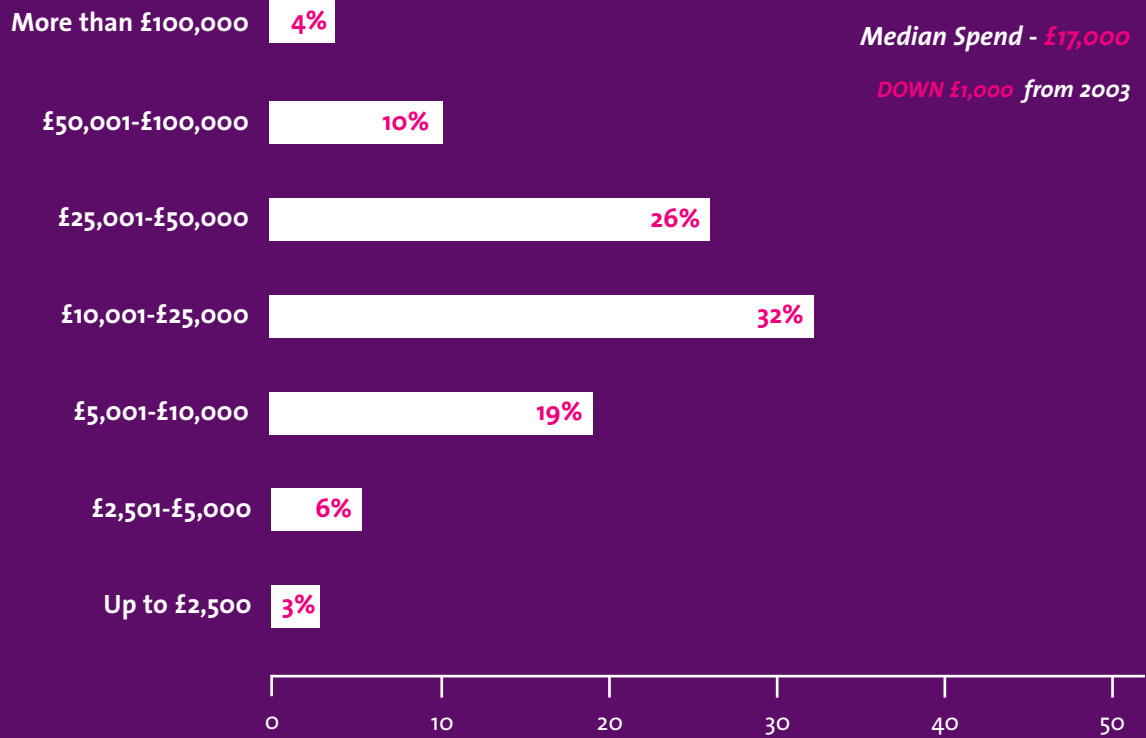
**Chart 4.1 AGR employers' spending on their graduate recruitment brochures in 2004**



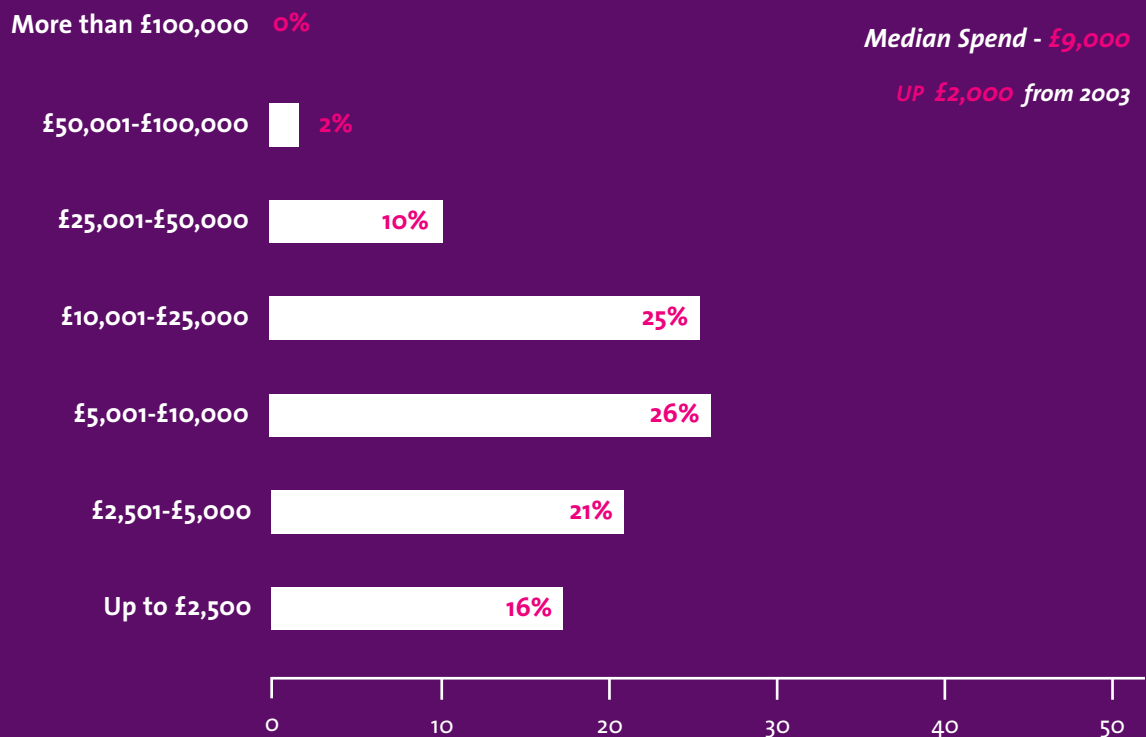
**Chart 4.2 AGR employers' spending on their graduate recruitment websites in 2004**



**Chart 4.3 AGR employers' spending on graduate recruitment advertising in 2004**



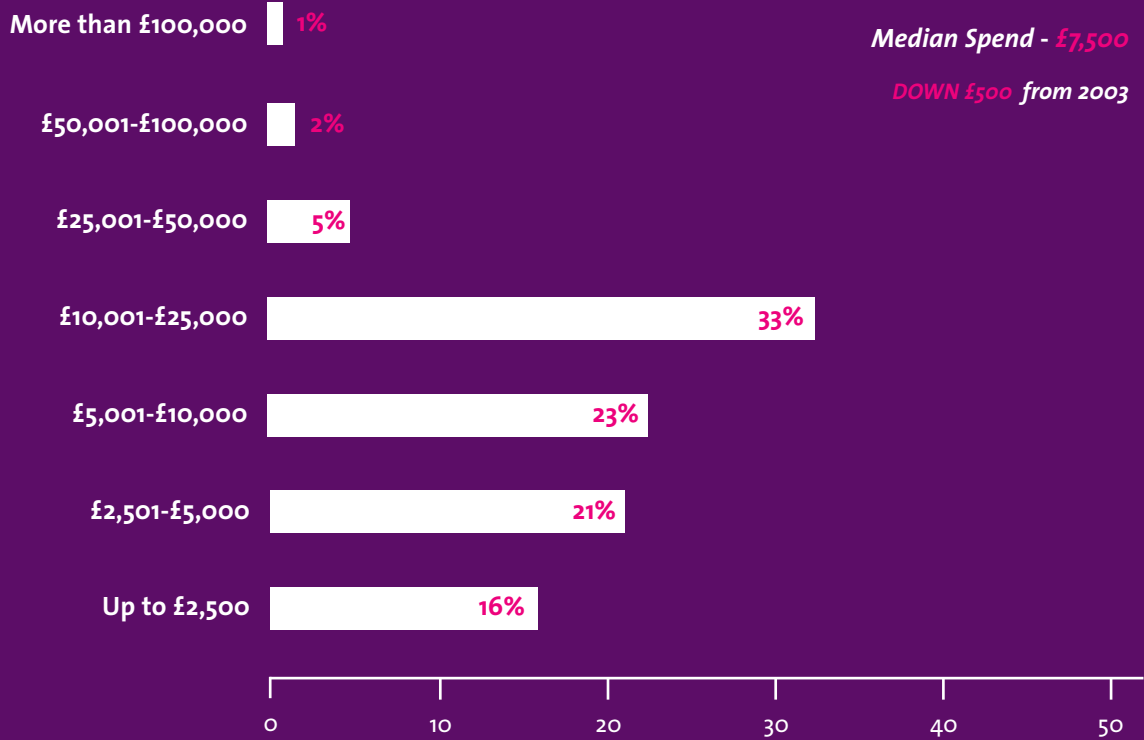
**Chart 4.4 AGR employers' spending on graduate recruitment promotions online in 2004**



Source - High Fliers Research

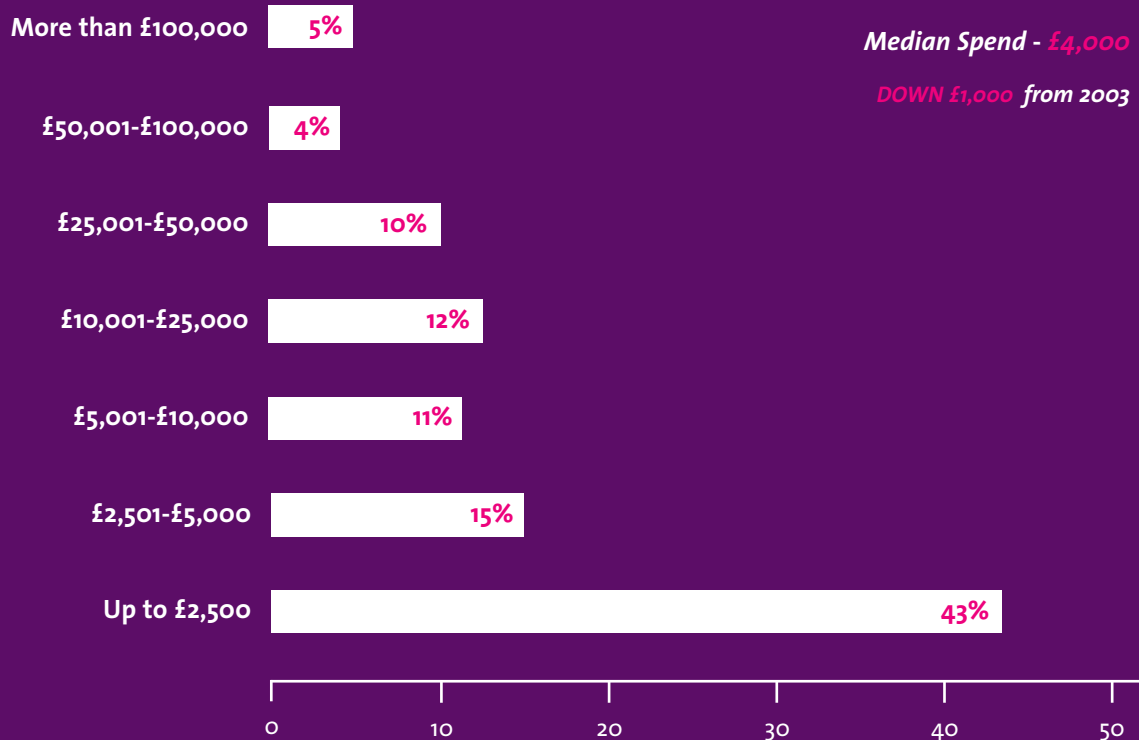
Percentage of AGR employers who used graduate recruitment advertising in 2004

**Chart 4.5 AGR employers' spending on attending graduate careers fairs in 2004**



Source - High Fliers Research

**Chart 4.6 AGR employers' spending on holding their own campus presentations in 2003**



Source - High Fliers Research

## Combined Spending on Different Promotions

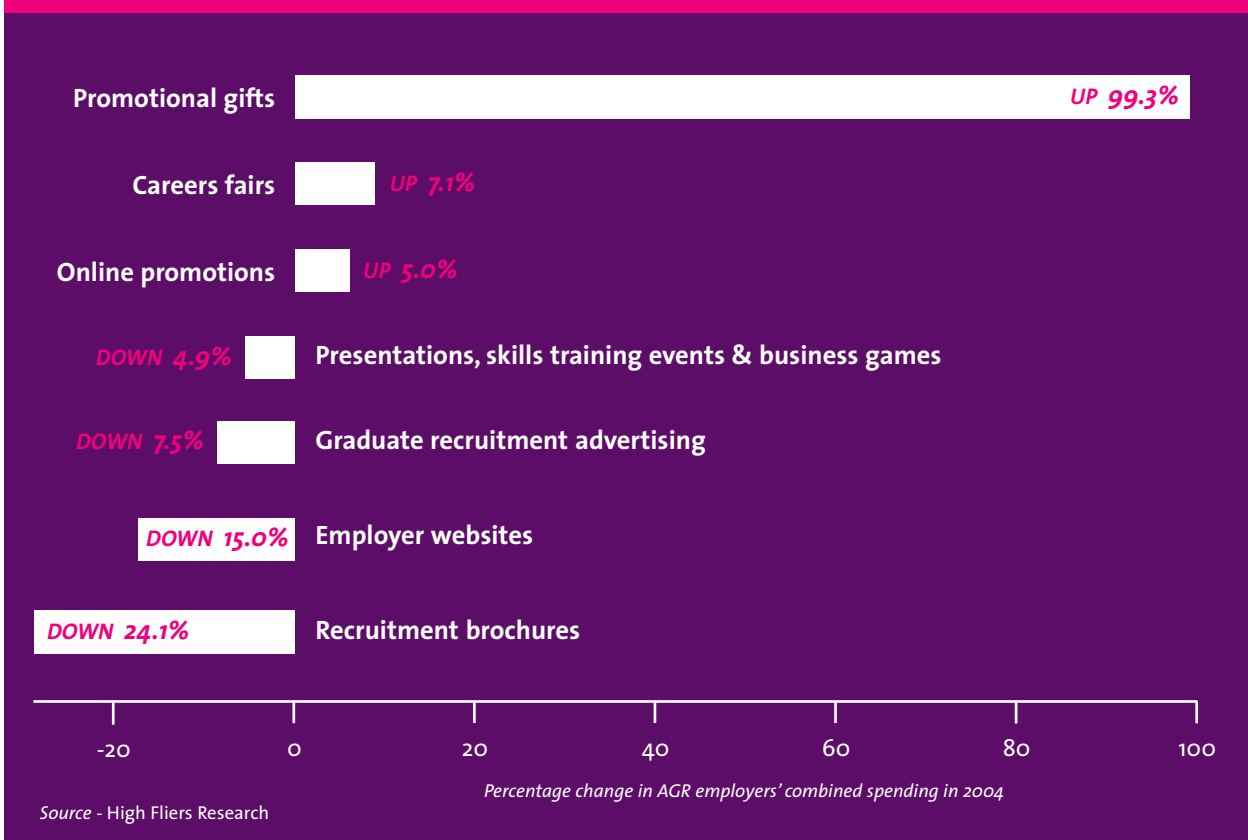
In all, 156 AGR employers were able to provide data for the survey about their graduate recruitment marketing spending in 2003 and 2004. When the total amounts that these organisations spent is analysed, a picture emerges of the cost and significance of the many different promotions used during the graduate recruitment round (see *Chart 4.8*).

Collectively, these AGR employers spent £12.8 million on their recruitment marketing in 2004. Of this, £4.2m was spent on employers’ own websites and their recruitment brochures, a further £3.7m went on advertising, £1.5m for online promotions and £2.8m was allocated to careers fairs and presentations. The national careers directories (such as *Prospects* directory, the *Hobsons Directory 2004* etc) and career sector guides (such as the *GTI Target* series etc) took the largest portion of employers’ spending on advertising. Recruiters together spent considerably more on campus presentations than they did on university careers fairs in 2004, but invested just 2.2% of their collective funds in skills training events & business games.

Overall, this combined spending is lower than in 2003, when the same employers together reported costs of £13.8 million for their graduate promotions. The main changes in spending have been that budgets for online promotions have increased slightly, whilst the combined amount spent on recruitment advertising has declined a little (see *Chart 4.7*), although the spend with national newspapers has increased by 10% year-on-year.

There has been a noticeable drop in the combined spending on employers’ websites and recruitment brochures, amounting to a combined saving for recruiters of more than £1 million in 2004. In terms of events, spending increased sharply on university careers fairs and regional fairs, but dropped by more than 10% on national careers fairs. This perhaps goes some way to explaining the doubling of spending on promotional gifts, the tide of ‘corporate freebies’ which are given away to students & graduates at fairs and presentations. AGR employers’ combined spending on these items rose from £280,000 in 2003 to an impressive £560,000 in 2004.

**Chart 4.7 How AGR employers’ combined spending on different promotions changed in 2004**





**Chart 4.8 Proportion of AGR employers' combined spending on different promotions in 2004**



Source - High Fliers Research

Percentage of AGR employers' combined spending on graduate recruitment promotions in 2004

## Total Marketing Spending in 2004

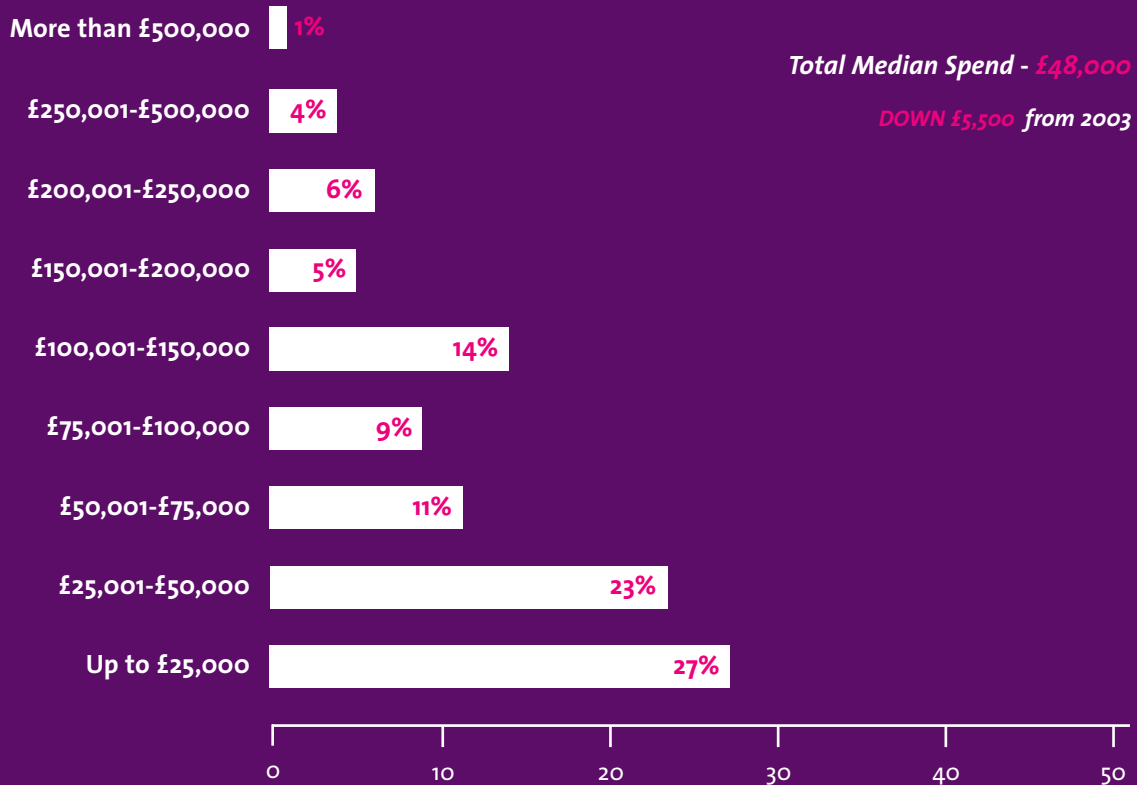
Finally, to complete the analysis of AGR employers' spending on marketing, the survey calculated each recruiter's overall budget for promotional activities. With such a wide variation in the scale of graduate recruitment between organisations, it is unrealistic to attempt to provide an absolute 'benchmark' figure for total spending on marketing. However, it is possible to show the range of spending by AGR employers for their graduate marketing campaigns during 2004, and the comparative data from 2003.

For each individual organisation, the total marketing spend is calculated from the declared spending on their graduate recruitment brochure, website, advertising, online promotions, careers fairs, presentations and any promotional gifts. It does not take account of any staff costs or departmental overheads. Nor does it include any other promotions that employers may have run during their recruitment round outside of the key areas listed.

The median total spending level for graduate recruitment marketing by AGR employers is £48,000 in 2004, down from £53,500 in 2003 (see *Chart 4.9*). This includes over a quarter of recruiters who managed to conduct their entire graduate marketing with £25,000 or less and eight employers who spent in excess of ten times this amount.

By analysing these results to take into account the number of vacancies that employers are recruiting for, it is possible to determine an indication of the 'marketing spend per vacancy' levels for each employer (see *Chart 4.10*). This shows a huge variation between recruiters, from just a few hundred pounds per graduate to well over £5,000 for each vacancy. The median spend for 2004 is £1,500, down £100 on 2003. Comparing these median spending levels for different industries or business sectors, it is apparent that there are wide variations in the budgets available and strategies employed by different recruiters (see *Chart 4.11*). The highest costs reported are for FMCG companies, energy water or utility companies, law firms, IT companies and investment banks or fund managers. The lowest 'spend per vacancy' is at the accountancy firms, where larger graduate numbers help reduce the median spend.

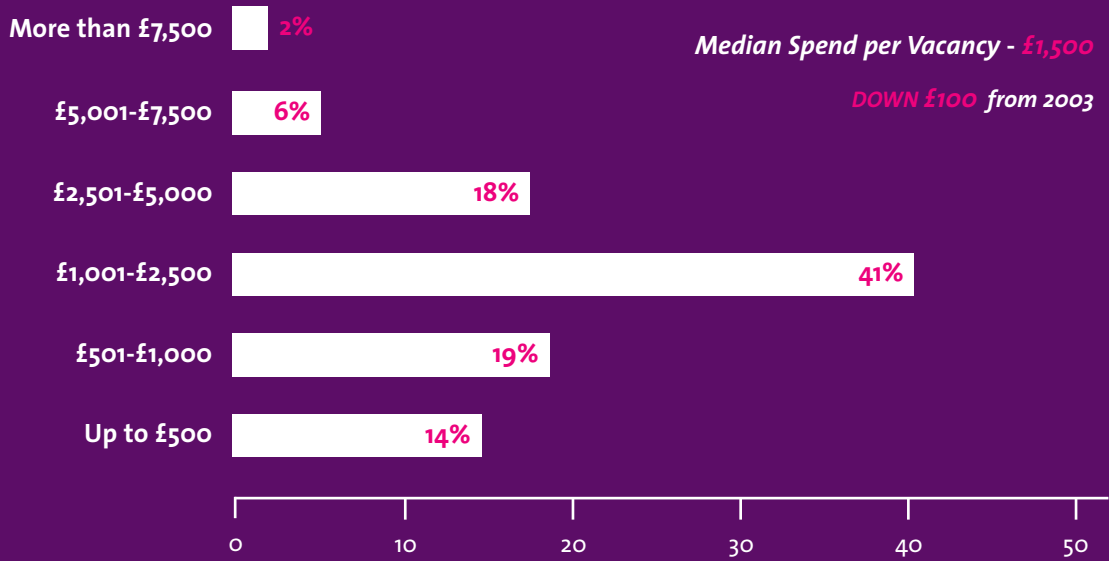
**Chart 4.9 AGR employers' total spending on graduate recruitment marketing in 2004**



Source - High Fliers Research

Percentage of AGR employers who provided information about their spending in 2004 & 2003

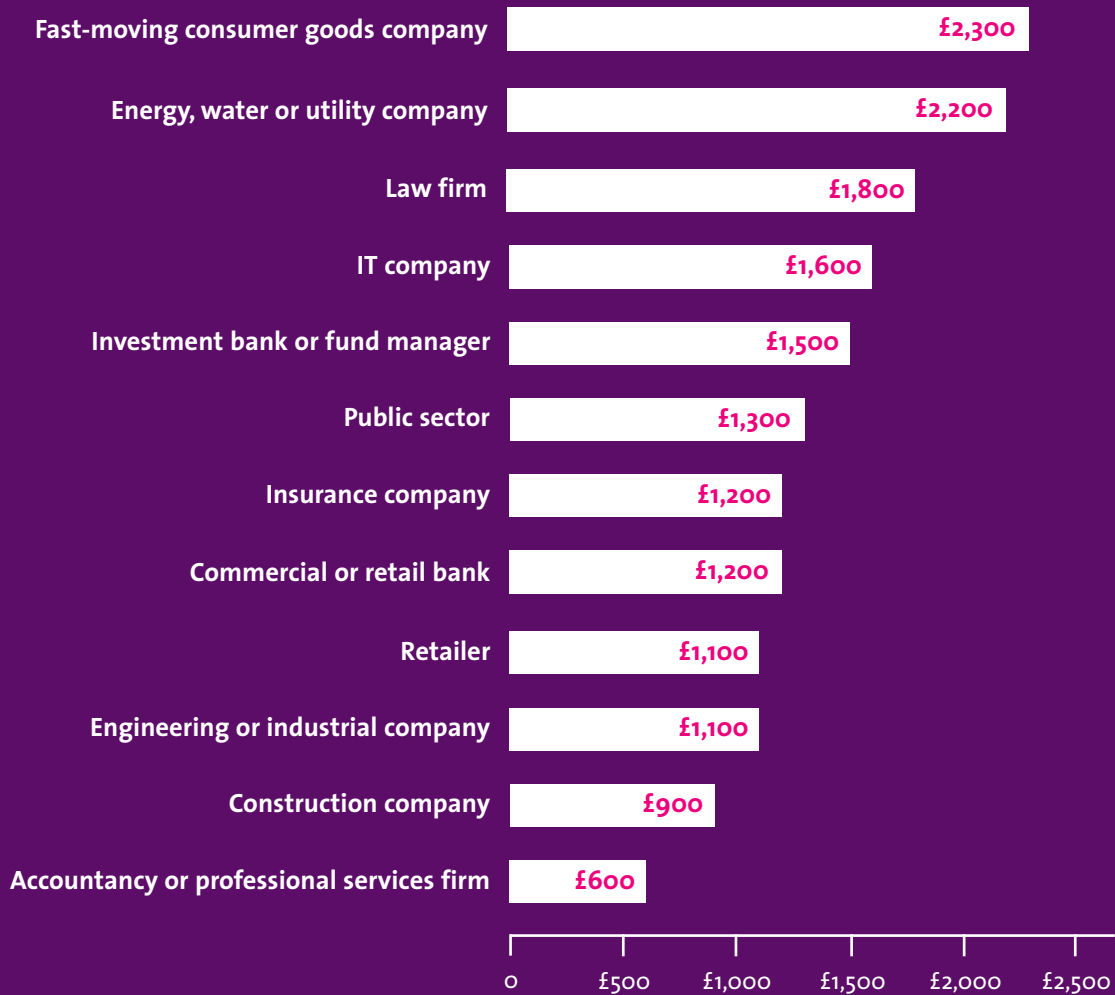
Chart 4.10 AGR employers' spending per vacancy on graduate recruitment marketing in 2004



Source - High Fliers Research

Percentage of AGR employers who provided information about their spending in 2004 & 2003

Chart 4.11 Median spending per vacancy on graduate recruitment marketing in 2004, by industry



Source - High Fliers Research

Median spending per graduate vacancy by AGR employers in 2004

