The P&L Impact of Candidate Experience

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Executive Summary

Treating candidates badly can cost a Business-to-Customer (B2C) corporation millions of euros a year in lost revenue, as some of those candidates are also its customers.

This thesis provides an analysis of what defines candidate experience and why it does matter to businesses around the world. It then explores how to measure candidate experience, and the different regional and industry benchmarks available. Additionally, it considers how the financial impact of candidate experience can be calculated.

The report also conducts a specific research exercise on measuring candidate experience to put a dollar figure to the commercial impact of alienating candidates in a B2C context. The research is performed in a real business environment, focused on the market leader in online and retail sports betting in Germany and Austria: the Tipico Group.

Research methods include multiple candidate experience surveys and benchmarked estimations. Other methods include estimations based on stakeholder reports and calculations of the financial impact of Tipico's candidate experience in 2018.

Results of the surveys conducted show that Tipico generally provides a good candidate experience when compared to available benchmarks, even if the reported candidate satisfaction at the Recruiter Phone Screen stage is notably higher than the Hiring Manager final interview stage.

The main conclusion of this report is that, in spite of Tipico having a very good candidate experience, revenue loss estimates are significant when considering all candidates who applied to a job under the Tipico brand. That is, applicants that are not rejected by the Tipico group, but by independent legal entities which partner with Tipico and use its name under franchise agreements.

The report also investigates the fact that the estimations conducted may have limitations and recommends that Tipico takes further steps in quantifying the revenue loss due to the extended impact of candidate experience from franchise partner jobs.

Other areas for Tipico to explore further are related to the more detailed measurement of how many of its candidates ceased to be customers, and to how many candidates who were not customers became one.

Additionally, the report recommends that Tipico reproduces the calculations and estimations internally with their 2018 customer lifetime value figures, which are not available to the general public and had to be estimated in this report due to the confidential nature of this commercially sensitive data.

The P&L Impact of Candidate Experience

Recruitment is the HR function with the highest impact on revenue generation and profit margins (BCG, 2012). The way people seek and gain new employment today differs from the past in multiple ways but, essentially, the process continues to follow the same main stages: a company decides it needs extra headcount, that need is somehow communicated to relevant subjects, an assessment of applicants follows, and a final decision is made.

However, one of the key differences with how recruitment was done in the past, is that we live in a far more open society where communication is almost instantaneous and social reviewing drives a business' online & offline reputation. We live in a world of viral phenomena, online scandals, and brand rankings – a company's actions are available to scrutiny in a far more public and immediate way.

Another difference is that, when it comes to recruitment, a company's reputation is key to the volume and quality of candidates at its disposal, and that reputation has a life of its own online thanks to employment review sites like Glassdoor or Kununu, or public review functionalities like those available at Facebook, Indeed, or Google. The job market is currently registering historically low unemployment rates in countries like Germany (Supplement Figure A1), so McKinsey's "war for talent" (Chambers *et al*, 1998) has entered an even bloodier phase and is now a "war for skills" (Campbell, 2018).

Very few companies in Europe, in my experience, make the effort of measuring, tracking, and following up on candidate satisfaction. Even in the very technological and highly competitive North American job market, this is not something that business do across the board.

Even if candidate experience has been researched only recently (Benzie, 2009), the business impact of a positive or negative candidate experience is an under researched topic, as a quick search on Google Scholar will show. Most of that work has focused on the effect that a poor candidate experience has on the company's employer brand and therefore on the volume of candidates it can attract. Others have looked at the causes of poor candidate experience and how to remedy such situation (Erickson, 2016), with some (Eccleston, 2018) even looking at candidate distrust on recruiters as such – but not many have ventured beyond.

One of the areas where information is scarcest is quantifying the financial impact that bad candidate experience has on a company's revenue. Research has been done on linking

positive employee experience to good financial performance (Edmans, 2016), but only a few have ventured into the territory of measuring the financial impact of candidate experience. The most well-known study in the recruitment community, and maximum exponent of this limited research, is the Virgin Media Case (Steiner, 2017).

Aside from the lack of academic research on this topic, I have always felt appalled at how most large companies treat the people who show an interest in working for them. After 9 years in the recruitment industry and in recruitment roles, I have encountered all major flaws: unanswered applications, false feedback, Hiring Manager interview no-shows, completely inappropriate behavior of interviewers towards interviewees… and I felt determined to do my best to help target and end this behavior.

Estimating the financial impact of candidate experience in a business is something I can now do in my current role at Tipico, where I head the Talent Acquisition function. I believe Tipico is an interesting research subject for this type of calculation as it is the leader in its market segment, it is a data heavy Business-to-Customer (B2C) company, and the cost of switching provider for a disgruntled customer is 0 EUR and a 60 second app download. At my role I am responsible for rejecting 20 out of 21 people that apply to our roles – I care about them being rejected in the right way and that they stay -or even become- a customer.

Hence, the research question is: what is the financial impact of candidate experience in a German B2C corporate?

In order to answer to this question, the theoretical aspects of candidate experience are discussed first including an overview of the available research to date and the relevant benchmarks available. Comparable attempts to answer this question in different contexts are analyzed.

The subsequent section describes Tipico's current business context: the company's history and performance, its industry, and the job market it operates in.

Then, the first steps to answer the research question are taken. Candidate experience surveys are issued to Tipico candidates at three points in the recruitment process: recruiter phone screen, hiring manager interview and offer declined / accepted. In these surveys Net Promoter Score metrics are used to come up with the average number of detractors resulting from poor experience. The Customer Lifetime Value of Tipico is then be estimated, as the actual figure is confidential commercial information.

With those figures and the number of rejected by Tipico in 2018, the estimate for loss of revenue due to poor candidate experience is calculated.

Finally, an estimation is made of how much revenue was lost in 2018 due to poor candidate experience from the Tipico retail franchise partners, which represent a very large number of shops in Germany and Austria.

The managerial implications and future research potential are discussed in the last section of this thesis.

What is candidate experience and why does it matter?

The recruitment process in today's business world has to deliver two main outcomes: to recruit quality candidates while also ensuring a positive candidate experience (Miles & Mccamey, 2018).

The conceptualization of candidate experience is somewhat recent when compared to other concepts in the field of Human Resources Management, but it is of key importance within the recruitment industry as a simple comparison of a current version of any Applicant Tracking System (ATS) with an older version from the same ATS 10 years ago will show. The general digitalization trend (Lam & Hawkes, 2017) with a focus on mobile and User Experience (Böhm & Jäger, 2016), combined with the Human Centered business approach (Zingales, 2000), and business process management practices (Laumer *et al*., 2014) has helped recruiters and candidates engage in a more efficient, frequent and personal way.

A good definition of the concept of candidate experience is given by one of the World's leading ATSs, SmartRecruiters. In their view, the candidate experience begins with an applicant's "very first exposure to a potential employer" which could encompass both consumer and employer brands. The experience journey continues throughout the whole recruitment process "from first touch to final point of rejection or job offer and hire" (SmartRecruiters, 2019).

The touch points between candidates and employers are greater than at any time before, as it is now much easier and faster to apply to a greater number of jobs in a greater number of companies. This means that companies must make a greater effort to stand out, not just to retain talent but also to attract the necessary numbers to backfill the leavers resulting from this increased rotation.

The specifics of why and how did this came about are not the subject of this paper, but we now live in a world where it is easier to tap into passive talent and such talent is increasingly

more active and open to new opportunity – recent estimates say that 71% of current members of the labor force are "thinking about, or actively looking for new job opportunities" (Hellebuyck *et al*, 2017, p.9), with almost two thirds of currently employed members of the workforce admitting to casually looking at new jobs "after just 91 days of being hired, and 58% of adults look at jobs at least monthly" (Sinclair, 2018 cited by Miles. & McCamey, 2018 p.759).

As described by Verhoeven (2015) and others, current candidate expectations with regards to experience include the expectation of weekly updates and the ability to call / write the company about a job posting before applying. In 2012, a UK survey of 857 candidates (Carpenter, 2013 p.208) revealed that candidate's main expectations were for the companies to:

1. Have a straightforward process
2. Be honest and transparent
3. Treat applicants with respect – "call me back"
4. Revamp long-winded application processes
5. Provide closure and feedback

The research conducted by The Talent Board (2018a) for the North American Candidate Experience awards also highlights the following five key practices which are commonplace across the winners of such awards:

1. These leading companies set expectations and deliver on them
2. They listen to the candidates and demonstrate they do so
3. These companies show they are accountable by measuring and rewarding on candidate experience
4. Those candidate experience leaders have a focus on fairness and they influence its perception by the candidates
5. They all ensure all candidates receive closure – there is always an employer response

This is also echoed in The Talent Board's EMEA survey, as outlined in Supplementary Figure A2.

In the recent past, authors have argued that companies are shifting towards a human centered paradigm where "employees are not merely automata in charge of operating valuable assets but valuable assets themselves, operating with commodity-like physical assets" (Zingales, 2000 p.1641).

Ryan *et al*.'s (2017) deep dive into the impact of timeliness on candidate experience also highlights its importance. They bring together signaling theory and ELM to evaluate the impact

of timeliness and the key signals of the "what" (prestige, organizational information) and the "how" (technology, opportunity, treatment) of acquiring talent. In their study, the intercorrelations among those five factors were "small to moderate, further suggesting their uniqueness" (p.41).

Organizational justice plays also a role in Ryan's analysis, based on Gilliland's model (1993, as cited by Ryan 2017), and the research shows that timeliness is indeed a critical factor of candidate experience: through the use of moderated regression and relative importance analysis, "timeliness dissatisfaction dampened the positive effects of organizational prestige and opportunity to perform although these effects are greater earlier in the recruitment process" (Ryan et al, 2017, p.38).

Additionally, there is a clear trend in the world today, within and beyond job applications, of an expectation of personalization. As Brablc (2017) puts it, we all wish to "determine our own journeys and appreciate relevant, targeted content that speaks to our interests and needs" – and that is also what job candidates are increasingly valuing.

Even if the demand for personalization is clear, 84% of the wealthy Fortune 500 companies are reportedly lacking personalization features in their job application process (Phenom People, 2019), which could take the form of permanent apply buttons, job carts, social media integrations for application generation, and clear presentation of the company's employee value proposition. Adams (2016) also quotes Censuswide's independent research showing how the above personalization demands and specific feedback expectations come together: "jobseekers would feel more positive about their next candidate experience if they received detailed job feedback (57%), had help finding another role (34%) and if the interviewer took an interest in their goals (28%)".

All of the above is also influencing recruiters and their behavior, in a trend in the recruitment industry where the recruiter becomes more a talent coach than a transactional recruiter: a longer term business approach where recruiters would invest time in candidates aside from immediate needs, providing career advice and becoming in-house and out-house talent advisors (Socialtalent, 2018). This strategic approach would have them pipeline job profiles rather than reactively fill requisitions, focus on long term planning and skills shortages, and building a network with an "active database of nurtured candidates who are fans of the company" (Socialtalent, 2018).

Some B2C corporates like Adidas recognized early on that most of its thousands of candidates are also potential customers. Early steps were taken by the German sports clothing market leader to cover some basics: for example, each applicant must get a final answer to their application. Even in the event of rejecting a candidate, candidates' feedback showed that "by closing the loop on every application, it results in a much better experience for them to at least know where they stand with the organization" (Carpenter, 2013 p.207).

As reported by several American candidate experience studies, such as the 2013 Candidate Experience report (The Talent Board, 2014), 82.3% of candidates who had a positive experience would share their good impression of the employer with their network – and quite importantly, 64.4% of those who had a negative experience would tell friends and acquaintances about it. This has been consistent across recent years, with the 2018 North American Candidate Experience Business Impact report (The Talent Board, 2019) showing a 78% inner circle share rate for a positive candidate experience and a 65% for a negative one.

The financial impact of positive candidate experience

Different potential positive synergies resulting from an excellent candidate experience are countless and can go as far as one's imagination. Through my career I encountered many, including a manager at a Business-to-Government organization who argued "what if a candidate eventually becomes a purchasing manager at the Government agency we serve?" – in hope of management finally investing in improving their candidate experience.

Fundamental examples of positive financial impact of candidate experience are:

1. An increase of the customer base resulting of word of mouth sharing of positive experience by candidates who had an excellent one. The Talent Board (2019a) provides an example where a B2C customer received 100,000 applicants a year of which 99,000 were rejected. Of these, 28% said they would increase the engagement with the brand. If customer lifetime value in that business was 100 USD, and the 27,720 people who would increase the engagement with the brand brought one more customer each on average, the forecasted increase in revenue year-on-year would be 2,772,000 USD.

2. Additional engagement with the brand by candidates who were already customers and had an excellent experience. For example, if an average customer at a B2C company is worth 200 EUR and, through this customer's positive interaction with

the company in the recruitment process, the customer purchases 10% more products – that customer is now worth 220 EUR.

3. The very satisfied candidate will apply again, which has an economic value that most companies measure as "cost per application". This is the cost of acquiring one applicant for one specific job, which I have measured in previous employers at between 15 and 90 EUR average per application depending on channel. One can argue that, as a recruiter, one doesn't want to always see the same applicants – that is, unless we talk about applicants who fit the job description, or even the silver medalists from past roles – then we want them all again.

4. The very satisfied candidate will likely refer others to our company's jobs (The Talent Board, 2019a), thus lowering the cost per application through this positive synergy.

5. Progressive companies will take candidate experience as an opportunity to generate revenue (Adams, 2017). In some cases, such as the one of apparel company Under Armour, they have taken the opportunity to offer special discounts on their products through rejection emails – i.e. a rejected candidate would get a 10% voucher for their online store. This is a way to turn a HR transaction that used to lose the company revenue into an opportunity to gain revenue and expand the customer base.

Evidence is overwhelming on the positive impact of candidate experience. Research outlined by Adams (2016) shows that 29% of candidates would "consider becoming a customer of a brand if they had a positive candidate experience" and 15% of job applicants would "immediately switch to another brand if they had a positive candidate experience when applying for a role at that company".

The non-financial impact of positive candidate experience

Positive candidate experience can also have a non-financial impact on a business in many ways, which we have grouped as follows:

1. A positive effect on the company's consumer brand. If a company makes a special effort to stand out in the labor market as one with a great candidate experience, where candidates are treated humanely and made feel valued and unique, it is quite possible

that the company will be perceived externally as a modern business who cares about how internal processes work and about people.

2. Employer brand boost and possible public recognition as a top employer. A good candidate experience is essential for most "top employer" seals and is the cornerstone of independent employee and candidate experience transparent job marketplaces or public reviewing sites, such as Glassdoor, Kununu, Indeed reviews, or Google reviews. The world's largest employment review site, Glassdoor, has an algorithm[1] that rank companies based on the ratings of employee experience, candidate experience, CEO rating – and entering that ranking is not just a source of publicity but a tremendous booster to a company's reputation in the job market. Considering that 91% of North American candidates "seek out at least one online or offline resource to evaluate an employer's brand before applying for a job" (CareerArc, 2017), recognition as a top employer by independent parties will boost the volume of new applications.

3. The company is internally perceived as modern. If the HR team, the wider employee base and management cadres are made aware of the efforts the recruitment team is making to track and improve the candidate experience, and the experience is actually positive, this will impact your Employee Value Proposition (EVP). In my opinion, EVP is essentially what people say about why they joined or stay at your company when they are not on the clock. So, working for a modern company that treats candidates with dignity and respect will likely make it into the proposition.

4. The positive candidate experience adds more meaning and purpose to the employee lifecycle of the company's HR employees. This is described by Steiner (2017) in the case of Virgin Media and how their Head of Resourcing inspired the HR team with a clear mandate on putting candidate experience at the center of the recruitment team's work – something that the recruiters and HR staffers felt very passionate and motivated about. Proud and motivated HR employees will also excel in areas other than recruitment, with this human centered effort leading to positive synergic effects in the overall department.

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[1] Glassdoor company ratings are rated using an algorithm which combines candidate experience, CEO rating and employee reviews. The algorithm focuses greatly on how recent reviews are to ensure relevance. This is proprietary but some details can be found in Glassdoor's website (2018)

The financial impact of negative candidate experience

The reality is, as it will be explored later in this research thesis, that the most evident and easily measurable financial impact of candidate experience is the negative one, as the Virgin example illustrates very well. This is mainly based around the following aspects:

1. If a candidate is also a customer, a very negative candidate experience will make them stop consuming the product or service that the company in question provides. This is fully aligned with the sensitivity of customer behavior towards employee treatment: in CareerArc's 2017 employer brand survey, almost two thirds of surveyed people would no longer purchase a brand if they heard that the company didn't treat people well.

2. Resentment resulting from bad candidate experience could cause word of mouth sharing of negative experiences which may deter others from interacting with the brand. In general, there is consistency around the share of candidates willing to go public with a negative review if they had a bad candidate experience – The Talent Board as cited by Altiero (2016) reports throughout the years that a third of those surveyed would "share negative experiences publicly". However, if only candidates who already had a bad experience are consulted, 72% of those who reported having a bad experience and would share it online (CareerArc, 2016).

3. Bad candidate experience causes roles to be unfilled longer, hence impacting revenue as projects are delayed, sickness rates due to overwork increase, or productivity is impacted.

The non-financial impact of negative candidate experience

Kreissl (2015) when discussing why candidate experience matters, argues that candidates' recruitment process experiences "have a significant impact on employee engagement, motivation, retention and perceptions of the organization in both the labor and product markets", fundamentally due to the viral nature of the social media world we live in.

One key non-financial impact is that companies with terrible candidate experience will likely end up recruiting from a smaller pool of people who don't mind working for a business that treats people poorly, thus feeding back into the negative company culture. A survey by U.S. outplacement company CareerArc (2017) addressing 508 job seekers and 654 HR and recruiting

professionals found that "only 21% of candidates would apply to a 1-star rated company" and only 34% would consider working for a 2-star rated employer.

Additionally, research shows that there are differences in behaviors towards reported poor employee and candidate experiences. A poll by CareerArc (2017) of US candidates showed that "millennials were less likely to apply for a job at a 1-star company after reading its poor reviews" – reviews that combine employee and candidate sentiment. The same poll also reported that "millennials were 2.5 times more likely than Gen Xers to share negative perceptions of past employers on social media", so the effect multiplies: the company with such poor employee and candidate experience ends up attracting an older type of candidate, thus impacting diversity within the firm.

Means of measurement for candidate experience

As it is common with social sciences, recruiters and candidates are not in a laboratory setting where one can easily go about discovery and variable analysis – candidate experience is not just a human-centered concept, but it is also continuously evolving in a business setting. Therefore, companies who track candidate experience go about it through surveys of various forms and in different timeframes.

Kreissl (2015) lists a number of elements that businesses should audit and monitor due to their key influence in candidate experience. However, the key business transactions and aspects which should be reviewed when looking to improve candidate experience can be clustered under the following main categories:

1. Digital user experience: how difficult and user friendly is the process of applying, navigating company careers sites, or completing online assessments and digital interviews.

2. Company policies for internal and external recruitment: how long is the process, how many stages, how human centered are the specific process steps such as interviews or background checks.

3. Brand and content: the usefulness of the information provided to the candidate and the attractiveness from a marketing point of view of the messaging, tonality, look and feel of a company's Talent Acquisition collateral and even its own facilities.

4. The human interaction: how did the candidate feel when interacting with the recruiters or hiring managers?

5. Business pressure around specific key performance indicators: these are usually time-to-fill, recruitment sourcing efficiency metrics, the retention rates for new hires, and dropout rates (percentage of candidates who reject a company's employment offers).

Unfortunately, as candidate experience takes place in a business context where both the company's resources and the candidates' time and patience are limited, the most appropriate course of action is to attempt to cover the above in not more than two or three nimble candidate satisfaction surveys – with a focus on targeting critical aspects of the recruitment process.

The way these handful of surveys are usually conducted by leading employers is by automatically triggering surveys once a candidate completes a recruitment process step, and it is done in a fully integrated way that reduces the effort to trigger, report, or configure to a minimum of clicks. This setup usually employs the following trigger points for surveys:

1. Application completion & careers site visit. These types of surveys are usually taking the shape of a pop-up questionnaire embedded on a company's careers website, a service offered by Survale and others where a banner tab on the side of the screen would be available for expansion. Once expanded, a small survey comes up which would have a handful of questions targeting motivation for the visit and user experience – for example, here are the questions asked by Survale's client Workiva: "What brought you to the Workiva career site today?" (drop down), "Did you find what you are looking for?" (yes/no), "Rate your experience finding and navigating our career site" (1-5 Likert scale), and "What can we do to improve your experience on our career site?" (free text). This is done to collect information about the "effectiveness of the company's job adverts, their employer brand and their ability to convert visitors to applicants" (Survale, 2019a).

2. Telephone interview or recruiter phone screens. In the words of Survale's candidate Nutanix (Survale, 2018), "every candidate that reaches a phone screen stage where no one calls will be asked for feedback". There, questions go further into topics related to the interaction between the candidate and company representatives – be those recruiters, hiring managers, or external recruitment providers. The questions would fundamentally focus on topics like timeliness (was the interviewer on time, did you feel the interviewer make a good use of your time), fairness perception (did the interviewer have a copy of your CV, how knowledgeable was the interviewer

about the role), and interviewer behavior (how prepared was the interviewer). This provides the company with alarm bells for operational improvement, manager and recruiter development needs, and general employer brand protection.

3. Onsite interview stage. The way Nutanix explained it, "every candidate that shows up for an interview with an unprepared hiring manager will be asked for feedback". This is a chance to check again on the same topics as the phone screen trigger, but once the candidate is in a far more advanced stage of the process – and is thus more knowledgeable about the company and the opportunity. Here some additional questions would normally be asked to the candidate around the company's facilities.

4. Offer stage. This is done in order to understand why people accept or refuse an employment offer – a critical aspect of benchmarking the company against market conditions and the competition.

The reason why top employers don't handle surveys on bulk and on regular releases via standard survey providers like SurveyMonkey is quite simple: they don't work well for recruitment. The above referenced (Survale, 2018) Nutanix team explains it very concisely: "asking a job hunter, who has applied for dozens of positions, about something that happened weeks, months or years ago is of limited value". Three detailed justifications for this are given by the Nutanix team: (1) the number of responses will be lower, (2) the quality of the data will be poor "because recollection will be bad" and (3) there would be data relevance issues as "data is old and probably not very relevant to today's environment".

A survey on candidate satisfaction usually also contains a question, regardless of the step or trigger point, based on a general Likert scale where 1=dissatisfied and 5=highly satisfied- This is where the candidate is asked to rate his overall experience during the specific step. Additionally, surveys in all trigger steps would also ask the candidates how likely they are to recommend the employer to their network after having completed that particular stage of the process.

Some surveys include variables to identify the recruitment stage in order to allow for moderation analysis, as done by Ryan *et al* (2017) in their aforementioned timeliness study, where they chose a binary variable 1= reached the application stage, 2 = received an interview invitation. This is far from ideal as it introduces yet another click or window that makes the candidate less likely to complete the overall survey – it should not be forgotten that the candidate gets no compensation for employing his time in filling in the survey.

The results of Nutanix's implementation of candidate experience surveys illustrate the benefits of setting up such system in a real-time, integrated and automated way. As the Nutanix recruiters changed candidate statuses in their applicant tracking system, Survale would trigger the surveys automatically, in order to collect specific feedback on the stages of the process they believed relevant. As reported in Survale's case study (Survale, 2018), the Nutanix talent acquisition team could then immediately:

1. Identify stages/processes that are taking too long and streamline them
2. Pinpoint issues with candidates or hiring managers and address them immediately
3. Learn why applicants decline offers and attempt to change their minds

Regional benchmarks

Having reviewed the way candidate experience is measured in multiple business contexts, the main different benchmarks available to us will be analyzed. Regional breakdowns of candidate experience metrics are not easy to find and are only publicly available in worldwide data gatherers such as Glassdoor or The Talent Board.

As it is frequent when it comes to advanced management practices, the US market is the one where more data is available due to its size, modernity and competitiveness. According to research by CareerArc (2016), 60% of US job seekers have had a poor candidate experience – and 72% of those people admit to having shared it on Glassdoor, Comparably, or social media platforms.

When looking at the companies who are recognized as leaders when it comes to candidate experience, more than half the EMEA winners of the 2017 CandE Awards (The Talent Board, 2018b, p.6) were tracking it on a regular basis and made candidate experience part of their Key Performance Indicators (KPIs) or recruiter dashboards – that is "23% higher than North American winners". So, the recruiters in European businesses seem to be more accountable than their American counterparts when it comes to candidate experience.

On the positive side, according to the EMEA analysis of candidate experience carried out by The Talent Board for 2017, "65% of candidates say they'll definitely increase their employer relationships" if they have a 5 star candidate experience (The Talent Board, 2018c, p.16) – this means they will probably apply to other jobs in the business or increase their consumption level of the product or service that the company is delivering.

The 2018 report (The Talent Board, 2019a, p.3) continues to show that "the trend globally over the past four years is that a great and positive candidate experience is slipping, except for in North America where it continues to trend upward". As figure number 5 from that report shows (2019a, p.3), the North American candidates are more reactive to very positive candidate experience (5-star) in this context.

Another area to explore regional differences is on how many people will no longer be your customers if you treat them poorly as candidates. The Talent Board's 2018 Candidate Experience Report (2019a p.4) shows the relationship between having the worst (1-star) candidate experience and the decision to sever ties with a brand – with a regional breakdown. North American candidates who report the worst experience are more likely than Europeans to no longer buy products or services from the company – the 2018 average of North America is 50%, whereas the EMEA average is 36%,

There is also an interesting difference between the provision of specific feedback to candidates upon rejection. In the 2017 candidate experience survey by The Talent Board (2018c, p.43) "52% of EMEA candidates receive no feedback after they are dispositioned" which is larger than the 41% of applicants who had the same treatment in 2016. On the positive end, the companies recognized as having the best candidate experience are consistently being transparent with their candidates with "57% of EMEA candidates who had an overall 5-star experience are receiving general and limited feedback", and a smaller "21% […] receiving specific and thorough feedback" (The Talent Board 2018c, p.53).

The continued trend stemming from these reports is that the best employers are improving their candidate experience over time. The latest Candidate Experience Report by the Talent Board issued in March 2019 and covering the year 2018 clearly showed that "this year in North America, the CandE-winning aggregate average scoring was 19% higher than 2017" (The Talent Board, 2019b, p.2), APAC winners scoring 17% higher than in 2017, and with EMEA significantly improving with a year on year 38% increase.

In the 2017 EMEA Candidate Experience Research Report (The Talent Board 2018c, p.33) it is revealed that the CandE winners all excel at marketing to their candidates, with "69% of CandE-winning EMEA employers" having deployed a CRM system with a further "23% of them […] planning on investing in CRM technology in 2018" – figures that are "lower than in North America and APAC".

However, when looking deeper into regional or country differences, one of the critical factors driving candidate experience globally should be considered: how long it takes companies to process candidates. Glassdoor's Economic Research unit has used the self-reported interview duration data from 83,921 candidates from 25 countries between 1st January 2017 and 13th June 2017 to look at the trends of how long it takes a candidate from their application to receiving an offer.

Here, the differences between countries are substantial. For example, as of 2017 the countries where interviewing and assessment took longest were "Brazil (averaging 39.6 days), France (38.9 days) and Switzerland (37.6 days)", and the nations with the "shortest reported interviews" were "India (16.1 days), Israel (16.9 days) and Romania (19.2 days)" (Chamberlain, 2017). When looking at time-to-start[2], Germany's data (Wallace *et al*, 2018) stood at an incredible average of 103 days in 2017, up from 63 days in 2016.

Industry benchmarks

Having reviewed the geographical trends, it is important to also take into account the differences in reported candidate experience between various industries. Again, the availability of data for such exercise is limited, but there are some providers that offer it without restriction, and it is therefore worth taking into consideration.

The US market is, once more, a source of good data – this also applies to industry benchmarking. Phenom People's (2019) benchmarking of the Fortune 500 for employer brand and candidate experience rankings also shows an industry breakdown of how robust the processes for providing candidates with feedback were. They looked into how companies attract, engage and convert candidates in the energy, financial services, healthcare & pharmaceutical insurance, manufacturing, retail, and software & technology sectors.

The energy sector, followed by manufacturing, were the two worst sectors at attracting candidates: 90% of energy and 79% of the manufacturing companies had a score of "flawed". Retail and software were the best at applicant attraction, with only 64% and 52% respectively scoring "flawed". With regards to how companies are engaging with candidates, both energy and manufacturing were the worst performers, with software topping healthcare as the best performers.

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[2] This is the number of days between a position is opened and the selected candidate for the post has started.

Delving into the specific factors affecting candidate experience, the abovementioned Glassdoor interview length reports also cover industry breakdowns – albeit in this case only focused on the US. Their 2017 report shows big differences in interview duration (a key driver of candidate experience) between industries: the American industries where interviewing took longest were "government (53.8 days), aerospace & defense (32.6 days) and energy & utilities (28.8 days)", whereas "the sectors with the shortest interview processes are restaurants & bars (10.2 days), private security (11.6 days) and supermarkets (12.3 days)" (Chamberlain, 2017).

The Talent Board's "Business Impact" report for the Candidate Experience Awards 2018 also shows that there are clear distinctions in how candidates are treated by different industries.

For this purpose, The Talent Board and Survale both use a both a resentment rate and an "extreme resentment rate" which is the percentage of all applicants who rated their experience as 1 in a 1-to-5 Likert Scale and are "willing to sever the relationship with a prospective employer based on their experience" (The Talent Board, 2019a, p.6). The following figure from that report illustrates the vast differences in candidate resentment across industries:

INDUSTRY	RESENTMENT RATE
Education & Training Services	22.4%
Travel, Recreation & Leisure	20.7%
Financial	15.4%
Hospitality	15.2%
Technology	14.9%
Biotech	14.5%
Conglomerates	14.1%
Consumer Goods	13.6%
Healthcare	11.4%
Services	11.3%
Utilities	10.5%
Industrial Goods	10.2%
Non-Profit	9.5%
Basic Materials	9.3%
Government (State/Local)	9.0%
Government (Federal)	7.4%
Auto Manufacturing	6.0%
Manufacturing	4.4%

Figure 1. Resentment rate from North American candidates per industry sector 2018. Data from The Talent Board North American Business Impact of Candidate Experience (2019a, p.7). Copyright 2019 by The Talent Board. Reprinted with Permission

However, questioning candidates on their willingness to sever ties assumes that a candidate is, in fact, able of being a customer. If a company is building steel rows or airplanes, how can a candidate's disappointment and loss of trust financially hurt such company? Or, in the case of the Government, is there any impact at all from candidate resentment when public institutions do not have revenue coming from customers but from taxpayers who are compelled to contribute?

In my view, the impact of candidate experience in government institutions is that one of a constituent potentially feeling injustice or frustration towards the current management of a particular government agency, and this could result in the candidate increasingly feeling disenfranchised with the system. However, Governments are not the focus of this research.

How to measure the financial impact of candidate experience

The financial impact of candidate experience has many different positive and negative aspects, as already discussed earlier in this research work. However, the most significant impact, which is the potential loss of revenue due to a poor experience, will be the focus from here onwards.

In order to be able to measure the loss of revenue, four questions need to be answered:

1. How many candidates had a poor candidate experience?
2. How many of those are customers?
3. How many of those customers would sever ties with the business?
4. What is the "value" of those customers that are being lost?

There are different layers of data granularity and detail that can be analyzed, but at a higher level these four areas of focus are closely related to two concepts: Net Promoter Score and Customer Lifetime Value.

Following the example of Graeme Johnson at Virgin Media (Steiner, 2017), a combination of the above can result on a multi-million figure revenue loss for a large B2C business. Johnson's team first partnered with their data colleagues to find out how many candidates who said they would cancel an internet subscription due to poor candidate experience actually did – the results represented 6% of all rejected candidates.

They then multiplied the yearly number of applicants (123,000) by 6%, and then by the 12-month average customer value, and they ended up with an estimated yearly loss of revenue of 4.4 million GBP.

Whether Johnson and the Virgin team were correct in estimating their customer lifetime value with their 12 months' calculation is the subject of a different research analysis on fundamentals of CLV modelling (Gupta *et al*, 2006), but the reality is that they were looking at the most immediate annual financial impact of their terrible candidate experience. After Johnson took this up with his CFO and was told to look deeper into the numbers, he sat with his finance team and realized that the number was probably three or four times higher (Steiner, 2017) if they were to count the friends or family members who would cancel their Virgin Media contracts. Johnson and the team then set off to address the issues (Adam, 2017), turning an example of how not to do things into a best in class experience.

Leaving aside the issue of the difficulty to measure indirect revenue losses (i.e. friends or family of a candidate, who will no longer purchase the product or service that the company that the candidate applied for is offering as a result of bad candidate experience), a key issue when assessing the financial impact of negative candidate experience is how to come up with the company's Customer Lifetime Value.

As already discussed, there are multiple issues when calculating Customer Lifetime Value (Gupta *et al*, 2006). However, when it comes to the gaming industry, the concept of CLV is as well researched as it is secretive and undisclosed by big and small players alike. Nevertheless, its particularities should be discussed before going into any specifics related to Tipico.

The concept of CLV in the gaming industry is very well explained in Stephen Murphy's contribution to the industry leading E-Gaming Review magazine (Murphy, 2017), where he states that "the lifetime value of a user must not only include the revenue generated, but also subtract the retention and reactivation costs" which are quite significant in the gaming world, therefore resulting in the following formula to address the average customer lifetime value:

Gaming industry CLV = Top-line revenue – overlays – player comps – promotions – payment processing fees – revenue share (if any) – retention ads – VIP points – deposit bonuses earned over time

However, without having access to internal data, it is not possible for an external party to complete an objective CLV calculation independently. Most of the financial and operational

data in the industry is kept confidential, as it is an extremely competitive market – particularly in its online segment.

The reality of gaming is, as well, that there is a vast majority of players with very small average values, and then a percentage of players in the single digits that represent very large average expenditure levels (see Supplementary Figure A3). In some cases, such as the one of American mobile gaming provider NPNF, they would "see most of their revenue from the top 50-100 spenders, and that some will spend six figures on a game in as little as three months" (Ransford, 2016). So, when it comes to candidate experience, the vast majority of candidates will be below average, with an ever-present risk of damaging a relationship with a near-VIP customer who would represent a 4 or 5 figure yearly revenue loss.

Within the gaming industry, there are also multiple types of games that have very different customer lifetime values, and also durations. For example, in the case of online casino players (Ransford, 2016), the customer lifetime value of such type of gambler would be 1,860 USD, with an average duration of the gambler's lifetime of over 41 months. The duration of the customer's lifetime varies often depending on the type of game as well.

When looking at the figures for lifetime customer value, there are several recent publicly available references. For example, game development marketplace Odobo calculates casino games revenue on 285.07 EUR (H2 Gambling Capital, 2013). When looking at large generalist market participants, very good quality data can be found for analysis in the published accounts of publicly traded gaming companies.

For example, Payvision's (2015) Industry Report Global Online Gaming quoted average revenue per user (ARPU) from Paddy Power -one of the world's leading gaming operators then, later merged with Betfair. That report (p.10) states that the Irish gaming giant had a general "recorded ARPU of 256 EUR in its full-year results for 2012". The specific definition of what is behind ARPU is generally understood in the gaming industry as explained, for example, in the pre IPO prospectus of one of the world's largest gaming businesses, the Stars Group: "dividing the online betting and gaming revenue" generated by a business or a unit "by the number of active customers in the period indicated" (The Stars Group, 2018b, p.13).

Few companies specifically publish ARPU or CLV data. Betfair's 2011 annual report (Betfair, 2012, p.26) quotes the 2011 groupwide average revenue per user at 344 GBP– that would have meant 411.83 EUR[3] at exchange rates of 31st December 2011.

In their 2010 fiscal year, their reported ARPU was 369 GBP – an equivalent 430.66 EUR[4] at exchange rates of 31st December 2010. Their 2011 report breaks this figure down, quoting their sports betting arm as having seen their 2011 ARPU decrease "to 304 GBP vs 314 GBP in 2010" (p.26). Betfair's report also gives insight into regional breakdowns, even if they were a heavily EU focused operator, with their European ARPU being 309 GBP across casino & sports in 2011, an equivalent to 369.93 EUR at exchange rates of 31st December 2011.

Continuing with the example from Betfair, Supplementary Figure A4 illustrates the breakdown of their revenue by type of game offered – with their sportsbook representing circa three out of four euros in their 2011 revenue.

A way of coming up with a publicly traded business' average revenue per user could be to use publicly annual reports and accounts data on revenue and number of customers. An example could be made using the Investor Relations data from The Stars Group (2018a), which provides data on two key areas:

1. Quarterly Active Uniques (QAUs) [5]

2. Net Deposits

It could be argued that, if we were to combine the quarterly specific net deposit per active user (let's call this NDPAU), we could have the average yearly revenue per user for the business.

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[3] Calculation based on 1 GBP = 1.1972 EUR. This is the official spot exchange rate recorded on 31st December 2011 by Her Majesty's Revenue and Customs Office, as included in the official records accessible from https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/671649/spot-rates-december-2017.csv/preview

[4] Calculation based on 1 GBP = 1.1671 EUR. This is the official spot exchange rate recorded on 31st December 2010 by Her Majesty's Revenue and Customs Office, as included in the official records accessible from https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/671649/spot-rates-december-2017.csv/preview

[5] The Stars Group (2018b, p. S-119) definition of QAU is as follows: "The Stars Group defines QAUs as active unique customers (online, mobile and desktop client) who (i) made a deposit or transferred funds into their real-money account with The Stars Group at any time, and (ii) generated real-money rake or placed a real-money bet or wager on or through one of its real-money online poker, casino or sportsbook offerings during the applicable quarterly period. The Stars Group defines unique as a customer who played at least once on one of its real-money offerings during the period, and excludes duplicate counting, even if that customer is active across multiple verticals (poker, casino and/or sportsbook). The definition of QAUs excludes customer activity from certain low-stakes, non-raked real-money poker games, but includes real-money activity by customers using funds (cash and cash equivalents) deposited by The Stars Group into such customers' previously funded accounts as promotions to increase their lifetime value."

There we would be assuming that any missing nuances resulting from this quick calculation are not very relevant, which is quite an assumption.

In order to see how the assumption compares to the reality and lacking the access to the confidential data of the companies, we could run this exercise with The Stars Group and benchmark it against publicly disclosed ARPU values quoted above.

For Q1 2017, The Stars Group declared 2.35 million quarterly active users and net deposits of 280.7 million USD – thus resulting in a quarterly NDPAU of 119.45 USD. For Q2 2017, they reported 2.13 million quarterly active users and net deposits of 269.8 million USD – resulting in a NDPAU of 126.67 USD in that quarter. In Q3 2017, they declared 2.1 million QAUs and 321.8 million USD in net deposits – thus having a NDPAU of 153.24 USD that quarter. Finally, in Q4 2017 2.17 million QAUs and 326.9 million USD net deposits were reported – with a quarterly NDPAU of 150.64 USD. The sum of the quarterly values would result in a 2017 yearly net deposit per active user value of 550 USD, equivalent to 458.65 EUR[6] or 406.56 GBP[7] at 31st December 2017 exchange rate.

Considering that The Stars Group revenue is 37% from poker games, 26% by other casino and 34% sportsbook, which has a higher component of casino (poker and non-poker) than Betfair, seems like a reasonable figure when compared to Betfair's above mentioned ARPU of 309 GBP in casino and sports gaming from 2011 – which would have amounted to 357.99 GBP in 2017[8]. Those 357.99 GBP in 2017 would have been worth 484.29 USD[9] and 403.31 EUR on 31st December 2017[10]. So, the Stars Group yearly revenue per customer estimation

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[6] Calculation based on 1 USD = 0.8338 EUR. This is the official spot exchange rate recorded on 29th December 2017 (last trading day) by the European Central Bank, as included in the official records accessible from https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/index.en.html

[7] Calculation based on 1 USD = 0.7392 GBP. This is the official spot exchange rate recorded on 31st December 2017 by Her Majesty's Revenue and Customs Office, as included in the official records accessible from https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/671649/spot-rates-december-2017.csv/preview

[8] Calculation based on inflation data from the British Office of National Statistics (ONS) cumulative from 2011 to 2017.

[9] Calculation based on 1 GBP = 1.352800 USD. This is the official spot exchange rate recorded on 31st December 2017 by Her Majesty's Revenue and Customs Office, as included in the official records accessible from https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/671649/spot-rates-december-2017.csv/preview

[10] Calculation based on 1 GBP = 1.126600 EUR. This is the official spot exchange rate recorded on 31st December 2017 by Her Majesty's Revenue and Customs Office, as included in the official records accessible from https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/671649/spot-rates-december-2017.csv/preview

(NDPAU) of 550 USD is not that far off from known benchmarks, also keeping in mind the revenue structure (casino vs sportsbook, retail vs online) differences.

The problem is that, in their 2018 IPO prospectus, The Stars Group disclosed a net ARPU figure for their "Sky Betting and Gaming" (SBG) for the last twelve months to 31st March 2018 of 232 GBP. Even if SBG is a very specific unit of the overall Stars Group which is heavily sports betting oriented and UK centric, and represented circa one third of the group's revenue, the distance between their 232 GBP ARPU and our group estimation of 406.56 GBP is quite significant, hinting that there is clearly a margin of error within such estimations.

If the Stars Group 2017 exercise was to be replicated with Betfair's 2017 accounts, it would not be so easy as Betfair do not disclose the number of Net Deposits in publicly available documents. However, in their 2017 annual report and accounts they do disclose their Active Customers[11] although they do so in a relatively imprecise way, quoting "over five million active users in 2017". If their 2017 annual sports and other gaming revenue of 1.745 billion GBP was divided by those 5 million active users they claim they had in 2017, the average company revenue per user would be 349 GBP, which on 31st December 2017 would have amounted to 393.18 EUR according to the official exchange rates valid on that day.

Therefore, combining the known publicly available benchmarks from industry leaders and our own estimations, it is safe to assume that today's CLV of a large European gaming corporation with equal retail and online footprint and a strong focus on Sports Betting would be around the 400 EUR figure, based on a 12-month lifetime. This will be the value that we will use in the further estimations in the Tipico example, as the company has kept its CLV and market intelligence data confidential.

The figure of 650 EUR reported in Handelsblatt (Welp *et al*, 2018) is old and seems inaccurate based on market data and on the above referenced similar-sized competitor benchmarks. The above mentioned 400 EUR market-based estimation would be more reliable and consistent with a conservative approach to estimates.

The Tipico example

The origins of Tipico go back to three students (Oliver V., Dieter P. and Mladen P.) from the German city of Karlsruhe who, in the mid-1990s, set up a horse betting shop with a vision

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[11] Betfair don't specifically disclose the methodology to calculate active users, it can't be ruled out that their way to calculate ARPU may be different from others (i.e. what revenue is counted, or what is an active user).

to change the German betting market. Those students registered Tipico Company Limited in Malta in 2004, and that was the founding of Germany's largest sports betting company.

At that time, the founders were in their early thirties and enlisted the help of lawyer Wolfgang K. from Karlsruhe, who is 20 years older, and an expert in gambling law. Twelve years later, in April 2016, those founders sold 60% of the company to a private equity firm, CVC Capital, for around EUR 1.5 Billion (Bilanz.de, 2016). As a result of the purchase, a new executive team was brought in and, since then, the company has grown strongly in an ever-increasingly competitive market (EGR, 2018).

Tipico is today Germany's leading sports betting provider, with a market share of over 50%, making the Group also one of the world's largest gaming companies. As it is privately owned and, therefore, does not have strong regulatory requirements to disclose groupwide revenue and profit figures, its size is not fully available to the public. Nevertheless, it allowed access to its financial figures to the industry-leading magazine eGaming Review (EGR) under a non-disclosure agreement, in order to be reviewed for inclusion in EGR's Power 50 index of largest industry operator – it turned out that Tipico was the 7th most powerful gaming group in the world in the latest edition of the ranking, released in November 2018 (Tipico, 2018).

This puts the company in the same league as large publicly traded industry leaders like PaddyPower Betfair, Bet365, or Ladbrokes – not just in financial terms. The EGR Power 50, which uses independent accountancy firm BDO to ensure fairness and transparency, takes into account financial strength, but also judges candidates by their "international reach (whereby regulated markets are given a higher weight than grey and black markets), strategy and impact, market influence and leadership, and financial prowess" (EGR, 2018).

Even if Tipico started in a small shop in Karlsruhe, revenue flows from digital channels now represent over 60% of all revenue and the company predicts this will continue to increase. Aside from its digital prowess, Tipico has an overwhelming retail footprint in Germany and Austria through a network of over 1,200 shops (be those franchise shops or Tipico-owned shops) which completes "the successful multi-channel strategy" (Tipico, 2018).

In any case, the Group's accounts are available in Malta. As reported by Handelsblatt (Welp *et al*, 2018), according to the latest financial statement published in Malta, in 2016 Tipico made a turnover of 537 million EUR – of which 153 million EUR became profit. According to the same article, in 2016 the number of bets placed had increased by 7%, and the annual revenue per customer to 650 EUR.

According to the same article, the most profitable part of the business was the much smaller online casino: at around 26 million EUR in sales, it contributed almost 19 million EUR profit.

The main issue at the moment for the business and the German market in general, according to Welp *et al* (2018), is that Sports Betting is not yet completely regulated in Germany even though the providers may not be prosecuted following a decision by the European Court of Justice. So, new regulation at state and interstate level could materialize soon, with whatever positive or negative consequences that may have for the business. In any case, Tipico marches ahead with recent stellar sponsorship deals with the likes of FC Bayern Munich, the German Bundesliga, and Karlsruhe-born football star Oliver Kahn.

Currently, the Tipico Group entities employ over 700 people (ca. 250 of which are in Malta, a small number are spread between Gibraltar and Colombia, and the rest in Germany), and with a Tipico-owned Tipico Shop Agency network employing ca. 800 staff. The Tipico Shop Agency franchise network consists of independent companies of the Tipico Group and has been operating betting shops and stationary points of sale in Germany and Austria since 2016.

Why Tipico

The main reason I chose Tipico as the subject of estimation and study is that I am currently heading the company's groupwide Talent Acquisition function. I also believe Tipico is a very interesting subject for this kind of study due to the following factors:

- Tipico is the leader in its market with tremendously strong position over any of its rivals (EGR, 2019).
- It is a Business to Customer organization – therefore, the candidates applying for jobs can also potentially be customers.
- The cost of switching from Tipico to another provider is almost non-existent for the customer, be it from a financial or time investment point of view. With 60% of its revenue coming from online channels, the cost for a Tipico customer to go from Tipico to a competitor is a 0 EUR investment and a 60-second download of the competitor's app. On the retail front, most Tipico shops are placed in locations which have a competitor's shop not that far away.
- The Tipico brand is the most critical factor to generate revenue, as a way to distinguish itself in a crowded and highly competitive market.

- Tipico is a respected corporate citizen and a progressive organization which cares about people, as its corporate values and responsible gambling work attest to.

In 2018, a total of 14,885 people applied to jobs at Tipico, of which 3,266 reached the interview stage, and 706 were hired. The Business Unit breakdown is detailed in Supplementary Figure A5, but it is worth noting that 521 of those hires were made in Germany, ca. 80% of which were made in the Retail pillar of Tipico.

A key factor in the successful progression of a business with a strong retail arm is the availability of staff and other resources to ensure the effective operation of the shops. At Tipico, the recruitment, retention, development and training of employees, as well as the management of employee engagement are therefore of central importance for the success of the company (Tipico Shop Agency North, 2017).

Insight on the Group's growth is provided by some of the published annual accounts and reports by relevant German legal entities associated with the Tipico Group. For example, its retail arm has increased the number of Tipico owned shops (vs franchises) over the years – and this has impacted recruitment: in their Tipico Shop Agency entities, the 2016 financial year ended with an increase of employed staff of 38% over the previous year to 347 employees (31/12/2015: 251 employees). In 2017 the amount of reported staff was 548 and Tipico Shop Agency North ended 2018 with 724. This is a result of acquisitions but also to the organic expansion of the shop network – resulting in a year that required my recruitment team to deliver 418 shop-based hires.

The specific financial impact of keeping a shop open is something that I am not authorized to disclose by Tipico, but the loss of revenue from shops closed due to unavailability of staff (resulting from staff sickness or not having recruited enough personnel) was the biggest priority for the core retail part of the business (Tipico Shop Agency North, 2017).

The sports betting market

The global betting and gaming market in 2017 was valued at circa 350 billion USD (Betfair, 2018), with the online gaming industry being valued the same year at circa 42 billion USD globally, and it is forecasted to be growing at around 8% year on year – reaching 57 billion USD in 2022 according to a H2 Capital quoted in the investor relations report of the Stars Group (2018), one of the world's largest online gaming businesses. When it comes to the global

industry figures, their relevance is not that critical when it comes to analyzing the Tipico example given that Tipico only operates in Germany and Austria.

In 2017, it is estimated that 7.7 Billion EUR were spent in sports betting in Germany according to a report by the Frankfurter Rundschau (2019). In the same report, and in terms of sales, it is estimated that the betting industry grew by 6 - 8% in 2016 compared to the previous year.

However, as already seen, there are different ways of measuring revenues in the gaming industry: Gross Gaming Revenue, Net Gaming Revenue and an economy's betting spend are completely different measures. The difficulty on accessing publicly available information on GGR and NGR lays fundamentally on the fact that none of the key German online and retail sports betting groups are listed German companies and are generally very privy on releasing revenue data.

One of the reasons for the lack of listed companies in Germany is the unstructured regulatory framework. The German State Treaty on Gaming, or Glücksspielstaatsvertrag, which entered into force on 1 July 2012 and was intended to regulate the admission of private and public providers to the German sports betting market, was immediately taken to court by betting operators. In February 2016, the European Court of Justice declared this German regulatory framework to be not compliant with EU law. Thus, the German sports betting market continues to be regarded as unregulated. The Frankfurter Rundschau article (2019) reports an estimated 4,500 betting shops are operated nationwide – on top of which there are plenty of gaming machines or "terminals", in locations such as sports bars or pubs.

The German labor market in 2019

The German Labor Market in early 2019 is at a record low and is the second EU market with the least registered unemployment (see Supplementary Figure A1). Germany had, in December 2018, the lowest youth unemployment in the European Union (Destatis, 2019), with only 330,000 people between the ages of 14 and 24 years old being registered as unemployed with the federal unemployment service.

In spite of receiving large migration flows over the past decades, Germany has a large talent shortage as a result of the last decade's economic boom (Wallace *et al*, 2018). This is a significant risk to businesses, as per a survey by the German Chamber of Commerce and Industry (DIHK) cited by Wallace *et al* (2018) with over half of the surveyed employers listing

"shortage of skilled workers" as the largest risk to their business – a figure that tripled in 6 years. The refugee wave of 2015 and 2016, which brought to Germany nearly 1 million people fleeing war and oppression, has also not helped with the skills gap: seems that only 17% of asylum seekers from 2017 held a qualification or had gone beyond the German equivalent of Gymnasium (BAMF, 2018).

This skills shortage has clearly had a considerable impact in the time-to-start[12] in Germany, as Supplementary Figure A6 shows, particularly for highly skilled positions such as software developers. Even when it comes to filling in entry-level positions with no qualification requirements it is still difficult to find suitable candidates. Official data from February 2019 (Brzeski, 2019) had the number of open vacancies in Germany at 784,000 – that is 27,000 unfilled positions more than in January 2019.

Even if Germany nearly entered a technical recession in 2018, the strength of its job market is significant when considering unemployment and open vacancy data. 2019 will be a year with geopolitical challenges such as Brexit and intercontinental trade tensions, so the export-driven German economy may suffer – nevertheless, experts like Brzeski (2019) believe it "currently needs a much more severe cooling of the economy than during previous cycles to see the labor market turn".

When it comes to the specifics of the German labor market, it looks very similar to other European markets from many angles: a minimum salary umbrella, an efficient contractual structure, a strong role of labor unions and the aforementioned skills shortage. However, it has a very unique figure in the continent: the mini-jobber.

A Mini-jobber is a special type of employee which is not allowed to earn more than 450 EUR per month. If mini-jobbers are busy all year round, they can take a maximum of 5,400 EUR: whether they earn more than 450 EUR in a few individual months and less in others does not matter, as long as they don't go over the limit of 5,400 EUR a year.

For those who have a constant number of working hours every week, since the introduction of the minimum wage in Germany, they have to work about two hours less on average per month. This is because, as of 1st January 2017, the statutory minimum wage was applied to mini-jobs and increased from 8.50 EUR to 8.84 EUR. For 2019, the Minimum Wage Commission recommended a new minimum salary, which the government has instituted and

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[12] Also referred to by some as "time to fill", but essentially measuring the time between the position is advertised (earliest possible start date) and a headcount is found and the person starts (vacancy is finally filled).

applies from 1 January 2019 – 9,19 EUR per hour (DGB, 2019). So, given the income cap, this will also result in fewer hours worked.

This has a clear implication for retailers, which are significant employers of Mini-jobbers (Friebel *et al*, 2017) – and Tipico is also one of those. A consequence of the above regulatory changes is that Tipico will have to hire more people in the coming years for the missing hours, even if the company was not to expand its retail footprint, in an already increasingly difficult employment market.

The Tipico 2019 Candidate Experience Survey

As a result of the centralization of all recruitment services across the Tipico group of companies into one single Groupwide Talent Acquisition function, which commenced in 2017, one of the key areas that immediately was identified by myself and agreed with my superiors was the lack of measurement and tracking of candidate experience.

We felt strongly then, as we do now, that the sheer volume of applicants received by the group of companies was so high that it justified the investment, not just to analyze the potential impact on revenue, but to ensure that the strong brand we represented lived up to its values.

Therefore, we contacted multiple providers in 2018 and, after a long internal discussion within HR, Legal and Data, we settled for Survale as the vehicle to measure and automatically track the evolution of the sentiment our candidates had after the recruitment process had ended.

We decided that Survale should be our partner for a number of reasons, but the two most important were (1) their market leadership position as technical partners of the Talent Board (as global reference for candidate experience benchmarks) and (2) their simple and go-live ready integration with Tipico's SmartRecruiters Applicant Tracking System. Survale's implementation begun in November 2018 and the first surveys went out in January 2019.

In this survey, we were seeking to measure the key aspects of that candidate experience, in an ongoing basis: thanks to the integration of Survale and SmartRecruiters we are able to automatically send out a survey to any individual who had just completed what we considered a key part of the process.

In order to ensure reliability and full coverage of the recruitment cycle, we chose the following surveys to be triggered at key moments in the recruitment process:

- Recruiter phone screen - This survey can be completed in under 2 minutes and contains 5 questions:

1. How efficient did you find the interview scheduling process? Rate on scale of 1 - 5 (Low - High)

2. Rate your overall experience during your phone screening. Rate on scale of 1 - 5 (Low - High)

3. Did you leave the interview with a clear understanding of next steps in the interview process? Yes – Somewhat – No.

4. Based on your experience, how likely is it that you would recommend our company to a friend or colleague as a place to apply for work? Rate on scale of 0 – 10 (Not Likely – Extremely Likely).

5. What went well with your experience? What could we improve? Free Text.

- Hiring manager interview stage – 2 minutes estimated completion time and the following 9 questions:

1. In general, how was your interview experience? Rate on scale of 1 - 5 (Low - High)

2. How prepared was your interviewer? Rate on scale of 1 - 5 (Low - High)

3. How were your interviewers' manners? Rate on scale of 1 - 5 (Low - High)

4. How knowledgeable was the interviewer about the role? Rate on scale of 1 - 5 (Low - High)

5. Have all of your questions about the role and the company been answered up to this point in the process? Yes - Somewhat – No.

6. Based on your experience SO FAR, how likely are you to refer someone to work here? Rate on scale of 0 – 10 (Not Likely – Extremely Likely).

7. How would you rate your interactions with the hiring manager/recruiter? Rate on scale of 1 - 5 (Low - High)

8. Did you leave the interview with a clear understanding of next steps in the interview process? Yes – Somewhat – No.

9. What went well with our apply process? What could we improve? Free Text.

- Offer rejected – this survey can be completed in less than two minutes and has 4 questions:

1. Based on your experience overall, how likely are you to refer someone to work here? Rate on scale of 0 – 10 (Not Likely – Extremely Likely).

2. What factors were most important when accepting the other company's offer? Financials, Brand, Non-Financials, Other.

3. Did your experience with our recruiters and interview team impact your decision not to join us? Yes – No.

4. What did we do well? What can we improve? Free Text.

- Offer accepted (hire) – this survey can be completed in less than 2 minutes and has 5 questions:

    1. Based on your experience overall, how likely are you to refer someone to work here? Rate on scale of 0 – 10 (Not Likely – Extremely Likely).

    2. What factors were most important when accepting our job offer? Financials, Brand, Non-Financials, Other.

    3. Did your experience with our recruiters and interview team impact your decision not to join us? Yes – No.

    4. If you were in the recruitment process with another company, what made Tipico stand out? Free Text.

    5. What did we do well? What can we improve? Free Text.

As shown in Supplementary Figure A7, once the candidates click on the open link for the survey, they are welcomed with a menu to select the language of the survey and with a disclaimer that clearly states: "This survey is optional, anonymous and will not impact Tipico's recruitment decisions". The menu always tells the candidate the number of questions to respond to, as well as the estimated duration of the survey completion.

As the above surveys are the primary source of data for this exercise, we formulated our questions along the following key concepts:

- Detractors and Net Promoter Score. This is a concept introduced by Frederick Reichheld in his famous Harvard Business Review article from 2003, titled "the one number you need to grow". There, he proposes gauging customer loyalty by surveying the customers around the question "how likely is it that you would recommend X company to a friend or a colleague?". Reichheld's concept is "to provide a consistent scale for responses that range from zero to ten, where zero means not at all likely, five means neutral and ten means extremely likely". Then, companies would come up with the "percentage of customers who respond with nine

or ten (promoters)" as well as the share of those "who respond with zero through six (detractors)". One arrives to the Net Promoter Score after subtracting "the percentage of detractors from the percentage of promoters".

- A simple survey user experience. Again, Reichheld (2003) reiterates the need for company customer satisfaction research to be kept simple and to the point. He quotes the example of Enterprise rent-a-car and clearly sets out the case for short and accurate surveys that deliver key data fast, rather than long and complex ones that deliver more data but later in time and with lower response rates. This is what drove us to use a maximum of 9 questions and an average of 2 minutes completion time for the above-mentioned candidate surveys.

- Perception of justice. Satisfaction with application process depends heavily on different justice perceptions which then later might affect customer choice. How to measure the perception of justice is not an easy task, particularly in a nimble survey. Colquitt (2001) provides measurement guidelines around 4 justice categories: procedural, distributive, informational and interpersonal. In a laboratory setting we would ask all questions suggested by Colquitt (2001, p389) for the categories of interpersonal and informational justice – but, to echo the previous point, this is a business context where we are looking at collecting as many answers as possible about a few key topics. So, we made the decision to cover informational justice perception with questions 4 and 5 of the Hiring Manager interview stage and question 3 of the Phone Screen interview stage. Additionally, we touched upon interpersonal justice when asking questions 2 and 3 of the Hiring Manager interview stage and lightly so on question 1 of the Phone Screen stage.

- Not to frighten our candidates. Now, when looking at the questions themselves, it is probably remarkable to readers not familiar with the gaming industry that we have purposefully omitted any question asking the candidates if they are already a Tipico customer. We have done so on purpose, as within the gaming industry it is common practice to be wary of candidates who have a gambling history and to definitely not consider any candidates that may display any symptoms of possible addiction. In order not to frighten candidates who are still in process or push them away from the survey, we then omitted such questioning – even though it could have possibly

resulted in a more complete data set, one that could have answered the question "how many Tipico candidates are also customers".

In early March 2019, Tipico had already received sufficient answers to start reviewing the results and taking decisions.

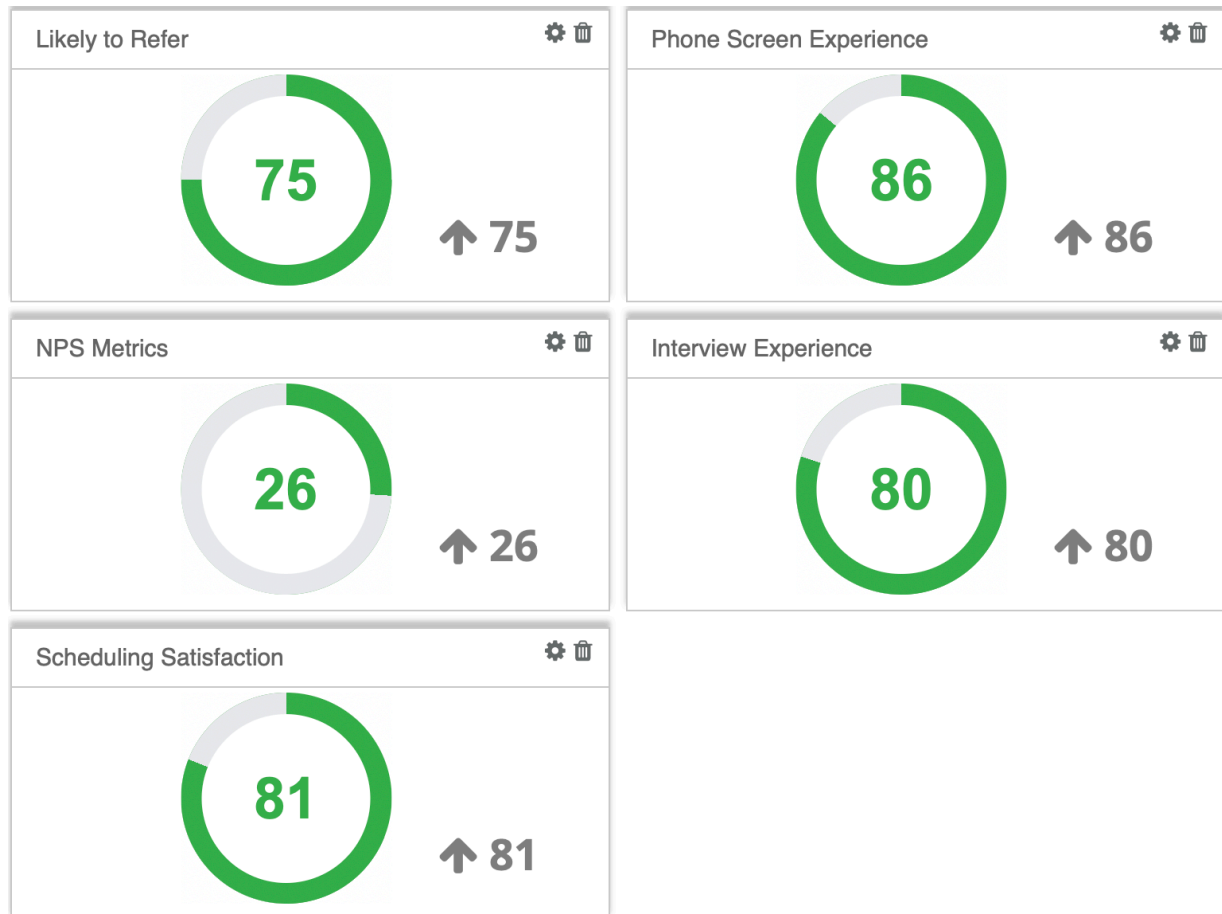The following figure is a snapshot of Tipico's candidate experience dashboard:

Figure 2. Screenshot from the main NPS dashboard of Tipico's Survale system on 13th March 2019. Data from Tipico's candidate experience surveys started on 15th January 2019. Copyright by Tipico (2019). Printed with permission.

At first glance, the results are truly positive. To benchmark the Net Promoter Score we can easily go back to the Virgin Media example (LinkedIn, 2016) where Johnson and his team had started with an NPS of -29 and were pleased with leaving it at +11 one year later.

In Tipico's case, in less than two months we collected 14 NPS responses to our offer acceptance survey, 0 responses to our offer rejected survey, 34 NPS responses to our hiring manager interview surveys and 16 NPS responses to our recruiter phone screen survey. So, in

total, Tipico's NPS metric as of 13th March 2019 was composed of 64 completed answers across all of the four surveys.

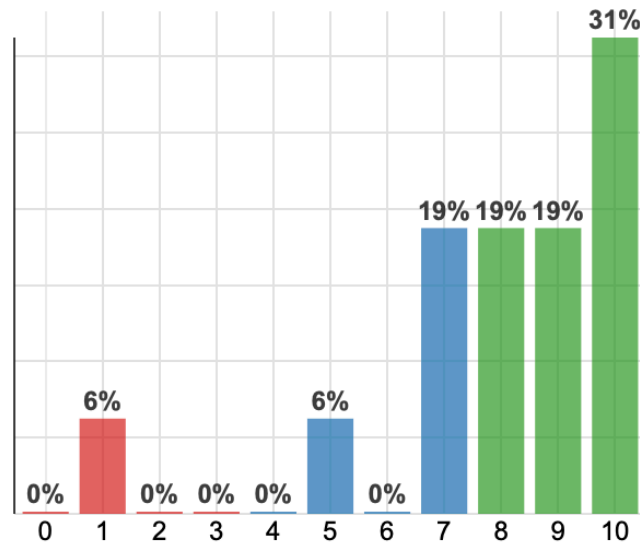The following figure shows candidate NPS on Tipico's Phone Screening stage:

Figure 3. NPS on Phone Screening Stage. Data from Tipico's survey on phone screening candidate experience started on 15th March 2019, answering the question "based on your experience, how likely is it that you would recommend our company to a friend or colleague as a place to apply for work?". Copyright by Tipico (2019). Printed with permission.

The following figure shows candidate NPS on Tipico's Hiring Manager Interview stage:
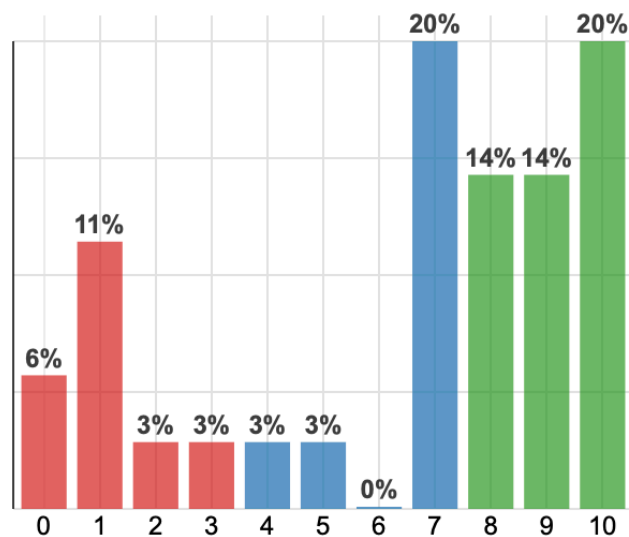
Figure 4. NPS on Hiring Manager Interview Stage. Data from Tipico's candidate experience survey on interviews by hiring managers started on 15th March 2019, answering the question "based on your experience so far, how likely are you to refer someone to work here?". Copyright by Tipico (2019). Printed with permission.

And the following figure shows candidate NPS results from the Offer Accepted stage, answering the question "based on your experience overall, how likely are you to refer someone to work here?":
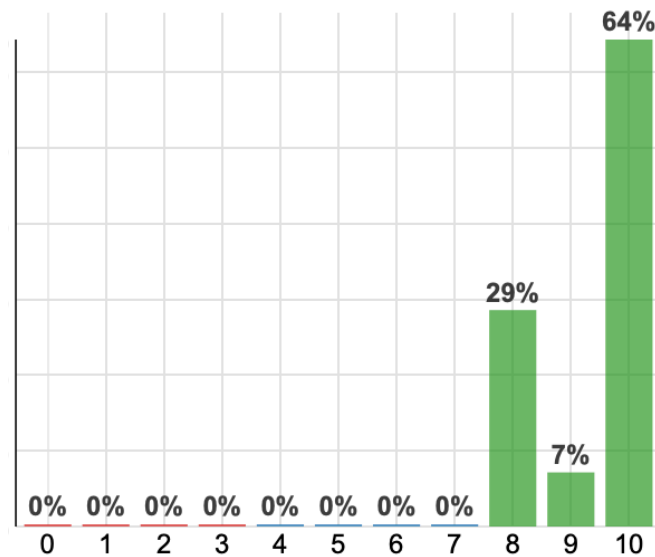

Figure 5. NPS on Offer Accepted Stage. Data from Tipico's candidate experience survey post offer acceptance started on 15th March 2019, answering the question "based on your experience overall, how likely are you to refer someone to work here?". Copyright by Tipico (2019). Printed with permission.

The completion rate is another topic that is currently having us review the SmartRecruiters and Survale integration – we had survey completion rates of 13% (recruiter phone screen), 23% (offer accepted), 26% (hiring manager interviews) and 0% (offer rejected). This, according to the account manager from Survale, is below their average of 30-40% response rate.

The financial impact of Tipico's current candidate experience

Based on the above-mentioned background and survey data, it is now possible to attempt to estimate the financial impact that Tipico's current candidate experience has in the business' revenue. For this exercise, we will focus on candidate resentment and possible consequential revenue losses, as this is the most relevant and easier to calculate of all positive and negative impacts analyzed before.

Looking at 2018, Tipico's candidate funnel expanded, having doubled the number of applicants versus 2017 as a result of the adoption of SmartRecruiters technology across all Tipico Group entities – with full results [13] broken down by Business Unit included in Supplementary Figure A5. The number of hires in 207 was 483 across the group, with hires growing to 706 for 2018 due to continued business growth and retail footprint expansion in Germany.

Therefore, one initial limitation of our surveys is that we can't gauge at the moment what is the experience of the ca. 11,619 people that my team rejected without an interview.

Tipico always ensure that candidates receive a rejection email. Our online application system is quick, with very few steps and it is fully multilingual. Our average time to hire[14] in 2018 was 39.1 days, and the figure for our shop recruitment was ca. 10 days faster.

From the interview and offer surveys received, we have not received any negative comments about the pre-interview steps – in fact, only positive ones have been received. We made a decision not to survey them as their experience is very limited in time and scope (only the application portal and an email). Therefore, it can be assumed that those candidates would not have more reasons to have a negative experience than the ones who go through the interview process.

So, an estimation of the full financial impact of Tipico's experience would be based on three layers. Firstly, we can make a very accurate estimation of the financial impact of those candidates that were interviewed by Tipico. Secondly, we can extrapolate that estimation to try to ascertain what the experience was from all those rejected by Tipico (interviewed or not). Thirdly, we would try to estimate how many detractors result from poor experiences applying at jobs outside the Tipico Group but at franchise partners.

When considering the first layer, that one of an accurate estimation of the financial impact of the candidate experience of those who have interviewed with Tipico, we first should consider how many applicants reached interview stage at Tipico in 2018: they were 3,226 people.

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[13] The "None" category is a system bug that refers to older "pipeline" jobs which were cancelled in Q1 2018. The number of jobs is disproportionately higher than the number of hires as it includes multiple cancelled positions and numerous "pipelines" which Tipico use to collect applications and then transfer to specific openings within the system.

[14] Time To Hire at Tipico: number of days between the moment the position is approved by our board (position opened) and the moment an applicant has signed an employment contract (position hired).

If we then apply the resentment rate[15] from the Tipico Candidate Surveys conducted in early 2019, the result is a rate of 18.75%[16]. If afterwards we factor in the 36% EMEA-average from the 2018 Talent Board Candidate Experience Survey (2019) on extreme resentment, and if 30% of those candidates were customers[17] with a Customer Lifetime Value of 400 EUR, Tipico would have lost 26,454.60 EUR of revenue in 2018.

If we assumed that each one shared their experience applying at Tipico with their network and, on average, an additional person severed their relationship per candidate-customer lost[18], Tipico would be facing a yearly loss of revenue of 52,909.20 EUR.

The second layer of estimates would focus on how many of all of Tipico's rejected candidates were so unhappy about their application experience that they severed ties with the company. For this, we would have to use a different detractor rate – one that excludes the responses from the Offer Accepted Survey as those people got hired and therefore not rejected. The resulting weighted average rate would be 24%.

When keeping the other assumptions constant on how many of those rejected candidates are customers and how many of those candidate-customers would sever ties with Tipico, we would then be looking at a yearly revenue loss of 147,007.87 EUR. If we also factored in, as we did in the first estimate on interviewees, the possibility of one additional customer being lost per candidate-customer lost, we would have an estimated loss of revenue of 294,015.74 EUR for 2018.

Finally, the estimation of how many customers Tipico is losing due to poor candidate experience should also include the Tipico franchise partners (companies not owned or controlled by the Tipico Group), who are running ca. 1000 shops independently under the franchise model and still using the Tipico name. These shops belong to private owners, usually small companies, and are not supported by a proper recruitment system and structure – let alone at the level of proficiency of the Talent Acquisition team at Tipico Group.

Therefore, it is expected that their candidate experience is significantly worse than Tipico's. The amount of candidates affected could be an additional 14,000 if we estimate that

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[15] 1-6 in the 10 point scale for candidate experience NPS
[16] This is a weighted average of the NPS detractors from the 3 surveys where we had answers in 2019
[17] This is the benchmark I have received from my recruitment teams
[18] We would call that a "Word of mouth multiplier"

each one of the 1,000 franchise shops recruits an average of 2 new employees per year[19], which would draw an average of 7 applications each[20], and we used the same metrics that were used for the estimates on the Tipico Group companies.

Based on the above estimation, we would have a total number of customers impacted by the application experience under the Tipico brand of 28,179. If we take into account that most Tipico franchise partners have no applicant management systems or any recruitment technology whatsoever, we can easily foresee that those applicants would end up in the detractor side of the NPS score line far more frequently than the ones of the Tipico Group. If the number of detractors in the franchise partners was double -54%- the one in the Tipico Group, we would end up having a combined average share of detractors of 36%.

Following from my experience and the feedback I have received about how franchise partners recruit, the share of customer-candidates in the franchise network is likely to be higher than in the Tipico-owned shop jobs, with our estimate reaching around 50%[21] and resulting in a combined average of 40%.

If we followed the same process to (a) calculate how many of those detractor customers ended up leaving Tipico and (b) to calculate the word of mouth multiplier, the total revenue loss estimate from negative candidate experience under the Tipico brand would have been 1,168,639.49 EUR in 2018.

A summary of all the above calculations in all these different scenarios is included in Table 1 for clarity purposes.

A further question on the financial impact of candidate experience remains unanswered: how many customers could we gain if we improved our candidate experience? This question is ambitious in the sense that it seeks to ascertain the maximum potential revenue that the business would achieve if it managed to convert all candidates into customers.

However, it is a measure that is needed in order to ascertain the maximum size of the market and the potential revenue which could be gained from improvements in candidate

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[19] This estimate is based on an average shop Full Time Equivalents of 3.0, which usually equate to about 5 headcounts, and a staff rotation of over 50%. The figures are based on my own experience when acquiring franchise partners and integrating them into the Tipico Shop Agency network.

[20] That assumption is based on the franchise partner's lack of state-of-the-art tools and systems, It is also comparatively much lower than the 11.4 applicant-to-hire ratio that jobs at Tipico's own shops had in 2018.

[21] This is based on figures reported by the Tipico recruiters on the locations they took over after the most recent franchise partner acquisitions (Supplementary Figure A8)

experience. A measure of the maximum potential revenue to be achieved can be estimated following The Talent Board's (2019a, p.7) resentment calculator methodology:

Assumption: 85%[22] of applicants are potentially customers and/or influencers affecting revenue and word of mouth

A. Rejected applicants in 2018 from both Franchises and Tipico-owned shops: 28179

B. Estimation of how many applicants can actually be customers: 23952 x 0.85 =

C. Word of mouth potential[23] using a factor of 200%: 23952 x 2 = 47904 maximum amount of customers possible

D. Average value of a customer: 400 EUR

E. 2018 EMEA average of candidate resentment: 8%

F. Potential Lost customers: 47904 x 0,08 = 3832 people

G. Value of the lost customers: 3832 x 400 = 3,065,875.20 EUR

So, if Tipico was able to (1) keep all customers who applied for jobs after their experience, (2) to turn all candidates who are able to use its product as customers, and (3) all candidates brought one new customer on board as a referral, the potential for additional revenue would be 3,065,875.20 EUR. That figure would represent ca. 2% of the company's 2016 reported profits.

Managerial implications and future research

Fundamentally, this has been a research effort that started within the Talent Acquisition function. Any further steps for Tipico to go further with its candidate experience will require multiple business stakeholders to align.

There are multiple consequences to the above analysis and its results for the Tipico Group, alongside some possible areas of focus for future research.

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[22] Circa 70% of the candidates that apply to Tipico's jobs are based outside of Germany and Austria, where they wouldn't be customers. However, on the franchise network, that percentage is likely very close to 100%. Being that the number of candidates rejected by franchise partners is estimated to be very similar to the ones rejected by Tipico (ca. 14,000 people a year), the average share of candidates who are also customer would be as follows:
(70% + 100%) / 2 = 85%.

[23] Also referred to as "Negative Resonance Factor" in The Talent Board's studies

Main conclusions

First, it is fair to say that Tipico is doing a very good job with its candidate experience, judging from the survey feedback we have collected. However, the survey results start highlighting a sizeable discrepancy in candidate experience between candidates who talk to recruiters - and candidates who talk to hiring managers. The candidates who become detractors after talking to recruiters is only 12.50%, whereas that percentage is 29.41% after a hiring manager interview stage. There is a clear need for the Tipico Talent Acquisition Team to understand why those candidates are so frustrated after that stage to address the issue.

Secondly, the response rates from candidates are generally quite low. We can't ascertain at this point in time if this is due to the fact that (a) they're satisfied with their experience, (b) they are so dissatisfied they don't want to have any more interactions with Tipico, or (c) they simply do not care about this topic at all.

Thirdly, given that Tipico is doing already a good job of looking after candidate experience, with a very high +26 net promoter score, the business case is perhaps not that big for a Group that posted profits of 153 million EUR in 2016. Usually, a generally bad experience for candidates results in having a large share of detractors, which in turn allows for a clear business case due to the high loss of revenue. However, having already an average or even a good candidate experience may not allow for such a clear business case as with Virgin – even if there is the argument that there is more revenue to recover or to gain.

In fourth place, we can conclude that the fact that gaming industry companies reject people because they have bet before implies that our study has some kind of selection bias. Based on my experience and on this fact alone, in the pool of rejected candidates there will be more people who are Tipico customers than in the pool of those who accepted – therefore making the likelihood that they change sports betting provider higher. This supports the research question, but slightly based on a bias inherent in the data.

Finally, it is obvious that results based partially on an estimate are not completely accurate. However, we have been very conservative with estimates – an example being the 200% multiplier of the negative financial impact of bad candidate experience resulting from word-of-mouth sharing. This could be higher, particularly on retail, where our shop customers are a very tight community. The same could be said about candidate-customer estimations.

Future research

A first obvious area for future research for Tipico is to analyze datasets from both the Talent Acquisition and the Marketing departments of the Tipico Group to determine how many candidates are customers. Alternatively, Talent Acquisition can run a one-time survey in a short time span to estimate how many candidates are customers. As already mentioned earlier in this analysis, candidates are often wary of disclosing this information as they know that Tipico will not look favorably at a candidate with a gambling history.

Another area of consideration for possible future research would be to try to pinpoint, with the support of Tipico's customer intelligence teams, how many candidates who had a terrible experience actually ended up severing their relationships – and, by crossing residence and naming data, even looking at how many of their relatives did.

Furthermore, if Tipico wants to run a very accurate calculation of the loss of revenue due to poor candidate experience, one of the key elements that had to be estimated and has a great impact on such calculation is the CLV data. Given that this CLV data is of a confidential nature, it will be possible for Tipico to include it in its own internal calculations.

An additional area for Tipico to explore would be to try to identify, with the support of Tipico's customer intelligence teams, how many candidates who had a fantastic experience became new Tipico customers, increased their CLV, or even brought new customers into Tipico.

In the end, it is all about fixing a business process that doesn't work for both companies and candidates. The goal should be something that Patty McCord, co-creator of the famous Netflix Culture Deck, describes in her book Powerful (2017, p.103):

"Our goal was for every single person who came in for an interview to walk away wanting the job, even if we hated them. We wanted them to think, *Wow, that was an incredible experience. It was efficient, it was effective, it was on time, the questions were relevant, people were smart, and I was treated with dignity.*"

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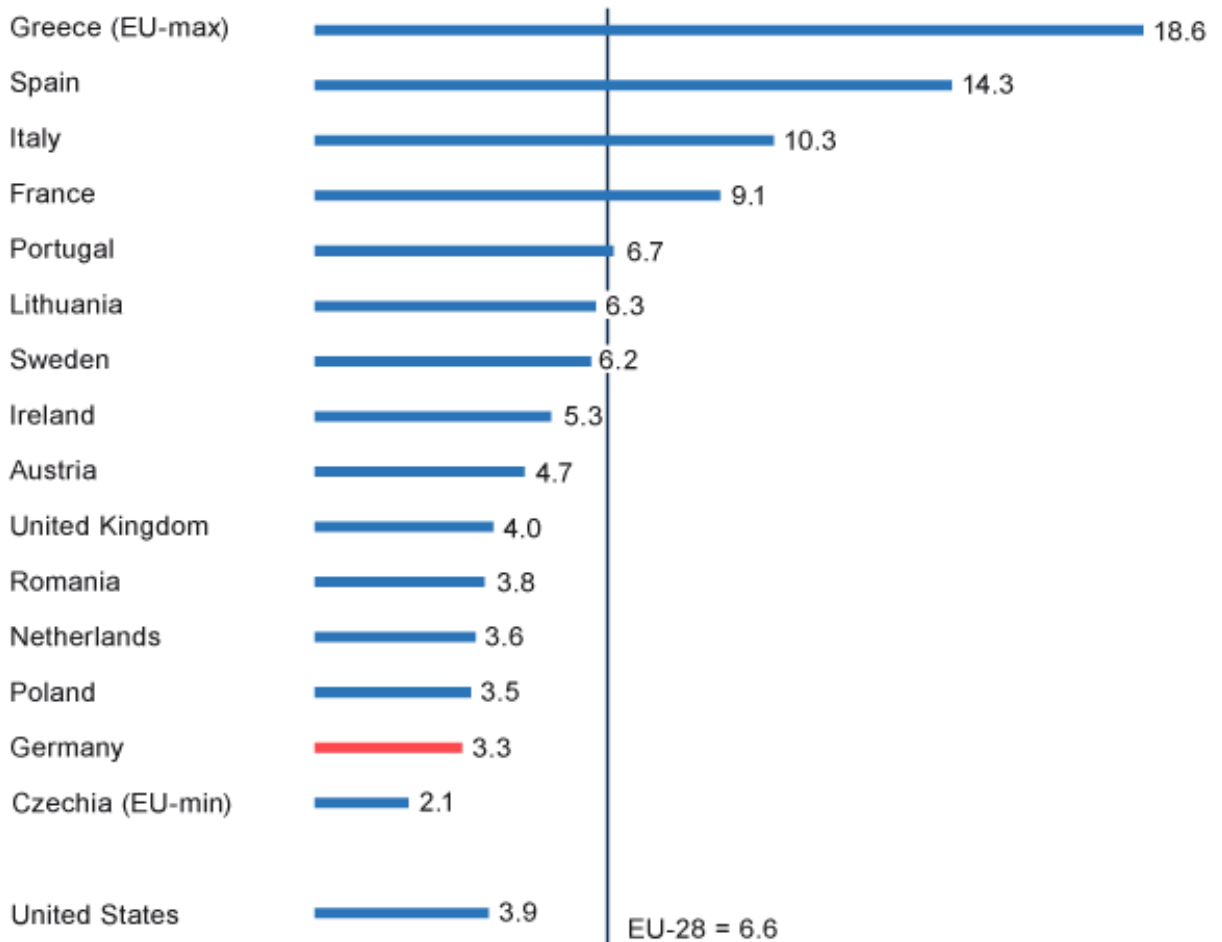
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Supplementary Figures

Supplementary Figure A1. Unemployment in Germany vs other European Markets (Destatis, 2019)

Selected unemployment rates, December 2018
Seasonally adjusted, in %

Greece (EU-max)	18.6
Spain	14.3
Italy	10.3
France	9.1
Portugal	6.7
Lithuania	6.3
Sweden	6.2
Ireland	5.3
Austria	4.7
United Kingdom	4.0
Romania	3.8
Netherlands	3.6
Poland	3.5
Germany	3.3
Czechia (EU-min)	2.1
United States	3.9

EU-28 = 6.6

Source: Destatis (2019)

Copyright: Statistisches Bundesamt – Destatis (2019)

Supplementary Figure A2. Candidate interviewing cycle - CandE winner best practices (The

Talent Board, 2018c p.54)

Source: The Candidate Experience Survey 2019 (The Talent Board, 2019)

Copyright: The Talent Board (2019)

Supplementary Figure A3. Survey results figure from Boniecki (2016, p.32)

How much do you bet for every month?

Legend:
- 0 - 99€
- 100 - 199€
- 200 - 299€
- 300 - 399€
- 400 - 499€
- 500 - 599€
- 600 - 699€
- 700 - 799€
- 800- 899€
- 900 - 999€
- 1000€ and more
- Not disclosed
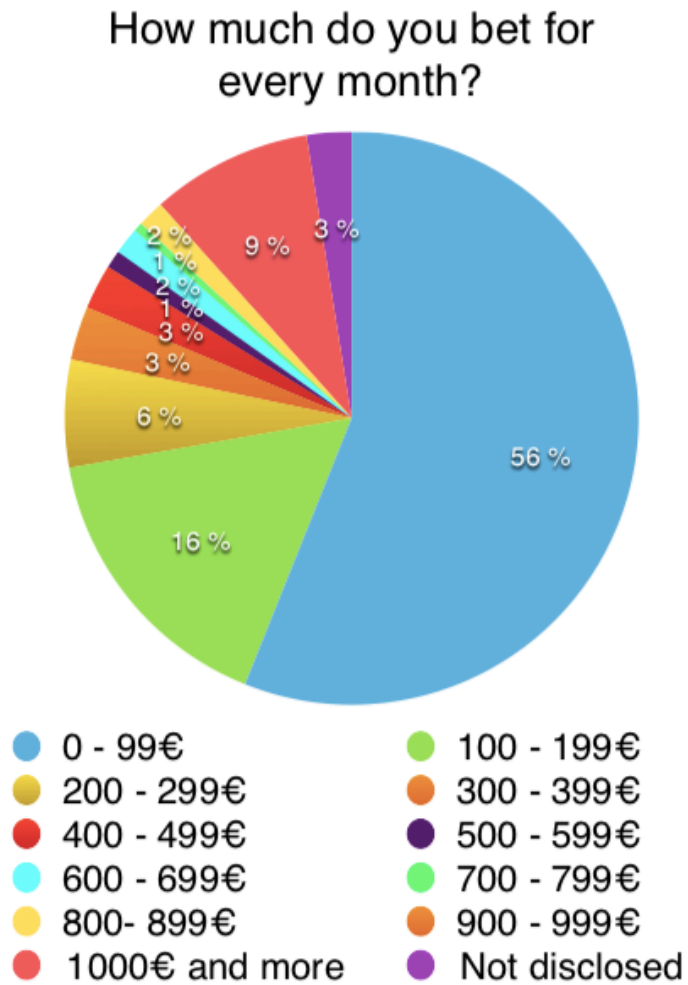
Source: Survey of gamblers by Boniecki (2016, p.32)

Supplementary Figure A4. Core Betfair Revenue 2011 (Betfair, 2012)
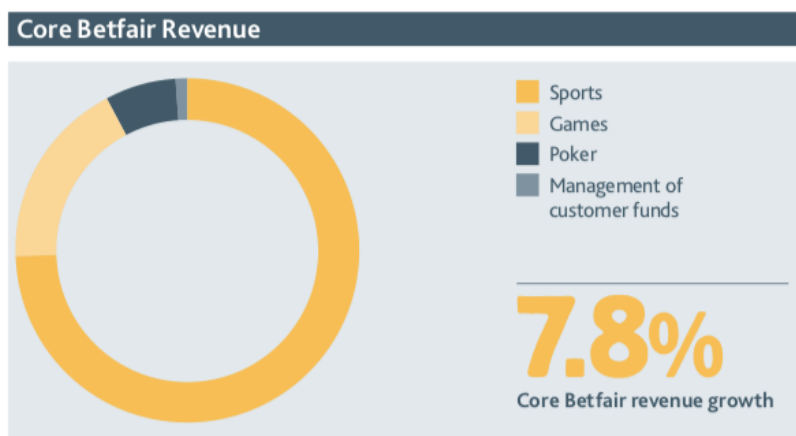
Source: Betfair

Supplementary Figure A5. Summary of 2018 applications at Tipico Group arranged by Business Unit.

Group By	Recruiting Process			
BUSINESS UNIT	JOBS	APPLICATIONS ▲	INTERVIEWED	HIRES
All	1,118	14,885	3,267	706
Protech	112	5,574	690	60
Retail	836	5,119	1,638	479
Business Framework	80	1,954	323	61
Online	64	1,578	489	86
Bookmaking	10	625	123	20
None	16	35	4	-

Source: Tipico candidate database.

Copyright: Tipico (2019). Reproduced with permission.

Supplementary Figure A6. Largest Time to Start in Germany's skilled positions, and number of unemployed and job vacancies – From Wallace et al (2018) in Handelsblatt.
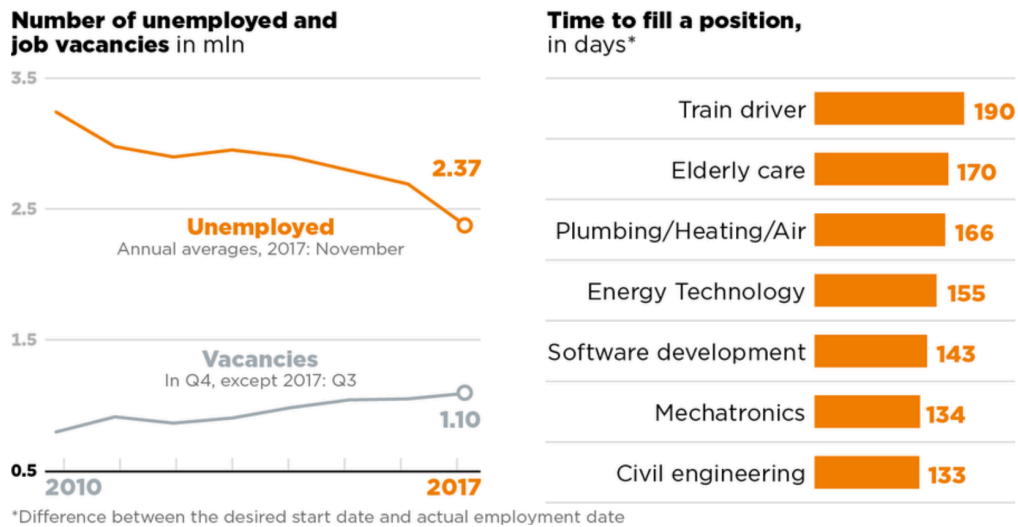
Source: Destatis and Eurostat.

Copyright: Handelsblatt (2019)

Supplementary Figure A7. The candidate's view of Tipico's candidate experience survey –

Interview Experience Step.

Source: screenshot from a candidate experience survey email sent to my personal email

address.

Supplementary Figure A8. Feedback from Tipico's Retail Talent Acquisition Team of how

many candidates are also clients.

Yesterday

Antonio Arias-Lopez 6:44 PM
hey guys

question for you

how many of our candidates do you think are also tipico customers?

Antonio Arias-Lopez 7:05 PM
my definition of customer: someone who has placed a bet with us in the past 12 months

---

Today

Alexandra Siedentopf 11:17 AM
well we ask the candidates in the phone interview. I think about 40-50 percent of the candidates I speak to are also customers. But difficult to say

most of them only bet in case of sports events like european or world championship

Antonio Arias-Lopez 11:20 AM
thanks

@Richard Gerke you?

Richard Gerke 11:36 AM
puh, I thought about it yesterday...but didn´t come to an answer. I go probably with Alex 40-50 % sounds reasonable. What I know for sure the ratio for example in Berlin is a lot higher than in smaller cities. Let us say in Berlin it is 55%-65%. In Gummersbach 35%-45%.

Antonio Arias-Lopez 11:44 AM
great

is it ok with you if I use your comments for my thesis?

Alexandra Siedentopf 11:45 AM
sure 👏

Richard Gerke 11:53 AM
yes, you can use my comments

Source: interview with Tipico recruiters conducted via Slack on 13th March 2019.

Tables

Table 1.

Summary of all calculations leading to the estimates of revenue loss due to poor

candidate experience for Tipico in 2018.

	# of candidates	% of detractors	% of candidates who were customers	% of 1-star customer detractors who will cancel	# of detractors and customers to leave Tipico	Estimated CLV	Revenue loss	Word of mouth multiplier	Total revenue loss estimate
Interviewed not hired	3266	18.75%	30.00%	36.00%	66	400.00 EUR	26,454.60 EUR	200%	**52,909.20 EUR**
All Tipico rejections	14179	24.00%	30.00%	36.00%	368	400.00 EUR	147,007.87 EUR	200%	**294,015.74 EUR**
All Tipico + franchise rejections	28179	36.00%	40.00%	36.00%	1461	400.00 EUR	584,319.74 EUR	200%	**1,168,639.49 EUR**

Source: own estimations combined with Tipico data.

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Declaration of Originality (individual thesis)

I hereby confirm that this Thesis presented by me has been prepared independently, using no other sources, re- sources and other aids than those mentioned. All parts – literally or by their meaning – taken from published or non-published sources are credited as such. The Thesis in its current or similar form has never been submitted as a graded assignment. Changes to the topic have been agreed with the first assessor.

_____   _____

          Place, date   Signature of author