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THE WALL STREET JOURNAL.

WSJ.com

RUNNING A BUSINESS | MARCH 2, 2009, 10:09 A.M. ET

Niche Web Sites Buck Media Struggles

By [JESSICA E. VASCELLARO](#) and [ELIZABETH HOLMES](#)

While many media businesses are stalling, a small group of online publishers appears to be bucking the trend.

Several start-up Web sites such as SB Nation, Seeking Alpha Ltd. and HealthCentral Network Inc., which create and aggregate content about topics like sports, business and health, are recording sharp gains in visitors and -- in many cases -- revenue. They are outpacing other sites on similar topics through business models that allow them to create niche content with little financial investment. Many also are landing distribution partnerships with big media brands eager for cheap content during the recession.

The number of visitors to sports Web site SB Nation, for instance, rose 15% from December to a total of 3.4 million in January, according to the company, even as unique visitors to the category of sports sites tracked by comScore Inc. fell 2%. (ComScore says SB Nation -- which is owned by SportsBlogs Inc. -- doesn't reach its public reporting thresholds.) SB Nation launched a partnership with [Yahoo Inc.](#)'s Yahoo Sports last week and has signed another deal with [Gannett Co.](#)'s USA Today.

The site is trying to offer content that larger sports destinations don't often generate on their own, such as team-specific blogs like "Gang Green Nation," dedicated to the New York Jets. SB Nation recruits the authors and pays them based in part on the popularity of their posts. It is a business model that SB Nation believes can keep its site afloat with less advertising than is required by traditional media companies, Chief Executive Jim Bankoff says.

"This model only works if you have a cost structure to enable it to work," he says. Mr. Bankoff says revenue is rising 25% a month, off a small base. He declined to disclose underlying numbers.

The small publishers face some serious challenges, including intense competition for eyeballs and advertisers. Moreover, the Web is flooded with niche-content sites, relatively few of which are likely to become profitable businesses.

But this new model of targeted content that can be assembled cheaply could become popular as

advertising growth slows and consumers spend more time across multiple sites. "Consumer engagement is shifting toward niche-content experiences," says Andrew Braccia, a partner at venture-capital firm Accel Partners who sits on the board of SB Nation. "Three to five years from now, people will no longer be drawing a distinction between traditional forms of publishing and what we know as blogs today."

Some advertisers are buying in. The New England Sports Network, a regional cable network that doesn't advertise on large online sports portals, began buying ads on SB Nation's Boston Celtics blog in January to reach New England sports fans. "We're looking for the best targeted experience that we can get," says Michael Hall, director of new media for the company. He declined to say how much the company is spending on the ads.

Big media companies are paying closer attention, too. In February, Yahoo Music struck a deal with Musictoob, a start-up gossip Web site that launched at the start of the year and serves up juicy tidbits from the music scene.

The site, which boasts the slogan "The majesty of rock. The tragedy of roll," only started paying its two editors on Friday. The deal, which gives Yahoo content in exchange for traffic, came together in a matter of weeks, according to both parties.

Michael Spiegelman, head of Yahoo Music, says Musictoob's content filled a void in Yahoo Music's coverage. "We didn't have anyone really covering music gossip," he says. On Friday, Yahoo Music featured on its homepage a Musictoob post about pop star Lily Allen dressing in a duck costume.

Media companies are also more willing to experiment with different types of online brands. Hearst Corp. announced a partnership last week with Helium, an online writing site that fosters freelance journalism. The partnership will let Helium writers contribute in an as-yet-to-be-determined role to Hearst newspapers. Lincoln Millstein, senior vice president for digital media for Hearst Newspapers, says the company is looking to bolster its local-content offerings.

"Helium plays in a niche that I don't really see that's out there," Mr. Millstein says. "It's intriguing enough where we can experiment with it."

Hearst is syndicating its targeted offerings, too. The Daily Green, Hearst's two-year-old online environmental brand, is now on Yahoo Green. Erin Carlson, director of Yahoo Green, says Yahoo looks to the Hearst site to cover specific green areas where Yahoo is absent, such as an environmental post regarding autos. In the first week into the partnership, Hearst saw nearly 40,000 referrals to TheDailyGreen.com from Yahoo, according to Hearst internal figures.

Some companies are trying to take the cheap niche model to the extreme. Whiskey Media, founded by the entrepreneur who co-founded CNET Networks, Shelby Bonnie, has built several sites, including videogame fan site Giant Bomb, on a single technology platform built by four developers. Giant Bomb hired two interns to fill out a database of videogame titles; much of the rest of the content, including game guides and images, has been submitted by users. Visits to the property have quadrupled since July to more than 80,000 a day, according to internal company metrics.

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Printed in The Wall Street Journal, page B5

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