



TheMarker

Economics for everyman

by
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Preface

The story of the business newspaper TheMarker is extracted from the book “I, the Brand!” published in Israel at the beginning of 2011.

There aren't many books on marketing, written in Hebrew, telling the story of successful Israeli brands. In “I, the Brand!”, I set out to methodically describe marketing moves in 14 Israeli enterprises that achieved impressive success.

These enterprises, from a range of content worlds, each became a success in its own field and in its own way, managing to attract consumers and mark impressive achievements while fending off powerful rivals.

The Internet is a significant presence in this book. Not only is the World Wide Web an important marketing platform: often it is the central business infrastructure. TheMarker is such a case and its uniqueness is all the more remarkable for the “reverse” journey it took, expanding from an online operation innovative in and of itself, to the conservative, familiar world of print.

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TheMarker was founded in 2000 by the journalist Guy Rolnik and the Haaretz publishing group, as a purely online source of business and finance news. In 2005 TheMarker began printing out a daily paper, appended to Haaretz as the business section. From 2008 it became available as a stand-alone newspaper as well.

Today TheMarker belongs entirely to the Haaretz group. Rolnik serves as deputy publisher of the group and as chief editor of economic news. TheMarker alone has about 250 employees.



Background

Internet as a form of mass communication had its breakthrough in the late 1990s. Billions of dollars poured into inventing online products and websites. Internet news sites began to pop up and traditional newspaper publishers began to publish digital versions as well.

At the time, Israel had exactly one business newspaper, Globes. The veteran newspapers – Yedioth Ahronoth, Maariv and Haaretz – had business sections. These newspaper groups were skeptical about Internet and preferred to stick to print.

The first to rock the boat was the investments firm Analyst, which in 1998 founded a website devoted to stock market information.

In 1999 Guy Rolnik, then economics editor for Haaretz, decided that Internet proffered extraordinary opportunity for the business press. He predicted that the Web would take the world by storm, conquering market share in a manner and at an intensity never seen before.

He quit his job at the printed paper and set out for the United States to seek investors in a startup.

Rolnik linked up with TheStreet.com, a U.S. company running a business-news website, which agreed to buy 20% of the shares in the new venture. Thus TheStreet.com became a partner in the venture together with the Haaretz group.

"We could have found investors in Israel, but we wanted to avoid conflicts of interest," Guy Rolnik explains. "The people with capital in Israel were a relatively narrow group of businessmen with sprawling business activity, so there would be an inherent conflict of interest between running a business paper and local investment. We preferred to avoid the constraints involved in writing about companies owned by somebody investing in us. Finding investors abroad solved that problem. Finding an investor which was also a newspaper was the optimal solution."

Recognizing the importance of quality positioning for the website, Rolnik recruited outstanding names in business journalism. Many came from the existing papers, including Haaretz. When TheMarker went live, it had 30 reporters. Rolnik himself served as publisher and editor in chief of the site. Another founder, Eytan Avriel, served as managing editor.

Business strategy

TheMarker's founders based their business strategy on the unique advantages that Internet posed for the press. They offered a product entirely new to Israel, a product that wound up changing the consumption habits of the Israeli business-news reader: real-time news.

"The newspapers report events the day after they happen," as a TheMarker manager put it. "On our site, they could keep abreast of events as they happened."

The site operated around the clock, on weekends as well, constantly uploading news and commentary. It also generated "breaking news", first publishing the headline, and later putting up the whole story.

The point was to be first to break news. With the headline live, the writer could sit back and pen a proper story in depth, which takes time. "This way we could get ahead of the competition and also supply a serious article," Rolnik explained.

TheMarker site also offered another innovation: it enabled readers to post comments.

Other Hebrew-language news sites offered no such thing, nor was it the norm in online news sites in general at the time. News site managers at the time were concerned with preserving the quality of the writing: they didn't want the readers to have a part in it.

Weathering the storm

TheMarker went live in April 2000, which was about the time the Internet bubble burst. Nasdaq began losing ground, and a few months later, the second Intifada broke out.

The fledgling website found itself in a bizarre situation. On the one hand it was operating in a business environment deeply disenchanted with Internet. On the other hand, surfer traffic on the site was brisk and constantly growing.

Yet the global financial markets were in a state of crisis and companies were reluctant to commit advertising budgets to the newfangled media. During its first two years, TheMarker lost money, while income from advertising was slow to accrue. The site management operated under a cloud, fearing that the ax closing down business could drop any day – despite the enthusiasm of readers and the constant growth in surfer traffic.

Another difficulty was the attitude of the established press, which fanned the flame of criticism of the new online rival. Nor were powerful business groups in control of the Israeli news publishers pleased with the concept of a new, independent rival that would weaken their grip on the Israeli market for financial news.

“We changed the consumption habits of the business community: nobody had offered a service like this before us,” says a TheMarker manager. “The high-tech community was drawn to the site, if anything because the high-tech bubble burst. That may have hurt us financially, but it helped us professionally, because things were happening all the time and we had a platform that could report on developments in real time. Everybody wanted to know what was happening with stocks on Wall Street, who was firing and why, and which startups were being sold, or floated.”

“The upshot was that the online newspaper gained tremendous traction – yet it wasn’t taken seriously in the business community,” Rolnik recalls. “Internet was perceived as a joke and the printed press sneered at the faithful who believed the world-wide web had a future. From time to time, the papers would report on sites and Internet ventures that had collapsed. All the papers reporting on us felt threatened by us, and would only publish negative stories.”

But the high-tech crisis also created opportunities, and a new school of thought. In 2001 TheMarker did two things that gave the site fresh breath: it acquired the financial portal Analyst, and established a monthly printed glossy, called TheMarker Magazine.

The purchase of Analyst

The financial portal Analyst had in fact been around before TheMarker, but it encountered similar difficulties and in its case, the owners decided to pull the

plug. TheMarker managers saw potential for significant synergy between the two websites: the uniqueness of their site was in bringing news, analyses and commentary, while Analyst specialized in presenting quality financial data.

The weakness of the infrastructure market and the news that Analyst's owners had finally reached the end of the road, as far as they were concerned, enabled TheMarker to acquire the company at an especially good price.

The newspaper managers were in no rush to erase the Analyst brand. The portal had a loyal readership that TheMarker wanted to preserve. "We consolidated the systems from day one, but kept the brand name," says a manager at TheMarker. "The main added value of buying Analyst was buying its users' habits."

Only three years down the line, in 2004, did Analyst and TheMarker become a single entity. At first as said it remained Analyst, which morphed into Analyst Online TheMarker and finally just TheMarker.

The establishment of TheMarker Magazine

The brand caught on with tremendous speed, but revenues didn't materialize, says TheMarker management. "The Internet advertising market was slow to grow. We decided to take the brand to the print world, and set up TheMarker Magazine. The reasoning was that people were used to paying money for glossy magazines, and advertisers were prepared to devote budgets to them. The magazine was a success from the get-go. It also strengthened the website. Absolute synergy was created between them."

The first editor of TheMarker Magazine was Dov Alfon, today the editor in chief of Haaretz. The magazine writers were the same journalists writing for the website. By its nature, the magazine did not compete with the site: it was devoted to features and columns, not breaking news.

As happens, necessity was the father of success. The subscriber base to TheMarker Magazine grew constantly over the years. Today the number of subscribers and casual buyers has exceeded 40,000 a month.

"If the online venture had developed faster, we might not have established the

magazine,” observes a TheMarker manager. “Certainly we wouldn’t have at that point in time.”

TheMarker Magazine was a jolt in the arm for the company's bank account, but it wasn't enough. The market continued to discount Internet, which was TheMarker's core activity, and revenues were slow to come. TheMarker managers therefore turned their attention to a new venture, which like the magazine was designed to help exploit the economic potential of the brand. Thus a new venture, TheMarker Conferences, was born.

Establishment of TheMarker Conferences

At the time, the market for economic conferences in Israel was bustling. It was led by the business newspaper Globes, but Haaretz Conferences and Maariv Conferences were also around. The business model of TheMarker Conferences was based on sponsorships by commercial companies, which would gain exposure in a variety of ways: ads in the press, articles, and exposure at the conference itself. Also, the companies charged registration fees to the conferences. Here too TheMarker set out to distinguish itself.

“At the conferences of the rivals, the norm was for the CEO of the sponsoring company to be one of the speakers,” explains a TheMarker manager. “He would get onto the dais and present the company and its operations. We thought there was a model to bring true journalistic content to these conventions. The dais should be manned only by people who had the most interesting statement to make, professionally speaking. The sponsor could make an appearance on the dais, but so could his rival, who wasn't a sponsor. We would not allow a speaker to get up and talk without rebuttal. We created a platform for lively debate, with managers sitting on panels and taking hard questions, even if they had sponsored the event.”

This attitude had a price in the form of having to forgo certain potential sponsors. As TheMarker managers spell out: “Our organizational culture focused on the journalistic ethos, on integrity and on the interests of the reader. We had to preserve the brand in all our products and services. Also, in our own way, we lit fires at our conferences, making them exciting and interesting. This activity quickly gained momentum. We have held conferences at which 2,500 people took part. The volume of activity at our conference surpassed the competition.”

Consolidating systems

The year 2003 was a tough one for the economy and the printed press. The business sections hurt badly as advertising dried up. Haaretz looked for ways to create collaboration between the Haaretz Business section and TheMarker. Rolnik was placed at the head of both systems, but uniting them was a difficult task, especially since their organizational cultures were completely different.

"On the one hand there was Haaretz Business section, a section of the oldest and most distinguished newspaper in Israel, with a loyal cadre of readers," says a TheMarker manager: the paper's writers felt secure that no matter what they wrote, the material would be read because this was, after all, Haaretz. At the other end of the rainbow was TheMarker with its culture of a start-up, with editors and writers feeling they were in a constant struggle to create value, lest the venture fold.

"When we convened editors from the two systems, misgivings on both sides ran high," says the manager: the veterans dismissed Internet as lightweight, and the newcomers couldn't relate to the conservatism of the "old guard".

For more than half a year, a team of editors from TheMarker and Haaretz's business section worked at bringing the systems closer, forging a shared vision and working out ways to make it happen. The vision was an ambitious one: to become the leading business-news arena in Israel, in every imaginable way.

Analysis of the business environment led to the conclusion that the economic situation made life hard for both systems. Haaretz was losing subscribers and advertisers to the competition, and the site was just starting to make itself noticed among advertisers, which hurt the newspaper yet did not yet create a viable commercial alternative. It was a classical example of disruptive technology - an innovation that disrupts an existing market.

The team completed its work in 2004 with the decision that the joint vision should be executed using the brand of TheMarker. It was a dramatic decision, which meant that alongside the website, the magazine and the conferences, a daily business paper would be printed TheMarker, which would replace the Haaretz business section.

Bucking the trend: A printed daily paper

The vision to position TheMarker as the leading economic venue in Israel included the print version. Despite the difficulties the printed press was experiencing the world wide, a daily paper remains a crucial media platform. TheMarker managers wanted to reach the audience of printed-press readers and also, to expand its audience to readers of the business press.

"We wanted to be more accessible to readers," says a TheMarker insider. "At the time, only about 40% of Haaretz's readers actually read the business section. We wanted to prove that economics interests not only economists, but any intelligent person with curiosity. It all depends how it's dished up. The world is changing and the topic of economics has much more potential, if delivered differently."

TheMarker managers projected that the working pattern which had done so well online would work in print as well, with the requisite adjustments. The strategy worked and the daily paper became the most popular section among Haaretz's subscriber base. Today about 90% of the Haaretz readers also read TheMarker: economics has become accessible.

The paper and website feed each other, with some material appearing in both versions. The degree of overlap changes daily, based on the needs and considerations of each system. The same applies to the writers: some only work in some platforms (including the magazine) and some write for all. But all are committed to the brand, says a TheMarker insider. "The editor of the site isn't just committed to the site, but to the brand. It is true that the products compete with one another to a degree. Some surfers settle for just the website, and don't want a subscription to the daily paper, but the systems cooperate in strengthening the brand. This organizational culture, which is part of creating the leading economic venue in Israel, is the secret of our success."

Integrating TheMarker into Haaretz

A central question ahead of launching TheMarker print version was whether to distribute it separately or as a section of Haaretz. TheMarker managers deliberated whether to tie the successful new brand with Haaretz, which was highly distinguished, but had limited circulation. Ultimately the decision fell to include TheMarker inside Haaretz. That decision substantially boosted Haaretz's subscriber base.

"Haaretz is the most important newspaper in Israel. It has a mission, but to fulfill it, it needs circulation," says a TheMarker insider. "It didn't have enough subscribers in 2003. We thought that integrating TheMarker print version as a section of Haaretz would drive circulation for the newspaper."

It did: in fact the jump in circulation far outstripped expectations. In four years readership grew nearly 50%, by virtue of leveraging the success of the Internet medium to boost the "old-fashioned" printed version, as they put it at TheMarker. "That was our great achievement, bringing Haaretz to an all-time record readership at a time that similar papers around the world were suffering constant erosion."

Aside from being added to Haaretz, no special marketing was done for TheMarker. For decades Haaretz had been pushed by telemarketing. Now the salespeople could tell potential clients that the print package included the daily business paper TheMarker. "The print version of the paper marketed itself by word of mouth. People would see other people with it. They'd tell each other about it. The information about it and its qualities bubbled. Inside a year it gained traction and by 2006 it was a significant presence in the market."

This conduct by TheMarker created a unique marketing phenomenon. In contrast to the trend of printed press going online, here the online version expanded into print.

In 2009, after four years of rapid growth, growth by Haaretz's subscriber base slowed. For the first time the managers decided to enable separate subscriptions to TheMarker for readers wanting its print version, but who didn't have subscriptions to Haaretz. In the backdrop, the broadsheet daily Yedioth had launched the business paper Calcalist. Today about 10% to 20% of TheMarker's readers buy it separately from Haaretz.

TheMarker Café

About two years after the print version's launch, TheMarker management decided to launch a social network as well. It was a gamble. Social networks were a new thing and it was early days to say how they would develop. Also, the connection between a news group, business or otherwise, to social networking was unclear.

"We were probably among the first newspapers in the world to set up a social network," says a TheMarker insider. "Our network was joined by people who'd never been active on social networks before. They found a framework that suited them in TheMarker Café. The connection to a social network is a lot more emotional than it is to a newspaper or website. Surfers spend a lot of time there: for some it's the center of their lives. At present the Café has about a quarter-million surfers and every day, between 40,000 to 50,000 join."

Marketing strategy

Name and brand

How was the name TheMarker chosen? At the time, websites were taking on cool names, but TheMarker people weren't looking for cool. They wanted something new but that would befit a serious, professional newspaper. It was an advertising agency that came up with "Marker" – but that had been taken. The word "The" was appended and the rest is history. "It was reminiscent of leading papers abroad, such as The New York Times," says one manager.

Within months TheMarker had proof that the market recognized it.

The paper had run a story with a comparative analysis, asking which mobile operator offered its clients the best service package. The company it named launched a massive publicity billboards campaign featuring the TheMarker and its findings.

The website won twofold: not only did it get massive free exposure – it was recognized as an authority whose findings could be trusted.

Later, when the collaboration between TheMarker and the Haaretz business section was being contemplated, one question was which brand should be more prominent. To gain insights, a series of meetings with focus groups was held. Hundreds of people were interviewed using quantitative and qualitative tools.

Among other things, the respondents were asked to personify the brands of the business media. It turned out that the Haaretz business section was perceived as a 60-year old man driving a Volvo, Globes as a lawyer, accountant or insurance agent aged about 40 years, and TheMarker was perceived as a smart high-tech entrepreneur about 35 years of age.

The focus groups also taught that people wouldn't replace a paper with a strong business bent such as Globes with a paper perceived as being a mere section of another paper. A subscription to a business paper was part of a broader status symbol that they wouldn't dream of forgoing. The Haaretz business section was not perceived as a business paper, just as a section in a newspaper identified with the left of the political map.

“We asked ourselves if it was possible that in three years, people would say that the Haaretz business section was the business paper of the nation. It didn’t seem likely,” said a source in TheMarker management. “Could we shift the entire young business world already reading TheMarker to Haaretz business section brand? That didn’t seem likely either.” Also, they felt that in the near future, say five years down the line, an entity not online didn’t stand a chance, and it would be hard to create an Internet brand out of the Haaretz business section: the conclusion was that TheMarker had to be the brand at the forefront of the vision.

Media

In contrast to “ordinary” products or services, which have to be brought to the public’s attention via the media – in the case of a product that is a newspaper, it itself and its content are the media. The principle underlying the marketing strategy of TheMarker leaders was that the professionalism of reportage would do the marketing for them.

But they couldn’t rely on word of mouth alone no matter how good the quality was, even if the product was a new online news site. To expedite awareness of the product among the public, TheMarker decided to mount a television campaign, television being the most important branding medium. A short, tightly focused campaign went live for two weeks, marked by contrast and humor. One ad featured three elderly people talking about the new Internet news site in Yiddish.

“The television campaign wasn’t designed to encourage surfers to enter the site, just to bring us to the business market’s attention. We wanted them to identify us not as just another player where they could advertise, but as an address for journalistic sources. also, the television campaign indicated presence and was a source of pride for our people,” says a TheMarker manager.

Conclusion and analysis

TheMarker revolutionized Israel's media scene in general and the business press in particular, which became the liveliest news arena in town.

It swam against the current. While the printed press was disappearing or going online, TheMarker went the other way, from an Internet startup into a printed paper. It became one of the first newspapers in the world to start out online.

Its unique transformation from virtual press to print won TheMarker the Platinum Effie Award for 2007, granted to the most successful business marketing move in Israel during the last five years.

Not only did the paper's readership constantly grow: since the launch of TheMarker print version, the subscriber base of Haaretz grew by more than 40%.

What were the main factors underlying its success?

a. Using new tools to compete in an existing market.

TheMarker's founders realized that Haaretz was facing serious challenges that could only be overcome with a bold leap. Not only was Haaretz contending with powerful competition: it was doing so in a shrinking market, whose players still hadn't figured out how to survive in a virtual world.

The decision to launch an Internet paper with a new brand, dissociated from Haaretz but benefiting from its knowhow and experience accrued over decades, was a giant leap that brought it to the forefront of the business press. In 2000 the business section of Haaretz was languishing in the rear. By 2005 TheMarker, which had taken its place, was in the lead.

b. Operating as an independent startup.

TheMarker turned one of its business disadvantages into an advantage - being an independent body detached from the broader group. It is true

that made it poorer, but it was free to present independent opinions. Its moves strengthened its branding by stressing its journalistic freedom. By the same logic TheMarker sought a strategic partner outside the country and chose an online newspaper, which also helped with the knowledge and experience it had accrued, and had no involvement in the Israeli economic scene.

The decision to operate independently, not as an initiative of the Haaretz newspaper, also precluded the sort of internal opposition that always accompanies processes of change, and avoided blurring of character between the original Haaretz brand and the new brand.

c. Skilled navigation in stormy waters

TheMarker founders set sail in uncharted waters. The market changed around them as they sailed, in manners that could not always be foreseen. Internet was developing explosively in multiple directions. TheMarker managers overcame the challenges they met in various ways: this is how they came to acquire the Analyst portal and became the owners of the first real online newspaper, thus they decided to establish a monthly glossy magazine to drum up revenues for the brand, thus they set up the TheMarker Café social network, which brought in significant surfer traffic.

d. Swimming against the current

It was logical and natural that readers would move from the printed press to the online version: a website can stay abreast of events, it is more accessible, and it doesn't cost money. Yet TheMarker went against the current and stretched the online brand to the printed press. Its experience with the monthly magazine taught the managers that their decision had been the right one.

TheMarker gained traction as an independent entity, not affiliated with the Haaretz brand. It justified its existence not only as a successful independent brand but also as one that could strengthen the Haaretz newspaper. The uniqueness of this success created positive echoes that strengthened the brand even more.

e. It isn't the platform, it's the brand

TheMarker operates in four avenues: printed newspaper and magazine, website, and conferences operator. Although each avenue is managed separately, its managers did not fall into the all too natural organizational trap that creates competition between the organizational units and wastes management resources. Building the brand was accompanied throughout by building a management culture that first and foremost created loyalty to the brand, not to the organizational platform. This management attitude led the avenues to feed one another, not feed on one another.

About the Author



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Shuki has authored ten books and hundreds of articles in financial newspapers and management journals, most published as a personal column.

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