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Social Sites Started as Hobbies Offer Alternative to Big Players By Catering to Specific Interests

Quentin English was tired of sifting through countless emails from friends looking for roommates and apartments in New York. So in June 2000, he decided to set up an online forum for his friends to more efficiently swap tips about living in the city.

The Web site, called **Quentin's Friends**, initially consisted of an email list of Mr. English and about 25 acquaintances. But his friends started inviting their friends and so on. By 2004, Quentin's Friends had swelled to about 5,000 members.

Today, Quentin's Friends is a flourishing electronic marketplace for people who are looking for just about anything in New York—apartments, jobs, kitchen and computer equipment, reliable doctors and even frequent-flier miles.

Members get emails about topics they're interested in from people who are seeking, selling or recommending things. They can either respond directly to those emails or post responses online for all to see. People can join Quentin's Friends only if they're invited by a current member, and they can get kicked out for bad behavior like giving out deceptive information. Mr. English started charging membership fees in 2004, and the site (www.quentinsfriends.com) is now

generating a small annual profit. He is preparing to launch Quentin's Friends sites in other cities, including Los Angeles later this year.

Quentin's Friends is part of a growing group of small online communities that started as hobbies but are evolving into viable small businesses. While these niche sites don't attract as much attention as social-networking standouts like MySpace and Craig's List, they are demonstrating that even small players have the potential to become profitable if they establish a community that others will want to be a part of.

Charlene Li, an analyst at Forrester Research Inc. in Foster City, Calif., says niche sites can succeed because there's a pent-up demand for sites that cater to specific interests and demographic groups. They are "filling the gap left by giant sites like MySpace," which are so big that it can be hard for users to find information and like-minded people, she says.

Over at Quentin's Friends, Mr. English decided on a more unusual and risky approach for his business—charging a membership fee, something few social-networking sites do.

The 40-year-old U.K. native says the decision wasn't easy. But as his hobby gobbled up more and more of his spare time, he grew increasingly frustrated that he wasn't getting paid for the extra work.

Mr. English says he tried selling ads on the site, but people rarely clicked on them. He charged admission fees to the occasional parties he threw for members, but not enough people came to cover his costs. So he decided to institute membership dues of \$4.50 a month or \$12 a quarter.

It was a gamble, since Internet users often balk at paying even modest fees for a service they can get at no charge elsewhere, like on Craig's List. So Mr. English braced himself for membership to shrivel. "I had people saying I wouldn't get 5%" of members to pay, he says. But about a quarter of the members stuck around, he says, "which is pretty huge for the Internet."

Alex Twersky, an independent film producer in New York who has been a Quentin's Friends member for almost three years, says that "initially, I had reservations about the fee, but I had such positive experiences with the list that I decided to try it. If you're a phony you'll be outed soon enough, and that kind of security is worth a few bucks a month." Mr. English says he has booted about 10 people off the site for being untrustworthy—like not paying rent at apartments they found through Quentin's Friends.

Mr. English won't disclose financial details but says Quentin's Friends has about 1,400 dues-paying members and is profitable. He also donates 10% of revenues to City Harvest, a New York charity.

He says the new income has allowed him to focus on growth. Last year, Mr. English hired a software firm in India to help develop an improved Web site that, unlike the current site, will allow members to post profiles of themselves with their photos, ages and interests. The new system, which he plans to unveil this spring, also will automate time-consuming email-formatting and payment-processing tasks.

Mr. English, who also has a full-time marketing job at Citigroup Inc., says he spends as many as 35 hours a week working on the site. He has an assistant who works about 40 hours a month.

His goal is to set up versions of Quentin's Friends in dozens of cities around the world. About 15% of Quentin's Friends members live outside of New York, Mr. English says, and "I have people begging for it" in other cities.