
Inside Seeking Alpha's Money Machine

By Kerry Pechter Wed, Feb 20, 2019

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- Through Seeking Alpha's algorithms, its editors can see, analyze and direct the massive flow of content that passes through its systems every day. They can tag each article, measure its popularity, and play matchmaker between contributors, readers and advertisers—millions of times over.

This mountain of meta-data naturally creates opportunities for monetization. Seeking Alpha can identify the most sought-after authors and articles, segment the most valuable, and charge extra for access to them. Content is currency for Seeking Alpha, as long as the editors (and their algorithms) keep making smart decisions about which content readers will be willing to pay for.

Here are CEO Eli Hoffmann's descriptions of the three products that Seeking Alpha has created in recent years for readers who want more than the basic access to stories and alerts about their favorite securities or topics.

Essential

"The first product is Seeking Alpha Essential. That costs \$20 a month. You get four key value propositions: Access to all our content, qualitative stock ratings from our network of contributors, author tracking—you can track specific contributors as well as stocks—and powerful tools, such as unique charts that we've created for readers. We were the first to chart *yield-on-cost*. It shows you how much, since you purchased a particular dividend stock, the yield has gone up or down. There are some unique visualizations," Hoffmann told *RIJ*.

PRO Plus

"The next is PRO Plus, which is targeted to the high net worth individual or the professional investor," he said. "It costs \$200 a month. PRO Plus gives you access to everything in Essential plus exclusive access to the 'Single Best Idea' of the day." Every business day, the subscriber receives an article of two or three thousand words that the editors consider especially valuable. It's a curated stock-tip, essentially.

PRO Plus subscribers can also access a filtering tool; institutional investors, for instance,

can pre-select only institutional content and screen out the stories meant for retail investors. "The institutional investors are not yield-chasers or dividend investors," Hoffmann said. The writer who contributes the idea that become the day's 'Single Best Idea' earns \$1,000. That bounty incentivizes all of the contributors to produce better and better content.

Investor Marketplace

The third and final product is the Investor Marketplace, where investment experts can launch private communities for the Seeking Alpha followers. "If I write about chip stocks, for instance and I have a large following, I can come to Seeking Alpha and say, 'I have an engaged audience, I will share my entry and exit points from the market, I will share my entire portfolio, with weightings, and we can live chat while things are actually happening in the market.' We provide them with a marketing funnel," Hoffmann said.

"Whoever sets up a marketplace can make it whatever they want it to be. They could say, 'If you're an accredited investor, you can join my community for \$50 or \$100 or \$1,000 a year.' We have about 160 analysts, with 160 private communities. It's a terrific opportunity for smart analysts. The analysts get a free funnel. The members get free contributions from the analyst, and a community chat room."

Seeking Alpha doesn't just wait for the contributors to request a personal Marketplace; it clocks the traffic of every one of them and urges high-traffic writers to start their own exclusive pods. "They charge a minimum of \$20," Hoffmann told *RIJ*. "We do the payment processing, the customer service, the password resets and a dashboard that tells them who their clients are, what they're reading, and which articles are converting readers to community members. We have a four-member team dedicated to our Marketplace Contributors."

Collectively, those 160 analysts take in about \$8 million a year. Of that, Seeking Alpha receives 25%. It's a small part of the company's overall business today, but one where Hoffmann sees vast potential.