

THE COSTCO CONNECTION

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A lifestyle magazine for
Costco members

Costco member
Craig Newmark

**craigslist: He built
it and they came**

The little Web site that COULD

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▶ A simple list of events has turned into a wildly popular Web portal

Craig's little list



By Lisa Alcalay Klug

IN THE EARLY INTERNET DAYS of 1995, Craig Newmark sent an e-mail to a dozen friends about local art and technology events. He was merely a mild-mannered computer security architect at Charles Schwab in San Francisco. In the weeks that followed, he continued updating and expanding his frequent e-mails.

Six months later, Newmark—now working as an independent consultant—wrote software to pour those files into a Web site. He began posting resumés, jobs and apartment listings as a public service. Soon word spread, making the site a growing one-stop shop for all things San Franciscan.

Eventually the site got so big that running it took nearly all of Newmark's time. He found he could pay for the site by charging for job ads. In early 1999, he hired a few employees, then slowly added more over time. In 2000, the Web site expanded to nine more cities, adding more staff and ultimately demanding a physical home of its own. Today, more than a decade and 19 employees later, Newmark is a cyber Superman of sorts: the goateed crusader behind the renowned populist Web site of the Internet: craigslist.

Unlike eBay, which op-

erates as an auction, craigslist (www.craigslist.org) is a combination of classified ads, dating sites and garage sales, all rolled into one. Users in various cities around the world search craigslist for local jobs, dates, used Jacuzzi tubs and nearly anything else. Someone once even advertised for a person to take an accounting ethics exam.

Jobs and housing listings receive the most page views, followed by items for sale, personals and forums on everything from haiku and weddings to transgender issues and philosophy. Wildly popular, the site has attracted a cult-like following of more than 6.5 million posts per month, with more than 700 raw hits per second at peak times. And it is almost entirely free.

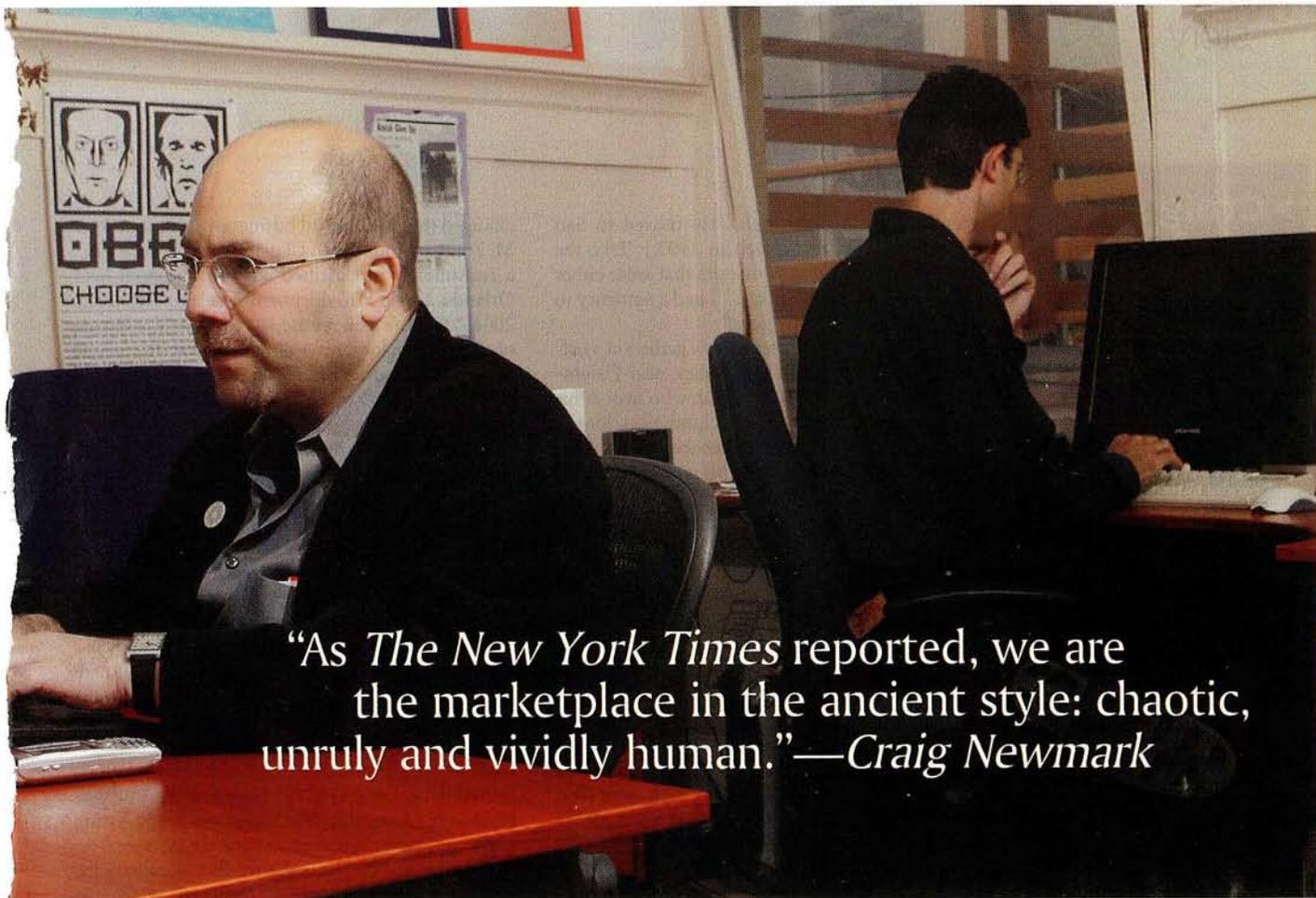
Despite his increasing household fame, Newmark, a Costco member, is an affable Clark Kent kind of guy. A 53-year-old bachelor, he describes himself as a nerd, and says he's embarrassed that the site is named after him. To avoid drawing even more attention to his name, he maintains the site in lowercase letters. In his on-line bio, he goes so far as to say, "He ain't no big deal."

His supporters beg to differ. Newmark has turned down tens of millions of dollars from venture capitalists so he can continue to pursue and maintain his vision: providing an on-line community and supporting the exchange of goods and ideas.

"As *The New York Times* reported, we are the marketplace in the ancient style: chaotic, unruly and vividly human," Newmark tells *The Connection*. "We

You can buy, sell or seek nearly anything on craigslist.





GENE X HWANG/ORANGE PHOTOGRAPHY

*“As *The New York Times* reported, we are the marketplace in the ancient style: chaotic, unruly and vividly human.” —Craig Newmark*

don't view ourselves as competing with anyone, because we're a community service.”

Share and share alike

The Web site, with its informal, Spartan design—sans advertising—is a widely recognized international portal, servicing residents of 190 cities in 35 countries. Newmark credits the site's vitality, ease of use, customer service and personal attention as the reasons for its success.

“It's real, lively and very human and very effective,” Newmark says. The site, he adds, encourages “a really good culture of trust.” And, from a practical perspective, it's where millions of people get help with everyday needs like housing and jobs.

With all those employees and overhead from its office within a Victorian home in San Francisco's Inner Sunset neighbourhood, craigslist does have expenses. It generates revenue by charging \$75 for each help-wanted ad in San Francisco and \$25 in New York and Los Angeles. “We may expand that very slowly to other cities,” Newmark says, “but we're going to stay a mostly free site—about 99 per cent free.”

Although the company does not disclose revenues, recent reports suggest US\$7 million to \$10 million, which Newmark will neither confirm nor deny. He does, however, disagree with assessments that the site has grown quickly. “We're slow,” he says, “but sure.”

The biggest craigslist change over time, Newmark

says, has been to get serious about the operation. In early 2000, he hired a CEO, Jim Buckmaster, a refugee from a now-defunct dot-com called Credit-Land. Even so, craigslist is nearly all-consuming, says Newmark.

He remains committed to his original mission, which stems from his family's Jewish ethics. “That's the tone I set. I operated on the values I learned as a kid. I'd like to be more cynical, but the Golden Rule really works. It started off with the ethos that people generally share. Sometimes we have difficulty following through, but pretty much everyone believes in helping other people. Another way of putting it is we want to give people a break and we want everyone to give everyone else a break.”

A geek gives back

Newmark's brief craigslist bio describes him as a hard-core Java and Web programmer “who grew up wearing a plastic pocket protector and thick black glasses, taped together, the full nerd cliché.” Originally from Morristown, New Jersey, he grew up in a home with modest finances. He was 13 when his father died. He is a loyal son: The craigslist section called “About us/craigslist team” includes an interview with his mother, Joyce Newmark, as well as some of his childhood photographs.

Newmark left Morristown for college at Case Western Reserve University in Cleveland, Ohio. After earning a bachelor's degree in 1975 and a master's in computer science in 1977, he started his

No frills: Craig Newmark and CEO Jim Buckmaster operate craigslist out of a Victorian home in San Francisco.

member profile

Name: Craig Newmark

Member since: 1999, after craigslist.org incorporated

Contact: 1381 Ninth Ave., San Francisco, CA 94122

Web: www.craigslist.org

Blog: www.cnewmark.com

Comments about Costco:

“Costco has good, honest deals, like the LCD TV I just bought. I am now considering a Vizio TV, a 50-inch plasma, since I want a bigger TV than my CEO. My mom, in Morristown, New Jersey, loves the hot dogs.”

► Craig's other list

WE ASKED Craig Newmark for his top five principles for a successful start-up. His list:

1. Obsess about customer service.
2. Listen to your customers. Then act on that.
3. Give your staff the power to improve your business. Don't get in the way.
4. Minimize hierarchy. People usually tell their boss what the boss wants to hear. Then the boss tells his boss what he or she wants to hear, which inevitably leads management to make bad decisions.
5. Did I mention obsess about customer service?

—LAK

career at IBM in Pittsburgh. (He moved to San Francisco to work at Schwab in 1993.) "Like the other guys, I had a bunch of suits that were either blue, grey or blue-grey," he says. "I had a tendency to hang out with the geekier guys."

Newmark's circle of friends now gathers at a coffee house by his home in Cole Valley, near Haight-Ashbury. He is fond of Bob the cat, who lives at his favourite coffee house, Reverie, and occasionally appears in photos on his blog, www.cnewmark.com.

When he started craigslist, his goal was to "give something back to the community," Newmark says. "Over time, people in the community suggested more cities and more categories." Defining moments came in late 1997, when the site received a million page views in a month and Newmark turned down a lucrative offer to run banner ads, explaining, "They are often dumb and can slow down a site."

After all these years, he remains passionate about craigslist. Racist postings or scam attempts on the bulletin boards anger him. Alternatively, he is thrilled when couples who met through craigslist get married (he doesn't keep track of how many) or when someone retrieves a lost item, such as an iPod lost in the New York City subway that a craigslister returned to its rightful owner.

Changing the ad business

The impact of craigslist is reaching beyond people looking for new jobs, cars, pets or partners. In particular, it's hitting the newspaper business.

In the past three to five years, craigslist has

changed the classified-ad business model, says Peter M. Zollman, founder of Classified Intelligence LLC, a consultancy in classified advertising based near Orlando, Florida. To document that impact, in late 2004 Zollman's firm released a report on the impact of craigslist on local newspaper classified-ad revenue in certain categories in the San Francisco area.

According to Zollman's research, in the Bay Area alone, craigslist has cost local newspapers between US\$50 million to \$65 million a year in job placement ads. Adding other categories, Zollman estimates the total impact in the Bay Area is probably closer to \$100 million annually.

Nationally, Zollman says, newspaper classified-advertising revenues continue to increase because people still look in the newspaper to buy a car, find a job and buy a house. But that could change soon.

"The impact has not yet hit newspapers fully because craigslist has not been universal," says Zollman. "It's only expanded out into the entire country within the last year and a half."

The Web of the future

Looking forward to the future of the Internet, Newmark comments, "The usage just keeps getting better and better." He considers newer Web innovations, such as *Wikipedia*, the on-line encyclopedia, as "the repository for our times." And, as an avid blogger, he calls blogs the "printing press for everyone" and advocates blogging as a user-friendly way to co-brand a company on-line. "With the right blogging tool," he says, "you don't need to know any technology to publish."

In his spare time, Newmark has a few pet projects, including working to combat what he calls disinformation. He is collaborating with commentator Jeff Jarvis (buzzmachine.com) and Upendra Shardanand, an expert in "filtering" of on-line information, to find ways to deliver what he calls "the most trusted versions of news." He is also in discussions with the Center for Public Integrity to help promote their reporting on alleged political corruption.

With all the success of craigslist, what's next for Craig Newmark? "Nothing in particular," he says. But like a goofy superhero in need of a turbo boost, he adds, "I am considering caffeine addiction. I need to become thoroughly habituated." ☞

Lisa Alcalay Klug, a frequent contributor to The Connection, has written for The New York Times, The Jerusalem Post and other publications.



Craig Newmark and Jim Buckmaster, craigslist CEO: Their site gets 700 hits every second.

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