

With diabetes, sweet success

By Richard Galant

As a 10-year-old growing up in Bayside, Howard Steinberg had a pretty good thing going. He and his friend Barry would buy KeyFood sodas for 8 cents apiece, and sell them for a quarter to softball players in Alley Pond Park.

That was serious money back then, in the summer of 1969. Steinberg remembers the year because it was then that the Mets won the World Series and America landed a man on the moon.

It was also a personal mile-stone — the year he was diagnosed with diabetes, a condition in which people have high-levels of blood sugar because of problems producing insulin.

“I remember dragging the cooler through the park and I was tired,” he says. “Every 50 yards I’d stop and I’d be drinking these grape sodas and orange sodas, which were only fueling the fire of the diabetes.”

Steinberg’s parents, Holocaust survivors who emigrated from Poland, took him to Long Island Jewish Hospital in New Hyde Park for tests but couldn’t bear to break the news to him that he had been diagnosed with diabetes. “On the fourth day, a nurse came in and said, “We’re going to teach you how to inject insulin into an orange.” That’s when he found out what he had.

Like millions of others with the condition, Steinberg has learned to live with it through insulin injections, diet and exercise. It hasn’t stopped him from having a successful career, one in which he

started his own marketing agency at the age of 29 and built it into a \$20-million-a-year business.

Steinberg sold majority ownership of the agency in 1998 to MDC Communications Corp., a Canadian company. And this year, at 47, he’s stepping down as head of the Westport, Conn.-based agency. “I kept thinking, ‘What’s the next chapter for me?’” he says. And the answer turned out to be dLife, a multi-faceted media and marketing effort he created to serve the 20.8 million Americans with diabetes (including 6 million who don’t know they have it) and the millions more who help care for them.

Steinberg launched the venture, including a weekly cable television show, a Website, a direct mail newsletter and radio reports, in March and claims 430,000 weekly TV viewers and more than 300,000 Web visitors a month.

His concept is intriguing on its own, but what makes dLife especially instructive right now is the way it coincides with a major trend in the world of media — the fracturing of mass markets into uncountable thousands of niches that advertisers are struggling to reach.

Welcome to the latest media revolution. Instead of making appointments to watch TV shows when networks want to



Howard Steinberg, founder of dLife, a media venture aimed at serving the 20.8 million Americans with diabetes.

air them, viewers can now download their favorite shows to hand-held devices or video recorders. And the Chairman of the Federal Communications Commission startled the cable industry last week when he backed a la carte pricing to let people pick only the cable channels they want.

If Steinberg succeeds in winning the loyalty of millions of people with diabetes, he stands to own a valuable source of programming that viewers could watch anytime and anywhere. The dLife show, which buys a half hour on CNBC at

7 p.m. on Sundays, tapes in Manhattan's Chelsea Studios, the facility where Martha Stewart does her daytime show.

The cast includes former Miss America Nicole Johnson Baker, actors Jim Turner of "Arli\$\$" and J. Anthony Brown, radio and TV personality, Mother Love, and Olympic swimmer Gary Hall, Jr., who all have diabetes. They appear on a spacious custom-designed set, doing interviews and giving tips on food, fitness, recreation and medical care.

As the crew got ready for a segment on cooking spinach-and-cheese-stuffed chicken breasts with "diabetic chef" Chris Smith one day last week, actor and dLife vice president Tom Karlya of Medford warmed up the audience.

He asked how many had type 2 diabetes (about half) and how many had type 1, the kind that mostly strikes young people (almost as many). Then he asked, jokingly, how many had type 3, which he defined as those who live with or care for people with the disease.

In the years that he was building his first company, Steinberg mostly kept quiet about having diabetes. But he knew that it was crucial to take charge of his health to avoid the complications that can come from diabetes, such as blindness and kidney damage.

"It's a condition you have to self-manage," he says. "If you do, you live a long, healthy life. If you don't, you perish or you get very sick."

That means there's a tremendous need for educating people about healthy living, and the audience offers a large market for prescription drugs, food and blood-monitoring equipment. Advertisers, including big pharmaceutical and food companies, have signed on.

At first, Steinberg thought getting support for the idea would be simple. But the lesson he learned is "don't underestimate the time it takes and the effort it takes to get the business community to embrace a new paradigm...there is not a whole lot of incentive in the corporate world for risk-taking."

Steinberg won't reveal dLife's revenue but predicts it will reach profitability next

year. He says he financed the company with his own money, some capital from MDC and \$6 million from a Boston venture capital firm, Battery Ventures.

The company is exploring deals with major cable operators to offer the show on demand and is working with XM Satellite Radio to offer diabetes-related programming, according to Steinberg.

"A product like this is very appropriate for video on demand and Web streaming," he says. "It's ultimately where television will go. You'll have one channel, and from there you could go wherever your interests lie."

Tim Hanlon, a senior vice president at Starcom Media-Vest Group, a worldwide media agency, echoes that thought: "I think technology is allowing consumers to have unfettered access to tons of potential pieces of media content that they've never had access to before."

Traditionally, entrepreneurs like Steinberg would try to start a cable network and pull together an audience of many millions. But with what Hanlon calls the "atomization" of the media market, it's possible to thrive on a much smaller base.

"The reality is that maybe there's a business there with only a few million people," he says. "In other well-defined niches, you could be talking about tens of thousands or hundreds. What technology is doing... is allowing what used to be considered niche audiences to literally be viable, mini-mass audiences."

That adds up to an opportunity — and potentially a headache — for advertisers, who have to think about ways to put all of the small audiences together into big enough groups to support their products.

If only it were as simple as buying soda at 8 cents a can and selling it for a quarter.

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