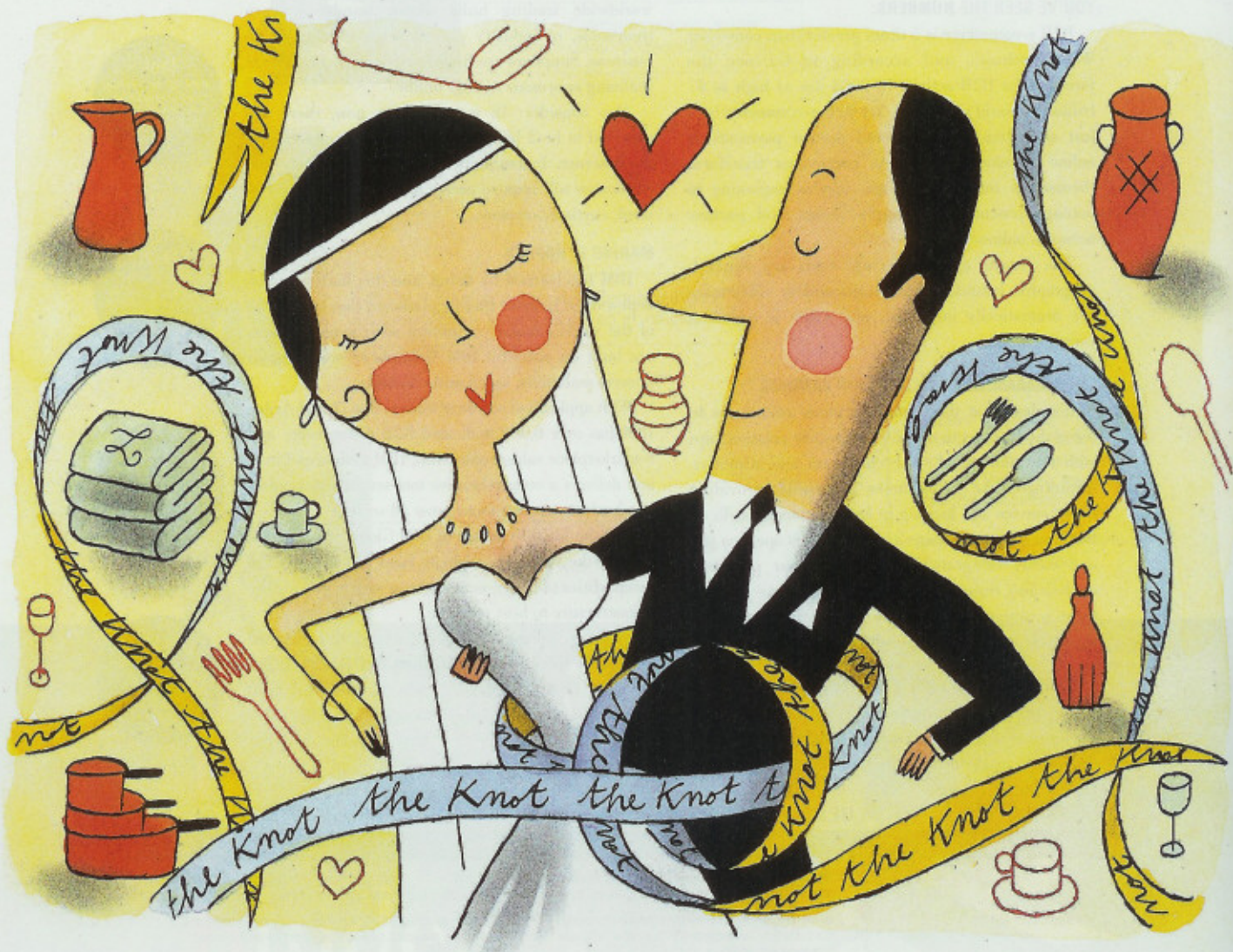




Marketing smart toys takes work. —p136



Think global. Advertise local. —p144



## Something Old, Something New

The Knot leaves no marketing tactic untried to maintain a top spot among wedding sites. **BY JOANNE R. HELPERIN**

**P**eter Ginsberg and Melanie Nelson didn't drive themselves crazy planning their wedding. Instead, they left the details of their big day to thousands of total strangers.

Those strangers were participants in an NBC *Today* show segment called "Today Ties the Knot," and Ginsberg and Nelson were among 1,000 couples vying to receive an all-expense-paid wedding on the special. The segment was part of a three-month

joint effort between [www.theknot.com](http://www.theknot.com) NBC and wedding destination site, The Knot, and during the

contest's run, an average 125,000 users logged on to The Knot site weekly to choose the pair's wedding rings, clothes, reception menu, bride's hairstyle, even their honeymoon location. The drama culminated in the Ginsberg/Nelson ceremony, broadcast live on September 6 from New York's Rockefeller Plaza to *Today's* six million viewers.

That many eyeballs has helped make it a big year for The Knot. With 574,000 unique visitors in June alone, The Knot just slightly trails retail aggregator WeddingChannel.com.

But when viewers of The Knot's content on AOL's sites are added, The Knot becomes the undisputed leader among the Web's wedding sites, with roughly 1 million unique visitors, according to Media Metrix.

The Knot is in many ways what most dot-coms are not: savvy about deal-making, clever about its use of funds, and unusually committed to customer service and satisfaction. It has formed enviably tight and active relationships with its members and registers more than 2,600 new ones every

## The Knot's CEO tends to hire **successful entrepreneurs**, so that each staff member "thinks like a marketer."

day. It's this combination of factors that could spell success—or at least, survival—for the nearly 5-year-old site.

What is most impressive, though, is that The Knot has become the No. 1 wedding destination by spending precious few marketing dollars. It is this fact, more than any other, that differentiates The Knot among throngs of dot-coms scrambling to stay in the game.

### No budget? No problem

The Knot doesn't advertise much in its quest to capture its share of the U.S. wedding market, worth an estimated \$50 billion annually. It doesn't even have a formal marketing budget. Part of the justification for that, says CEO David Liu, is that

marketing is "so interdisciplinary." He tends to hire successful entrepreneurs, so that each staff member "thinks like a marketer." Besides, with net losses of \$6.7 million on net revenues of \$10.5 million for the first six months of 2000, the company can't really afford much of a marketing budget.

No budget, however, doesn't mean no exposure. From its inception as an AOL content provider in 1996, the company heavily promoted co-founder and editor Carley Roney (Liu's wife, and one of four founders) as the company's "face"—an accessible, consumer-side spokesperson who can address all matters matrimonial.

The strategy worked. Soon enough Roney, who had no prior experience in the wedding business other than having lived through one (she, like Liu and the site's two other founders, graduated from New York University's film school) became a sought-after "expert" on wedding style, etiquette, and problem-solving. In June 1999, *Vogue* magazine dubbed her "Cyberland's Martha Stewart." Since then, press coverage of The Knot has been

extensive, and the site has won accolades across the digital spectrum, from Ask Jeeves to Zap.com.

The Knot seeks free publicity whenever possible. Its four-person public relations team works the press

channel furiously. An example: When cable channel VH-1 planned a special on celebrity weddings, the channel called Jessica Kleiman, then The Knot's director of public relations, for the phone number of a wedding planner.

Kleiman didn't give VH-1 the number. Instead, she offered to help VH-1 with



[www.weddingchannel.com](http://www.weddingchannel.com)

### Knot for Everyone

If customer responses are the best gauge of a site's content and marketing, The Knot can teach other dot-coms a thing or two about fostering loyalty.

Over and over again, members call and email to thank The Knot for being a "caring partner" who knows what they need and when. For some brides-to-be, The Knot and its planning tools become almost an obsession.

"I go on every day; I can't help it," says bride Danielle Francese of New York. "I sent my invitations out the other day, so as my responses come in I'll go on even more frequently."

"I love The Knot!" agrees bride Rachel Smith. "I couldn't plan my wedding without my *Guide to Weddings in the Real World*, The Knot Website and my Knot planner. The Knot is the wedding diva."

Responses to The Knot Box planning kit, sent to new Knot members, have also been positive. Some excerpts:

"I cried when I saw the wedding planner kit you sent. What a wonderful gesture to engaged couples."

"When I opened it, I squealed with glee. It is the perfect tool."

"Before I received your package I was going nuts. Now I am so relaxed and everything is running so smoothly. Thanks a million."

Of course, you can have too much of a good thing. While The Knot's comprehensive planning tools may appeal to Type A personalities, those who take a less-is-better view may find The Knot "culture" overwhelming.

Harry Medved, a groom from Los Angeles, says he initially found The Knot "addicting," but soon discovered it gave him too many choices. "I find their tools simultaneously thrilling and daunting," he says. "The scope of options is so vast that it almost appears as if The Knot is going to take over my life. Now, as the big day approaches, I'm trying to avoid the Website because there's a sense of fear—how little time is left to plan. It's a daily reminder of how many days I have left as a single man." —JH



research. By the time she was done, VH-1 had agreed to a co-branded survey on The Knot's Website that would tie directly to the television program, on which Roney was booked to appear.

The "Today Ties The Knot" segment also landed on the company's lap. NBC promoted the series (and The Knot) both on-air and on MSNBC at virtually no cost to the site. By contrast, NBC charges about \$82,000 per minute for advertising on *Today*. Asked how she managed to swing the deal, Kleiman says, "They called us."

#### The Knot Box

Paid for entirely by sponsors such as Sandals, Pointpath Bank, and Gloss.com, it includes "The Knot Ultimate Wedding Organizer"—basically a notebook—and features information on honeymoons, moving, and loans.

That call, of course, resulted from the visibility that Kleiman's other PR efforts created.

The best example of The Knot's cost-conscious marketing savvy—and its creativity—may be "The Knot Box" (see "The Sizzle," August 22, 2000, p116), a big

**"We never positioned ourselves as advisers and experts. We positioned ourselves as friends."**

box of planning goodies mailed to the site's recently engaged members. Liu says brides and grooms rave about it and clamor for more information to be included. Better yet for The Knot, marketing partners ask to be included.

#### Beyond china and crystal

The Knot's success lies in its ability to keep customers coming back for more—something many sites are struggling to do. The company says it earns member loyalty in large part through its editorial focus, which goes beyond the stereotype of the white-gloved church wedding, to discuss topics such as interracial weddings, dealings with in-laws, and "cold feet."

"We took a very different point of view," Roney says. "[We] never positioned ourselves as advisers and experts. We positioned ourselves as friends." That approach, a far cry from less-controversial bridal publications, creates the bond between The Knot and its members, she says.

The Knot's approach also works well in recruiting marketing partners. Its 10,000-product gift registry goes beyond gourmet-ware and linens to include scuba gear, cars, and honeymoon travel. But The Knot won't sell banner ads on a cost-per-thousand basis. Instead, potential partners are offered a customized, integrated online/offline marketing deal, usually worth about \$1 million. A partner package might include a contribution to The Knot Box, product listings in the online bridal registry, content sponsorship, and placement at a bridal show.

Online photography site Ofoto, for example, paid The Knot to develop a co-branded version of a service for publishing wedding photos online. David Geary, Ofoto's vice president of business development, says the two companies are a great match. "Whether it's the wedding itself

or all of the events leading up to that, it's a time when you also have the biggest, most current list of all your friends assembled of any time of your life," he says. "So it's a perfect time for the sharing aspect of online photography to really kick in."

### Knot's Branding

In early 1996, when many users thought America Online was the Internet, four graduates from New York University's film school—David Liu, Carley Roney, Michael Wolfson, and Rob Fassino—pitched the idea of supplying wedding-related content to AOL in a meeting with Ted Leonsis, then head of the Greenhouse, AOL's now disbanded venture arm. Leonsis was skeptical at first, as he flipped through a copy of *Bride's* magazine and sniffed the perfume ads.

"But I smell money," he said.

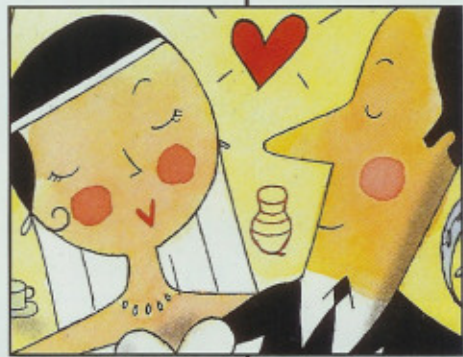
Leonsis decided to take the risk and invest in the new company, but he and AOL wanted it to be called "Weddings.com." The Knot founders refused, partially because Liu didn't want to shell out the \$5,000 asking price for that domain name. More importantly, though, Liu felt that any domain name with "wedding" or "bride" in it would immediately become part of what he calls the white noise of the industry, making it tougher to differentiate that name among competitors.

Liu argued the point with AOL investors, "We are a brand; we don't need weddings.com." He recalls now, "It wasn't going to be about weddings online. It was going to be about the new word in weddings." Thus, the company's strategy was always brand, from the very beginning.

The founders won the argument and launched on AOL in September 1996 as The Knot. But the company had terrible placement on the site—buried in the Lifestyles channel between Military Cities and AARP.

But The Knot staff devised promotions to reach people with wedding-related content, even if users weren't searching for it. If a bride searched under "Latin," for example, she'd run into "Latin-American weddings." A search for "gay" would bring up "same-sex marriages." AOL became permeated with wedding content.

With a crash course in content and promotions creation behind them, the founders officially launched their own site, The Knot, 10 months later, in July 1997. —JH



#### Think globally, act locally

Marketing, as The Knot sees it, is more than promotions and partnerships. It also means plastering branded content across as many sites and mediums as possible. By co-

## Marketing on a Shoestring

The Knot has a secret weapon in Michael Wolfson, vice president of distribution and business development. As the man responsible for pervading the Internet with The Knot's copy, he is energetic and relentless, an extremely creative promoter and the consummate dealmaker. Before co-founding The Knot, Wolfson was president of independent film and television production house Luna Pictures, and was co-founder of the digital media division of ad agency Margeotes Fertitta & Partners.

The Knot's CEO, David Liu, describes Wolfson as "a fast talker." He'd better be, since he has little marketing money to spend. "It's got to all be free," Liu told him when the company got started. "No budget,

no staff." With such limited resources, Wolfson says he "goes through almost every unnatural act to make sure The Knot is ubiquitous anywhere a bride may be, no matter how small."

Some deals aren't so small, though. After Wolfson got The Knot on AOL, he set his sights on more big game: the Microsoft Network. Wolfson recently closed a deal to make his company the premiere wedding content provider for MSN, featured in a special section created for MSN's WomenCentral. All at no cost to his company. —JH



branding the content it creates, The Knot helps partner sites offer wedding-related information. Thus, The Knot has become the "official wedding content provider" for such major players as Women.com, Oxygen

Media, Quicken.com, and AT&T's RoadRunner broadband service.

But since so much of the wedding business is local (flowers, catering, venues, music), any viable wedding site must also list

local vendors. Keenly aware of this, The Knot acquired Weddingpages, the nation's leading regional wedding magazine publisher, in February. The Knot can now list local vendors on its Website, and pack the 26 local magazines it acquired in the Weddingpages deal with the company name and editorial to gain additional advertising revenue.

Ken Cassar, senior ecommerce analyst for Jupiter Research in New York, says the acquisition is a major factor in differentiating The Knot from competitors. "Development of local content can be expensive and difficult," he says, "and The Knot seems to have gone farther than anyone else in that direction." The company's localization strategy also includes providing content to newspaper wedding supplements across the country in exchange for attribution.

The issue of local content is perhaps most critical abroad, where cultural traditions vary widely. Since February, the company has forged three global partnerships, which include expansion of a pre-existing agreement with AOL into international territories, a 50-50 joint venture with luxury retailer H. Stern to launch a wedding site in Brazil; and a partnership with Gerard Bedouk Holding, the largest wedding media company in Europe, to start wedding sites in France. Liu wants to extend the brand to more markets, such as Japan and Hong Kong, with a simple, cookie-cutter blueprint: The Knot supplies shrink-wrapped technology and general content; local publishers, for a share of the revenue, supply financing, local content, and a regionally appropriate site name.

## PLAYERS

When it comes to using the Net to get what they need for their big day, more brides now say, "I do."

According to marketing research firm Greenfield Online, brides trust the Internet more than family and friends for wedding information. And 68 percent of brides use the Internet to locate wedding-related merchandise. Engaged couples are a good target for online marketers: They're young, tech-savvy, hungry for information, and most important, ready to spend.

■ **Federated Department Stores** [www.federated-fds.com/home.asp](http://www.federated-fds.com/home.asp) **Locations:** Cincinnati and New York **Facts:** A leading department store retailer with annual sales of more than \$17.7 billion, Federated (NYSE: FD) operates Bloomingdale's, the Bon Marche, Burdine's, Goldsmith's, Lazarus, Macy's, Rich's, and Stern's. The company's nearly 350,000 bridal registries are accessible through the WeddingChannel.com.

■ **The Knot** [www.theknot.com](http://www.theknot.com) **Location:** New York **Facts:** The Knot (Nasdaq: KNOT) works directly with hundreds of manufacturers to bypass retailers. Its bridal registry features more than 100,000 products from traditional companies like KitchenAid, Lenox, Sony, and Nambé, and more unusual gifts such as certificates to Madison Square Garden, ski-lift tickets, travel, and athletic gear. The Knot leverages the retail expertise, distribution infrastructure, manufacturing relationships, and product inventory of investor and ecommerce leader QVC.

■ **WeddingChannel.com** [www.weddingchannel.com](http://www.weddingchannel.com) **Location:** Los Angeles **Facts:** Privately held WeddingChannel.com merged with competitor Della.com in April. It has a marketing and content partnership with Condé Nast's *Bride's* magazine, and features the largest database of pre-selected gifts (15 million) in the world, including the registries of Federated Department Stores, Tiffany & Co., Crate & Barrel, Neiman Marcus, Williams-Sonoma, and Dillard's.

■ **WeddingNetwork.com** [www.weddingnetwork.com](http://www.weddingnetwork.com) **Location:** Denver **Facts:** The company has an exclusive partnership with the Modern Bride Group, the world's largest bridal company. Its online registry includes more than 100,000 products from more than 100 retailers, including the May Co. network, Sur La Table, Smith & Hawken, Strouds, Wine.com, Samsonite, and Chef's Catalog. Some WeddingNetwork.com retailers have implemented in-store kiosks with handheld scanners that allow the instantaneous sync of in-store and online gift registries. —JH

What's more, the company has already published two books through Random House, *The Knot's Complete Guide to Weddings in the Real World*, and *The Knot Ultimate Wedding Planner*, with a third to be released next month, all written by Roney. It also published the 300-page, *Ultimate Wedding Gown Guide*, a bulky, be-all-and-end-all volume for the bride making a fashion statement. The net effect of the strategy: No matter where they are, couples can find The Knot online, in local papers and magazines, or in bookstores.

But do cross-media branding, a fresh voice, and cool tools add up to a successful company? Maybe. Jupiter's Cassar says The Knot's direct-to-manufacturer retail strategy and six revenue streams (national and local ads and sponsorships; publishing; travel agency; bridal registry; and wedding supplies) set it apart from competitors in the event of a market shakeout.

But to meet a mid-2002 target date for profitability, The Knot must stretch as far as

## "Do **cross-media branding**, a fresh voice, and **cool tools** add up to a **successful company**? **Maybe.**"

possible the \$23 million remaining by June of the \$39 million its initial public offering raised in December 1999. "Acquisition of customers through innovative, low-cost means is a great way to go about it," Cassar says. "If I had to give an edge one to of the players in the category, right now I would likely give the edge to The Knot."

CEO Liu, however, still has to deal with the fact that his stock (Nasdaq:KNOT), which reached a high of \$21 after the \$10 IPO, has been languishing between \$3 and \$4. Liu says that, in addition to being caught in the dot-com market downdraft, he has a unique challenge: Explaining the potential of The Knot's modest 3.5 million outstanding shares to young, single investment bankers

and mutual fund managers, for whom weddings aren't exactly top of mind.

Now for the obvious question: What becomes of The Knot's customers once they get married? Does that end the relationship and help sink the stock price? Liu is aware of that potential peril. But, as the children's rhyme goes, "First comes love, then comes marriage..." Then, of course, comes the baby carriage.

Expect to see The Knot to capitalize on its customer base by developing editorial specialties for newlyweds and expectant moms. In other words, watch for a "Newlywed Box" and a "Baby Box." ■

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## WHICH WEBSITE MAKES A PROFIT?

- A. AMAZON.COM
- B. ETRADE.COM
- C. ROMANPALACE CASINO.COM
- D. ETOYS.COM
- E. IVILLAGE.COM

In fact, RomanPalaceCasino.com is more profitable than all these hot web properties combined.  
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