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Democracy Dies in Darkness

MAGAZINE

ThinkGeek: The nerd company at a crossroads



By [Jen Chaney](#)

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CORRECTION

A previous version of this story incorrectly identified Rob Malda as a strategist at The Washington Post. He is chief strategist and editor-at-large for Trove, formerly known as WaPo Labs. This version has been corrected.

Where work looks like play



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FAIRFAX, VA - NOVEMBER 18: ThinkGeek, Inc. employee, Erin Strain poses for a portrait on Monday November 18, 2013 in Fairfax, VA. The company, which is based in Fairfax, VA sells a variety of items online. (Matt McClain/ The Washington Post)

On a drizzly Tuesday morning in a Fairfax office, a dozen employees have assembled for a typical staff meeting. That meeting is taking place at ThinkGeek, an e-commerce company geared toward the proudly nerdy, technically savvy and pop-culture-obsessed. Which is why the meeting sounds like this:

“Where’s the Iron Man ring? I need the Iron Man ring.”

“I would like to meet about ‘Star Trek’ family decals.”

“For the benefit of anyone who hasn’t seen it yet, this is the R2-D2 car charger we’re working on.”

That last statement comes from Ty Liotta, head of GeekLabs, the department charged with creating original ThinkGeek merchandise. Liotta positions a 5¹ / 2-inch-tall version of the "Star Wars" robot on the conference table, then plugs it into a laptop.

Lil’ R2 immediately lights up and makes his signature whistle-bleep noises.

“The idea is that he goes into the cup holder in your car, and he rides like R2 did in the X-wing,” Liotta explains, referring to the “Star Wars” scene that, for those raised to believe in The Force, basically defines heroism. Liotta notes that R2-D2 comes with two USB ports that can charge any mobile device, and will go on sale during the fourth quarter of 2013, the most crucial time of year at ThinkGeek. Clearly Liotta hopes this R2-D2 will turn out to be the droid holiday shoppers are looking for.

“It’s soooo cute,” coos a female staffer.

It is. It is also totally unnecessary.

In other words: a classic ThinkGeek product.

It's difficult to determine the moment geek culture became mainstream, but it feels right to zero in on the mid-2000s, when superhero movies began to dominate the box office, San Diego's Comic-Con started attracting more than 100,000 fanboys and -girls, and mainstream media outlets declared that "The Geek Shall Inherit the Earth."

Almost a decade later, most people no longer differentiate “geek” from “pop.” In 2013, we all have opinions about who should play Batman. We all binge-watch “Doctor Who.” We all shout “Bazinga!” with Sheldon Cooper of “The Big Bang Theory.” Because so many of us were action-figure babies, raised after the dawn of movie merchandising, we all love toys and novelties that speak to our pop-cultural fixations.

ThinkGeek, which launched in 1999, emerged at the right moment to capitalize on that zeitgeist. By selling gleefully absurd merchandise, the company has grown, even during the economic downturn. When many Americans allegedly lacked disposable income, apparently a few could spare the dimes for a tauntaun sleeping bag (\$149.99), which allows the weary to rest inside the belly of the beast that sheltered Luke Skywalker in “The Empire Strikes Back.” Or the Useless Box, which does nothing but open briefly, hit an off switch and close itself. It costs \$39.99. It has been a big seller.

ThinkGeek's staff has expanded quickly, from six people in 2004 to 83. Last year, revenue hit \$118.9 million, up from \$76.3 million in 2010. ThinkGeek's profile has risen, too, via media coverage in publications such as Wired magazine and on social media, where the company boasts more than 750,000 followers on Twitter.

As any geek knows, with great power comes great responsibility, and a great deal of change. ThinkGeek is approaching the end of a transformative year that involved corporate restructuring, the departure of its remaining founders and increased pressure to build on its success. Attempting to serve the mainstream while maintaining what Wired called the company's "scrappy oddball status" is a key challenge as ThinkGeek heads into 2014.

The company must confront such questions as: Can ThinkGeek maintain its low-key yet aggressively fun office culture? Is there a limit to the number of periodic-table shower curtains and light-saber chopstick sets consumers will buy? And can ThinkGeek handle all the competition now treading on its TARDIS territory?

Walking into ThinkGeek headquarters is like entering a nerdier version of FAO Schwarz, minus the whiny children and harried parents. Located in an innocuous brick building near Route 50 and Interstate 66, the company has created an atmosphere that feels less like a workplace and more like a spot for grown-up play dates that result in a paycheck. The dress code is super-lax. Employees' dogs scamper underfoot. The office aesthetic appears to have been curated by the interior design firm of Seuss, Skywalker & Super Mario.

Inflatable unicorn heads hang from the ceiling. Massive decals of Pac-Man and the Death Star from “Star Wars” pop from the walls. Chocolate zombie bunnies, full-size R2-D2s, foam Minecraft swords, models of the flux capacitor from “Back to the Future” — flotillas upon flotillas of models and toys line shelves, desktops and conference rooms. The entrance to the largest meeting space is labeled, rather bluntly: “Boredroom of Doom.” Truly, if a person enters any ThinkGeek corner and finds no version of a TARDIS — the police box/time machine from “Doctor Who” — she will experience the nagging sensation that something’s missing.

The ThinkGeek mission isn’t merely to sell geek, it’s to live geek. That means potential employees are asked crucial questions such as: Android or iPhone? Single-player gamer or co-op? And, of course: “Star Wars” or “Star Trek”? For Elizabeth Dawson, an e-mail marketing coordinator hired last year, it also meant being interviewed via Twitter by ThinkGeek followers. Sample question: “Who is your favorite Ninja Turtle?”

“I got really stressed out about it,” Dawson admits. “I think I was 10 minutes early, and then I was like, ‘Okay, what do I need to know about Wil Wheaton?’ ” (Wheaton is an avid blogger who also starred in “Star Trek: The Next Generation.” If you don’t know that much, don’t bother applying.)

New hires enter a business environment where the most important spreadsheet tracks staff members' pop-culture obsessions (hey, one never knows when cross-departmental Lannister experts may be needed in an emergency "Game of Thrones" meeting), and where marketing copy says things such as: "Okay, for real: You can't eat this. It's a dismembered stuffed unicorn in a can."

That's the description of Canned Unicorn Meat, which originally appeared on the site as part of a ThinkGeek tradition: the creation of fake products for April Fools' Day. Some turn into actual products. In this case, "actual product" costs \$9.99. It has been a big seller.

That transparently cheeky tone has been central to the ThinkGeek brand since the beginning. "It was this authentic, casual, totally not stuffy or formal way of talking to people and treating them like friends," says Jen Frazier, 41, a ThinkGeek co-founder.

That approach has not changed. Other things at ThinkGeek have.

ThinkGeek was born on Friday the 13th in August 1999, the child of four young Northern Virginia friends who also ran an Internet service provider.

The quartet — including Frazier and Willie Vadnais, who knew each other from their undergraduate days at Virginia Tech — decided to sell products geared toward the open-source software community, a group inclined to covet T-shirts, stickers and other gag gifts emblazoned with coding puns. To drum up business, the ThinkGeekers sent a care package to Slashdot, a Web site founded by Rob Malda, chief strategist and editor-at-large for Trove, formerly Washington Post Labs. Malda was impressed by the cleverness of the merchandise, so he gave the business a Slashdot shoutout. Sales spiked.

"Willie had set up a script so that every time we would get an order, he would get a page," Frazier recalls of that spike. "We were out doing something, and his pager just blew up. ... Our servers had basically melted from all the traffic."

By October, the site was bought by Andover.net, the Acton, Mass., company that owned Slashdot and other media properties catering to the IT crowd. The sale was a mix of cash and stocks; because of the dot-com bust, the stocks "winded up being worthless," Frazier says. "As far as the cash goes, I can tell you I was able to pay off my student loans, have enough for a down payment on a house, and that was it."

In 2000, Andover was acquired by VA Linux Systems, a California company that sold computers loaded with the Linux operating system and saw its stock nosedive during the early 2000s. VA Linux held onto both ThinkGeek and its media properties, undergoing several name changes until finally settling in 2009 on Geeknet.

While the media business was initially treated as a priority, the plucky Fairfax division was proving to be more profitable. By 2010, two of the ThinkGeek founders had moved on to other jobs, but the staff (and sales) were steadily growing. In September 2012, Geeknet did the financially logical thing: It sold its media ventures and focused on ThinkGeek.

Staffing transitions followed. ThinkGeek's CEO, former Wal-Mart executive vice president Colon Washburn, stepped down at the end of 2012. The CEO of Geeknet, billionaire Home Depot Inc. co-founder Kenneth Langone, did the same last February, enabling Kathryn McCarthy, a former General Electric VP who served for two years as Geeknet's chief financial officer, to assume the CEO role of Geeknet and, by extension, ThinkGeek.

A swirl of other high-level staffing switch-ups also occurred, including a handful of layoffs. Two of the people let go were the remaining co-founders: Vadnais, who essentially invented ThinkGeek, and Frazier, who coined the ThinkGeek slogan: "Stuff for smart masses."

"It was a really, really cool feeling to know that I was part of creating this brand ... that brings people together and creates this sense of belonging among people who were probably, likely, bullied in childhood," Frazier says. "It's, like, the proudest moment of my life."

The former ThinkGeeker — whose brother, John, still works there as a senior buyer — is focusing on side projects related to improving the Web user experience at other sites. Vadnais, 43, did not wish to comment for this story.

Steve Zimmermann, ThinkGeek's PR manager, says the recent layoffs were "part of a natural progression" from an entrepreneurial company to one "looking at long-term sustainable growth."

Growth is the focus when McCarthy, 45, welcomes a reporter into her office on a recent morning. She's wearing a tan dress accented by a necklace with dangling seashells, a look that's hardly CEO-in-a-power-suit, but more formal than the T-shirts her employees are wearing.

"What we really want to be," McCarthy says, "is the number one destination in the galaxy for smart products." She pulls that phrase directly from a PowerPoint presentation printed out in front of her. As she continues, though, she speaks more casually.

"When I first came here, we thought the typical customer was a male between 18 and 49 who likes IT," McCarthy says. "It is true that that is a subset of people who purchase on our site, but one thing I think I can bring to the party, in addition to some business experience, is that I fit into a very important demographic, which is females over 40 who are buying for children and nieces and nephews and friends."

ThinkGeek isn't the only business that sees opportunity in a broader geek demographic. Amazon and eBay have always been rivals, but now smaller online retailers — Threadless, TeeFury, even women's apparel sites such as ModCloth — regularly engage in Wookiee commerce.

One competitor, a site called Perpetual Kid, which sells what founders Curt Eastman and Wendy Papula call "fun and functional gifts to entertain your inner child," is practically ThinkGeek's neighbor. It's based in Sterling, just 15 miles from ThinkGeek HQ, in a 20,000-square-foot warehouse where Freudian slippers and White Castle-scented candles are shipped. It's a much smaller company — 15 full-time employees work out of a modest but playful office connected to the warehouse, and Eastman says annual revenue is just under \$15 million — but some of its inventory dovetails with ThinkGeek's.

Perpetual Kid carries “Star Wars” ice cube trays and TARDIS towels, and, like ThinkGeek, products inspired by unicorns and bacon. (Online, even pork products can develop a cult following.) But Eastman says his company is more about “gift-giving in general” and more blatantly aimed at female shoppers. Unlike ThinkGeek, which carries products invented in-house and elsewhere, Perpetual Kid curates all its inventory from other sources.

The success of both 10-year-old Perpetual Kid and nearly 15-year-old ThinkGeek suggests the market for quirky products is sizable. The question is what its limits are.

“We know that the geek audience is growing and is larger ... but still, there is a finite cap to that size,” says ThinkGeek’s Zimmermann. “We can’t be everything to everyone, and I think a lot of us in the office feel we shouldn’t be everything to everyone. We’re good because we’re focused.”

Tim Beyers, a contributing analyst for the financial services company the Motley Fool, agrees. “I think that ThinkGeek has a niche that it can occupy and sustain, because I feel like that part of our culture doesn’t go away,” he says. “No matter how much our culture becomes nerdy, nerds are never going to be mainstream. For lack of a better term, it’s got street cred in that way.”

The challenge is hanging onto that street cred.

“We can never stop speaking to the people who are the true fans,” McCarthy says. “But we also want to make sure we are reaching out to that broader group of customers that are there.”

Says Frazier: “You have to be sensitive to what is going to appeal to the new potential customer, but won’t alienate the loyal customer. And not even the customer, to be perfectly honest, but the community. Because there are probably thousands and thousands of ThinkGeek fans that have never bought from ThinkGeek but love the idea of ThinkGeek, and love that it’s a place that brings geekdom together and celebrates it. If I were still there, I’d want to make sure those people are happy, even if they never spend a dime.”

That’s not as simple as it sounds. Even a misstep involving a knitted hat can become a minor catastrophe.

The Jayne hat is a ridiculous-looking piece of apparel that lovers of TV’s “Firefly” hold dear. The knitted head hugger with the screaming yellow and orange stripes, ear flaps and pom-pom appeared in an episode of Joss Whedon’s sci-fi/Western series as a gift to manly mercenary Jayne Cobb from his mother. After Fox canceled the show in 2002, its hardcore fans, dubbed Browncoats, kept the “Firefly” spirit alive by making their own Jayne hats and often selling them on Etsy, a DIY e-commerce site.

In late 2012, ThinkGeek worked with an outside vendor called Ripple Junction to sell an officially licensed version. It seemed like a no-brainer, until this spring, when 20th Century Fox Television, which had licensed the Jayne hat to Ripple Junction, started issuing cease-and-desist notices to the Etsy sellers who had knitted those cherished toques for years. Browncoat rage erupted on social media. For ThinkGeek, a company built on understanding fandom, it was a PR nightmare.

“Most of us have or had the Etsy hats,” says Zimmermann, who unwittingly became the face of ThinkGeek’s faux pas; in keeping with the company’s practice of using employees as models for its products, he was the guy pictured on the Jayne hat page, grinning with an officially licensed pom-pom on his head. “We really didn’t want to disparage the Browncoat community.”

To demonstrate that fans’ concerns were heard, ThinkGeek management decided to donate all proceeds from the hat sales to Can’t Stop the Serenity, a Browncoat-created charity that raises money for Equality Now, a rights organization focused on women and girls.

“Firefly” star Nathan Fillion tweet-approved that move: “This is the classiest thing I’ve seen a business do in a long time. Love you, #ThinkGeek.” So many people clicked on the ThinkGeek link Fillion shared that the site crashed.

The hat episode is in the past now, but it stands as an example of the delicate dance ThinkGeek must do as it continues to position itself as both part of fan culture and a retailer seeking profits. To thrive, the items must hit a specific bull’s-eye: one that appeals to geek sensibilities without making geeks feel like sellouts.

Which brings us back to that Tuesday morning GeekLabs meeting where, following the R2-D2 car charger demo, Liotta asks his team to come up with “Star Wars” merchandise ideas that can be pitched to Disney, new owner of the George Lucas franchise.

“Can we do Ewok feet?” asks product manager Harrison Yee, a 43-year-old father of two wearing a My Little Pony T-shirt. “Fuzzy slippers?”

“There’s already some pretty big kid licenses in that,” Liotta says.

“I hate the damn Ewoks,” Yee jokingly grouches. “An Ewok punching bag? Ewok dissection kit? I’m just saying.”

“We wanted to do a Wookiee bear rug,” says Liotta, “and they said no, because you can’t kill Wookiees.”

Ideas both viable and ridiculous are tossed around for 40 minutes, until Liotta winds things down. “The trouble is,” he says, “this meeting could go on all day.”

It could. After all, the “Star Wars” galaxy is vast, and within it lies the potential for many more products that respectable geeks need, even if they don’t know it yet.

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