

DOMAIN GRADUATE

Achieving Financial Independence with Domains

By Sean Stafford



Domain Graduate:
Achieving Financial Independence with Domains

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Foreword (by Rob Monster)

Hello!

This book is intended to empower you to use domains to become financially independent.

Domain investing has now been around for more than 20 years. Along the way, some people have made significant sums. In that time, many things changed about the industry but the basic idea is still the same, and that is that there is a finite supply of desirable brand/domain names. At the same time, there is growing demand for organizations and individuals to secure memorable and relevant brands/domains for their organizations with the right domain extensions. This shows no sign of going away anytime, soon.

In many ways, domain investors are like prospectors, whether that is for gold, oil, diamonds or buried treasure. As such, there is inevitably some luck involved. However, there is also a great deal to be said for science and analytics when it comes choosing what to buy, and especially what *not* to buy. Every registration and renewal represents an opportunity cost that is why it is important to choose wisely, and with the goal in mind of either using the domain for a future project of your own, or in anticipation that someone else might agree with you that the domain you registered is one worth owning for his/her business.

The domain industry offers some of the greatest opportunities for asymmetric return that you will ever find. Domains can often be bought for \$1-10 and yet sold for \$100 to \$100,000+. Most sales go completely unreported, especially larger transactions. As such, it is difficult to say exactly how large the domain economy and industry is. What we know is that it is large, it is growing, and it is still open to anyone to participate without requiring a special license or formal training. This is increasingly rare with other fields, which makes domain investing special.

What is also special about domain investing is that you can do it from anywhere. This is also why the current time is so remarkable as there is a large number of new domain investors from around the world who are now learning and succeeding at domain investing, earning incomes that in many cases have been life-changing in parts of the world where the cost of living is much lower than for example, in the USA or Western Europe where many of the buyers have traditionally been based.

As we look ahead, I believe we are heading into a new Golden Age for domain investing, and that the timing for new domain investors remains favorable if you know what you are doing. This book is intended to help both new and established domain investors to increase the chances of succeeding. With that, I wish you good hunting on your own personal Domain Investing journey.

Regards,

Rob Monster

Founder and CEO

Epik Holdings

Introduction: Domaining

So, you want to be a Domainer? Well, if you were looking for a job that you could sit back and get and get good income from, you may have just found it, or you may have just found yourself another dead-end job. Depending on what you take away from this book, you can earn another income or be a slave to something that will only cause you lots of work with little reward.

With the information contained in this book, you have a chance to replicate what I have done or blaze your own trail in the domain industry. Here is your chance to get a job that works for you, rather than you working for the job.

A Domainer is much like the fabled goldminer from 1849. He looks for those areas that are underdeveloped or untouched and then tries to find a way to make money or extract revenue from spots where some people couldn't or wouldn't.

A good Domainer can look at domains and see dollar signs or fools gold, scams or opportunities, premium virtual estate or Internet swamp land. Some of those look the same to some people, but an experienced Domainer with a trained eye can see past most of those things for what they truly are.

The objective of this book is to train you to be able to identify the good names while weeding out what is left. You will come across millions of names in your domaining career, but only a fraction will ever be worth anything. Just like stocks that tank, you will have domains that tank. Some people lose their shirts in the domain game, while others make a fortune. You can be smart and make a fortune or be not-so-smart and lose it in an instant.

In the Beginning

What can you expect from being a Domainer? In the beginning you can expect to spend a good bit of your time just learning and reading. When I started domaining there were no books; the only guidelines I had were forum posts on NamePros.com and DnForum.com along with articles I could read on the Internet about people who bought and sold this new-fangled online real estate. The market continues to emerge and every day people are beginning to see the huge amounts of money that can be made in the online-intangibles market. As I write this, I keep thinking of the sale of Voice.com, which fetched more than \$30 million earlier in this year of 2019.

Just think, at one point in time, Voice.com was not even registered. A forward-thinking person came along and thought it may have some intrinsic value, and boom: you have a speculator, an investor of sorts — not in real estate, but in virtual estate.

When Voice.com was registered, there was only a small number of people who would have been considered “Domainers.” Some people knew that some domain names were better than others, but the whole idea of buying and selling domains was not a huge concept. Almost 20 years have passed, and some domain names are now worth more than anyone could have ever imagined. In hindsight, you may think, “Oh, I wish I would have registered some names back then and now I would be rich!” Well, the domain name game is not over, and it will not be for a while. It will be a continuing trend until humanity dies or the Internet evolves into a place where domains are replaced by another form of navigation to Internet sites.

Point blank: domains are not going away anytime soon, and when and if they do, there will be a whole new market that springs up around whatever replaces them.

Today’s Market It is true that most of the good domains are taken at this point. Many names are already owned by Domainers or are being used for websites; therefore, there are fewer good domains in the “wild” (left unregistered.) However, please notice that I said “most” are taken. You still have a good chance at landing some good domains. You will never register another Voice.com-like domain, but you still can make thousands to hundreds of thousands of dollars, if you play your cards right.

The primary market is the one where you go out and register a domain at a domain registrar like Epik.com. The secondary market is when you buy a domain name from another person or organization. On the primary market you still have the ability to buy quality domains. Domains like Voice.com are unattainable on the primary market, but still very available on the secondary, albeit with a premium price. If you want a Voice.com-type domain, it will take a lot of work if you want to start from nothing and build an empire but still attainable. Rome was not built in a day, and your domain/web-property portfolio won’t be either.

A good Domainer will take names that are left unregistered and use his ability to identify their worth.

Are these domains worth the \$10 or so (ballpark registration cost) a year they cost to keep? Identifying a domain that has value is a tricky business. Unless the name has obvious characteristics that normal, everyday people would want to buy then it doesn’t bring value. And since most names that have intrinsic value, such as Voice.com or Computer.com are long gone, we have to use our brains to stay ahead of the curve and find ways to identify which domains will or have current or future intrinsic value.

Determining Intrinsic Value

So how does one determine intrinsic value? Intrinsic value can be broken up into three main categories:

- 1) Shortness (brevity)

2) Obviousness (intuitiveness)

3) **Memorability** (memory)

Let's look an example below:

FileYourTaxReturnOnline.com is an intuitive domain name to say the least. While obvious, it's also cumbersome to type. It may suffer in the memorability field since it suffers in the shortness/brevity field. Without looking, can you distinguish that it was: FileTaxReturnOnline.com, FileTaxReturnsOnline.com, FileYourTaxReturnOnline.com, or FileMyTaxReturnOnline.com? Now you can begin to see the challenge.

While intuitive, its length, which impacts memorability, weakens its value and therefore sales price. Conversely, Voice.com is short, obviously intuitive and easy to remember — hence its more than \$30 million-dollar sale price.

Let's now look at capitalizing on emerging industry paradigms. An example can be observed through a single letter of the alphabet: the letter: "i".

Think iTunes.com, followed by iPod.com, iPad.com, iTunes.com. All of these "i" names catapult into idog.com, icat.com, iconference.com, and i-dont-know-whats-next.com! It is not easy to copyright or trademark all of the domains starting with the letter "i". They are therefore considered generic, providing much room for opportunity as "i" could stand for the reference of "myself," or "internet," "Italy," "Illinois," or anything else. The progression in this paradigm provides for a wealth of opportunity. As the wave of "i" domains came about, Domainers began registering and speculating about the future while investing hundreds of thousands of dollars on domain registrations prefixed with the letter "i."

Why? Because many of those names do or will hold substantial value in the domain market since the use of the "i" is almost a household standard now. Those types of domains will get type-in traffic. And traffic usually equals money.

Domainers can see future value, sometimes distant-future value, and know that something not worth anything now could be worth a fortune later.

The minute iTunes release hit the news, the good "i" domains, like idog.com, ifriends.com, etc., became automatically valuable.

A Primer on Speculating

Let's now compare that to something tangible. There is a patch of land out in Nevada. It is a desert, and no one wants it. Then suddenly people start building there for one reason or another, maybe oil, maybe vacation resorts, maybe a school. Property value around construction sites start going up because the area is expected to bring in more people. Pretty soon a place called Las Vegas is born. That piece of property that you owned on what is now the downtown strip is now very coveted. If you sell that patch of land you would be a millionaire from a piece of property that no one wanted years ago.

Now, look at the Information Age. With computers and the Internet, we have sped up economic and social progression as well as the rate at which new technology is adopted. What happened in Las Vegas over the course of 100 or so years only took 20 years after the advent of the Internet. It took 100 years for patches of dirt and desert in Las Vegas to be worth a fortune. Now, in only 20 years, domains once considered merely ordinary could be worth up to \$30 million or more.

Going back to the above comparison, let's say you pick up a domain that is close to the original property, iTunes.com, something like iMusic.com or iDigital.com. The closer you get to the original piece of land, the more the domain is worth. This happens for several reasons, all of which will be explained in later chapters.

Chapter 1: Domains as Virtual Real Estate

Any way you want to slice it, a domain is a piece of Real Estate on the web, or more actually put, “Virtual Estate.” When you have a domain, it may be a mansion, or it may be a slum. Either way you have a piece of online real estate. What a lot of savvy real estate investors will do is buy a property and then lease it out. The person he leases it to will be the person making the actual payment on the note, not the owner themselves.

Sounds pretty easy, huh? Buy a house, rent it out, and pay the note with the money you make. However, with a real house you must pay lawyers’ fees to get all the paperwork completed correctly, screen your tenants, fix leaky toilets, and pay real estate tax.

With domains you can just buy one with existing traffic and let it make money for you and forgo the rest of the hassle. No real estate lawyers, no tenants to screen, no slips and falls, and above all, NO leaky toilets. You will have to pay a renewal fee every single year on the domain name, but other than that, that’s about the majority of your concerns.

There are two ways to get names that have traffic. (1) Get lucky and register one that already receives traffic, or (2), buy a traffic domain from someone else. When you buy a domain from someone else, that is referred to as a purchase on the “secondary market” or the “aftermarket.”

Now, this is the time when domains and Real Estate start sounding exactly alike. If you are going to buy one with existing traffic and revenue that’s fine, but you will need to be prepared to pay a multiple of the revenue. You may be expected to pay two, three, four or sometimes five years or more worth of revenue depending on the name. I know what you must be thinking right now... *“Pay five years revenue!!!?? I have to wait five years before I make a profit??!”*

Yes, that is exactly what I am saying. Why? Because if you keep a tenant it will take you 20 or 30 years before a house will pay itself off, plus you have to fix toilets, pay for lawyers, do paperwork, and pay Real Estate tax. Five years does not sound so bad anymore, huh? I don’t mean to berate real estate. Quite the contrary. Real estate often has great appreciation, tax, and leveraging benefits. However, it is not for everyone. And domains offer many different or easier ways to invest.

Further, if you just focus on the five years’ worth of revenue then you’re missing the bus. This is because after you pay the cash up front for your revenue-generating names (otherwise referred to as “revenue domains” or “traffic names”), then you can turn around every month and buy more traffic/revenue names with the money you have made from the revenue you are receiving from the new acquisition. You then use the money that those generate to buy another revenue/traffic name, and then

another, and another. So, your purchasing power increases every month because you are building your business and creating a snowball effect.

Starting Out

When I began domaining I started with \$100. Through a lot of time and patience I was able to multiply that \$100 to \$1,000 cash and had a portfolio of 135 domain names as well. It took me about 1 and ½ years to do that. At this point I had a respectable portfolio, but realized I was doing all the work and not letting the domains do the work for me. I took my \$1,000 and I bought seven revenue domains. By my estimates those names made me about \$80 a month or so in parking.

So, I took that \$80 and I bought a domain that made \$5 or \$6 per month in parking. The following month I had \$86 so I bought another domain that made five or six dollars a month. The next month I had \$91 dollars. Then I bought a domain that made \$7 a month. I continued to repeat this cycle. This is the SMART way of making domains work for you because now you don't have to do hardly any of the work. You don't have to go to the forums or Sedo.com or anywhere else and advertise that you have a name for sale and hope that someone likes it enough to buy it. All you need to do is collect a check every month and then go buy more names. Remember, the only way the above model works is if you are buying domains that are true 100% traffic domains. Link pop domains or similar cases where traffic gradually falls off will not work how I described above. This is for purely type-in and typos. (Read Chapters 5 and 6 for more about typo, type-in, and link pop domains.)

The “What If”

What if I get scammed?! What if someone takes my money and does not give me exactly what I paid for? What if I don't make the right investment decisions? Well, it's entirely possible but you can't let that stop you. Do not be a victim of analysis paralysis. You probably already know that in any business you will most likely will lose money before you ever make it. I was cautious enough to not make a lot of bad deals and was able to minimize the ones that did go badly. Be cautious, but not so much that you miss the big deals that are true gems.

It is good to look over your potential investments to make sure they are legit, but there is always going to be risk. If you wanted a clean and safe investment, then you would be putting your money into CDs or savings bonds, and not into domains in the first place. Real estate used to be one of the best returns that you could expect in the investment world. However, domains are giving real estate a run for its money. In many ways, domains are so much easier to deal with that it is crazy not to look at domains as an investment vehicle. No repair requests, no lawyers, no paperwork. Just payouts. And when it is

time to make a sale, it can take as little as five minutes, as opposed to five weeks, to complete everything. Just sell the domain and push it to the new owner. Let's talk about buying a domain.

Chapter 2: Buying a Domain

Depending on how much you know about domain names, you may be able to skip this section completely, as you may already know where and how to register a domain. If you don't, this section is for you.

Regardless of the online registrar (Definition: a registrar is a company or organization that is involved in registering domain names on the Internet) you use, the process of registering a new domain name is pretty much the same throughout the industry: You pay money to the registrar, which in turn acts as your middle man to the registry. Registrars register a domain for you, and different registrars charge different fees and set different terms.

One key thing to remember when you register a domain, is that as the registrant, you are required to pay a yearly renewal fee to keep the domain in your possession. This is required with every registered domain name. You can set your domain to auto renew, which allows your registrar to charge the card on file with your account, to avoid missing a renewal. You'll need to make sure the card on file does not expire before the next renewal is due. Look at the renewal like the property tax you pay on a piece of real estate. That is a fee you have to pay every year, otherwise there are penalties. The process is the same with domain names, so you don't want to miss a renewal!

In the past, some registrars, such as Network Solutions (NetSol) had been guilty of charging upwards of \$35 a year in order to register a domain for you. Other registrars, such as GoDaddy.com, charges as little as \$8.25, or sometimes less for similar service. But you shouldn't base your registrar solely on price.

Quality support should always be a concern. You want to register your domain names with a registrar that you know will provide support when you need it. Some registrars only offer email support, but there are a lot of great registrars who offer not only email, but phone and chat support. Remember, you get what you pay for. We've heard horror stories about registrars who bury their phone numbers, leave people in voice-mail jail, over-charge, do not reply to support tickets, do not refund funds, and other catastrophes. The great mitigating factors between registrars comes down to price and service. Review yours before deciding!

Now that we know that all registrars provide the same product, domain names, let's look at a few of the common registrars below.

Common Registrars

Out of the biggest and the most well-known registrars in business today, a few stand out. That's because if you buy a domain name from someone else, the person you are buying the domain from can easily push that domain to you, as long as you have an account with the same registrar. (Read more about a push in Chapter 4.)

Even if you grow to like one registrar more than another, you can always have accounts at different registrars. If you don't like the registrar where the domain is currently kept, you can have it pushed to you and then initiate a registrar-to-registrar transfer. Basically, you move it from one company to another.

Below are the registrars that I would highly recommend that you should get accounts from if you want to be a serious Domainer. They are as follows:

- Epik.com
- GoDaddy.com
- NameSilo.com
- Dynadot.com
- Namecheap.com
- Uniregistry.com

The above registrars are quite well known, and you'll likely need an account with each if you go out and buy domains on the secondary market.

When you purchase domains on the secondary market, the people you buy the names from need to push the domain names to you and you must have an account with the registrar where the domain is currently registered in order to receive the domain.

As mentioned before, there are going to be times when you buy domains from other people that you didn't register. You may buy at a premium (sometimes a steep one) with the intention of turning a profit on the name or website in a speculative attempt to sit back, let the property or domain name appreciate, and make a profit. Other times you might further develop the property you just purchased in order to develop it more so it can garner more users, have more activity (views, clicks, interaction), build its value, and bring in more cash. Once your domain/web site is making more money, you can keep it or flip it at a higher selling price.

Domaining is no different than buying a piece of land or a house. You can buy a piece of land/mineral rights and pump natural gas or oil from it for a recurring revenue stream. Sometimes you buy a house

and fix it up and then flip it. Other times you buy land knowing that you are going to do nothing with it beyond holding it and selling it for a higher price in the future.

Those are all property investments, and each one can be applied directly to the domain game.

Chapter 3: Investment and Reinvestment

Domaining is a very unique career. Domainers sit around every day looking for letters and numbers in various orders, trying to find the most direct approach in money-making through affiliate programs and other ways of raising capital for certain domains.

I would rather acquire domains with money that my current domains are making, rather than taking out a loan. A good domain or web estate should already be earning money, and proficient Domainers use that money to make more money. We make money by buying revenue-generating domains (revenue-generating domains are explained below) through acquisitions and then make more money with the revenue those acquisitions generate. The effect snowballs, and eventually we are doing thousands of dollars a month.

Traffic

We all want to make money. But the only way you make recurring revenue with your domain is through traffic. Traffic just refers to people visiting your site or domain name. Unique traffic refers to different visitors coming to your site, as opposed to one visitor coming to, or clicking on, the site 10,000 times; you still have an audience of one.

You want people to visit your domain. Traffic is how you make money. If you have a domain that no one visits, then you will never make a dime. You could have the best site on the web, but if no one knows about it, it serves no purpose. It would be like having the greatest billboard ever conceived, buried in a basement.

With the corporate world already creeping into everyday life, it is no wonder that a web site could be "Sponsored By" some random company. Now, this is important to bring up because companies want to be seen. Just as you want people on your site or domain, companies want people on theirs. These organizations want people to see their sites so much that they will pay you to send visitors to their websites. They usually don't care how you send traffic (real traffic, i.e., unique visitors), as long as you do it within their terms and conditions. If you can meet a few end-game rules, not only can you pay for the hosting of your web site or for the registration cost of your domain, but you also can make a recurring fortune every month.

Buying Revenue-generating Domains

To get a recurring fortune, you are going to need recurring traffic; hence, you will need traffic/revenue producing domains. How much should you pay? Well, when you buy revenue-generating domains the sellers usually ask for a multiple (or x) of revenue made per year. For example, 3x revenue is 36 months ($3 \times 12 \text{ months} = 36 \text{ months' worth of revenue}$).

If a domain is earning \$5 a month and you're asked to pay "3x" revenue, then the domain is being sold for $\$5 \times 36 = \180 .

A sales price of 2x, 3x, 4x, and up to 15x or more is possible. I have seen revenue-generating domains sell for 100x rev, depending on the type of traffic they receive and what the names were.

Let's say there is a domain for sale that is a typo of a country (Read more about typo-traffic in Chapter 6). Let's pretend for a minute that it has some sort of revenue associated with it. Some people would pay anywhere from 5–10x revenue because the name of the country isn't likely to change, at least not anytime soon. That means the domain will receive traffic for years and years to come. Basically, it would be a guaranteed paycheck, because traffic to that domain will not fade.

Here's a big thing some new Domainers don't think about: When buying domains based on revenue, think about your expense!

When you buy a domain that is based on revenue you need to remember a few things. First, what does it cost to even keep that domain? If a domain is a standard .com/net/org/ domain and earns \$1 a month, then it pays for itself each year and just about nothing else. That's because you have to consider the registration/renewal fees. However, say this name is being sold for 3x rev. That would be \$36, however, to keep that name registered for those three years is going to cost you +/- \$30 ($\$10 \text{ registration fee} \times 3 \text{ years} = \30). So, after 3 years of keeping that domain, you will have made a whopping \$6. At that rate it will take well over 10 years to break even. Watch the revenue multiple when buying lower revenue-generating domains, such as those that bring in \$1 or \$2 per month.

I like buying domains that are making *at least* \$5-\$10 a month. The registration is usually paid within the first month and then after that everything is fine. The higher the cost of registration, the more profit that is eaten up by those domain registration costs. The higher the revenue, the more the domain registration is offset by the sheer amount of money being brought in by the domain.

I also like buying domains that make \$5- \$10 a month because they are easy to come by (in the forums or otherwise) and I can use PayPal for payment to these individuals. With these types of transactions most of these deals are completed in one day or less which also makes it quick. I also know that if

someone scams me on one name the most I will be out is \$300-\$400, so it also minimizes the amount of risk I am exposed to.

Pushes and Transfers

Now that you know about buying on multiples, let's now discuss how you take possession of the domain name after you buy it.

When a domain is sold, and the new owner wants to take ownership of the domain, there are a few different ways ownership can take place. If both the buyer and the seller have an account at the same registrar, then there is a great possibility of an intra-registrar "push." A push is nothing more than moving the domain from one account to another at the same registrar.

(Author's Note: Since all registrars are not the same, the processes below may deviate some in a small manner. Some registrars may need an account key, user number, email address, or something else in addition to an account name or number. Check with your individual registrar's documentation for exact details.)

Here's an example: Dan and Sean each have individual accounts at Epik.com. Sean, the seller, has sold a domain to Dan, the buyer. All Sean has to do is get Dan's Epik.com username/account name (NOT PASSWORD, of course) and easily initiate a push to Dan. A few clicks and now Dan has the new domain in his account at Epik.com. There are usually no time frame restrictions on pushes. This means that you can register a domain name and then immediately push it to another account without any problems.

However, let's say Dan does not have an account at Epik.com. His registrar of choice is GoDaddy.com. Dan can go through the external transfer process, but he cannot receive the domain via a push since pushes are only internal to the registrar. Dan will have to transfer the domain from Epik.com to GoDaddy.com. In GoDaddy.com, Dan will login to his account control panel, select the transfer option, and then checkout which starts the transfer process. Since Dan is requesting a transfer he will have to pay for the transfer, which is effectively equivalent to one years' worth of domain registration fees. He is required to pay this fee, but it also will lengthen the total time of his registration by one year.

One important thing to point out is that if the domain name has been registered for less than 60 days, you will not be able to transfer it away to any other register until 60 days has passed. However, you can register a domain and push it to another account at the same registrar usually at any time with no restrictions.

When conducting an inter-registrar transfer a number of things happen. First, the buyer initiates the transfer request from the registrar that they want to transfer into. The buyer is required to provide an EPP code to the gaining registrar in order to begin the transfer. You'll get this EPP code from the seller and it's basically a transfer key that adds a level of security.

GoDaddy.com, for example, will send an email to the Administrative Contact listed in the WHOIS of the domain name that is being sold. The email request will state that GoDaddy.com wants to transfer the domain away from the current registrar and will ask if that is ok. The seller of the domain will click "accept" which is a way of confirming that it's ok to proceed. This is also referred to as "acking" (acknowledging) the transfer request.

Another important thing to note is that a domain needs to be "unlocked" in order for it to be transferred. If the domain is locked the transfer will fail and will need to be reinitiated. After the seller of the domain unlocks the domain and accepts the transfer request, the domain will be transferred, and the winning registrar will gain control of the domain which will then be deposited into the buyers account.

A "losing" registrar is the one that is having the domain name transferred out of their system. The "winning" registrar is the one who has the domain name transferred into their system.

Now let's examine what traffic is and how to monetize (convert into income) it.

There are three major types of traffic. Some have subcategories, but I will describe the biggest two, link-pop and type-in traffic, first. The third, typo traffic, is discussed later in Chapter 6.

Link-Pop Traffic

Link-pop traffic is just what it sounds like: link popularity. Link-pop traffic refers to domains which had websites on them previously that were once hustling and bustling but have now met their fate and their owners let them die. After the site dies, visitors will still visit those domains, at least for a while, because other websites still link to that domain. Visitors will continue to find their way to the domain until those links are removed. As links to the domain are removed, over time, the traffic will taper off until all of the sites that originally linked to the site have removed said links. Once all the links are removed, there is no traffic left. As a side note, this type of traffic is considered very low-end because people know the site is no longer what it once was and will have no real reason to return.

A fictional example would be going to a golf related site and going to a section entitled "golf irons and drivers." We could reasonably assume that the visitor to this site is looking for information on golf clubs.

Let's say the visitor sees a link titled "BigDaddy.com – The best drivers in the world!" and then clicks on it. From there they are taken to a completely irrelevant site that talks about cars, or chauffeurs, or some other non-golf related topic but has various ads about "drivers." The visitor knows this is not the information they wanted so they will click back, close out the browser, or something else. As webmasters update their web pages, they will get rid of links that go to this site because it now has no reason to be included in a golf category, since the new site has no relationship to golf.

Even if the domain has a parking page on it catered to golf related items, there is still a high likelihood that the webmaster will remove the link because it is no longer the site it once was. More than likely the webmaster linked to the domain originally because it had some great content, great prices, or some other information or value. If that value is gone and then just replaced by ads, there would be no reason for the webmaster to keep the link to the page.

While link-pop domains do hold traffic for a while, they eventually become worthless. It may take some domains longer than others to become worthless, but domains that have value because of the traffic derived from link-pop will usually end up being worth zero. This is a fact of domaining. The one exception is that if a new site is built based on the previous history, then and only then will the traffic have any hope of remaining.

On a side note, traditionally, link-pop domains have low conversion rates, meaning many people don't click on the ads or buy/sign up for the products or services that are advertised on those pages. Again, the lack of conversion relates to the fact that visitors are bombarded with irrelevant information that isn't related to the topics they are seeking.

Type-In Traffic

Type-in traffic domains are domains with high recall value, such as Money.com or Amazon.com. Simply put, they're easy to remember. Other domains that might pull in a fair amount of type-in traffic are those that rely on everyday phrases and have a specific meaning.

Example: Your mom is looking for recipes on the Internet. She does not necessarily need to know anything about search engines to find what she is looking for. All she needs to do is type-in www.recipes.com in her browser and then she is immediately met with a parking page that deals with recipes.

Sometimes a random type-in will result in a full-blown web site and sometimes it will be a page filled with links or ads. But if she gets served something (ads, links or otherwise) relevant, she is happy. She needn't know (and potentially doesn't care) that she probably made some person \$1 in advertisement

revenue just by going to the page and then clicking on some ads. She is happy. The advertiser is happy. And the owner of the domain is happy.

Your mother just executed a direct search in a non-traditional manner, also known as “direct navigation.”

Her educated guess as to the likely nature of content on the page, coupled with the fact that relevant content appeared and matched her pre-visit guess, demonstrates the tremendous value of that domain name.

Recipes.com is presently a “parking page.” A “parking page” or a “lander” is a webpage that monetizes the traffic it receives by displaying paid links. It has no real content, but if you click on one of the links you will make the owner some money. That is how traffic monetization works.

Other examples of domains that get type-in traffic can be of the craziest combinations, such as www.abcdefghijklmnopqrstuvwxyz.com

Surprisingly, this domain gets type-in traffic. At the moment, that domain displays nothing. But it could just as easily be geared toward sobriety tests, an English as a second language online program, or anything else related to the alphabet.

Another example: www.123.com, a site most people visit out of sheer curiosity. People just want to see if 123.com does, in fact, exist. Because of their curiosity, visitors will go to the site and will probably click on ads, which again, makes the owner of the site some money.

Think about it. It’s human nature to be curious. Have you ever typed your first name into the browser just to see where it goes? Admit it. We all have. In fact, I would venture a guess that you’ve typed dozens, if not hundreds, of domains into your browser, just to see where those domains might take you. Because of curiosity, a lot of domains, even those with some of the most outrageous or ridiculous names, pull in traffic.

However, it is important to note that the majority of domains that get type-in traffic use the .com extension, as opposed to .net or .org. Most users don’t know that a lot of other extensions, such as .biz, .info, .us, and so on, exist.

International users often type-in their own country extensions, such as .de for Germany or .co.uk for the United Kingdom. Americans will almost always type in .com, but there is also a big possibility that users from other countries will type in their own country’s extension.

How to Tell if a Domain is a True Type-In Domain

If a domain has traffic, the first thing you need to find out is if the visitors are typing it in out of curiosity or typing it in because there was a site there in the past and they are returning to view it. While the aforementioned is true type-in traffic, it is also “Expiring Traffic.” The negative experience a user had by going to that page that did not meet their expectations or recollections all but guarantees they will not return.

Further, the domain might have traffic as the result of Link-Pop. We have to be very cautious that a domain is not getting traffic from Link-Pop because as we said before, that traffic eventually dies. You want a domain name that the traffic is going to stay forever with (or at least for a long enough time to make back what you paid plus some.)

The first things I check when purchasing revenue domains:

- Yahoo.com
- Archive.org
- Google.com
- Alexa.com

Yahoo.com: This is usually the only tool you need in order to figure out if a domain had a site on it previously or not. Go to Yahoo.com and just enter in the entire domain name plus the tld (top level domain such as .com/net/org/us/info). If you're looking up the domain name stiznet.com, just type it in as I wrote it here. If there are any sites out there that are linking to stiznet.com then they will show in the results. If nothing comes up then this domain most likely does NOT have link pop and is therefore more than likely a type-in domain.

Archive.org: Just to make sure you can go to the Wayback Machine (a site that keeps historical snapshots of websites that it has indexed over the years) and type in the domain name and see if it returns any results. If you see anything other than parked pages, then you know there was an operating site there at some point in time. If you see regular parked pages that is fine and also normal. It just means that domain has been monetized for a while.

Google.com: If the domain name you are looking up is not very generic then you can type it into Google.com without the TLD. If you start seeing links or references where people will be referred from a website to the domain you are looking to purchase, then the domain is most likely not a type-in.

Alexa.com: This is a VERY useful tool to see if a domain name has had past history with a web site and also to see stats on the domain (if available.) Alexa.com can also tell you if there are other sites indexed by Alexa.com linking to the domain you are looking up.

Usually, if you do just a few of these you can be pretty sure if a domain is getting link-pop or type-in traffic.

Chapter 4: Typo Domains

Typos are such common place now it would be a travesty to not cover them in this book. Also, there are so many different types of typo traffic that I felt they deserved their own chapter.

I do not advocate for or promote typos. I also don't rail against them, nor would I tell a person not to buy or register one. I am merely bringing this information to light. You can do with it what you please. Typos can make a person a lot of money, but some typo and trademark domains are also a touchy subject in the domain world. They are considered the "dark side" of domaining. Some people love typos and some people hate them. Almost all Domainers have an opinion on typos.

Typo-traffic is just what it sounds like. When a user hits the wrong keystrokes or wrong combinations on the keyboard, the search results form a misspelled word or a "typo." Some of these misspellings are so common that high volume sites (like Google.com, Yahoo.com, MSN.com, etc.) have typos that generate literally THOUSANDS of visitors per day. However, not all typos are created equal. Keep in mind when you get into typo traffic you are running a fine line between general terms, potential trademarks, and blatant TM infringement. Also keep in mind that I'm not a lawyer and this isn't legal advice.

In the typo category there are different types of typo traffic.

- www and wwwl typos
- Mistypes / Letter reversals (Tahoo.com, or Amazno.com)
- Phonetic typos: —Domain Markit instead of Domain Market
- Extension typos (.de as the German .com of a site, etc.)

www and wwwl typos:

The infamous www or wwwl typos are one of the crudest typos out there. People will often mistype the domain name without the dot (.) between the www and the domain name thus resulting in something like <http://wwwyahoo.com>. The same thing happens when people typo the L on the keyboard in place of the dot (.), thus creating <http://wwwlyahoo.com>. Please realize that this is about as close to TM infringement as you can get. Don't ever expect to try to defend a case like this in a WIPO (World Intellectual Property Organization) UDRP proceeding as you will lose the domain every time. (WIPO is, effectively, the online court for domains for the Uniform Dispute Resolution Policy).

Mistypes / Letter reversals: I lvoe the dmoain ma4ket!

Letter reversals are very easy to type. People who are experienced keyboard typists can usually type very fast and will not catch their mistake until they have already hit the enter key. An example of this is www.googel.com. It would be very easy to type this in only to realize you made a mistake until after you have hit the enter key.

While I was writing this section of this book I was chatting with one of my friends over IM. Here is an excerpt from the conversation.

MyFriend: I will get it on the way there.

Sean Stafford: we can get it on the way back

Sean Stafford: it's not a probelm

As you can see, it is rather easy to make typos. Anybody who has an office job with a computer will do this every day. It does not matter how well you type, you are going to make a mistake at some point; we're human. And if you are typing something into the URL bar and mistype, there is a huge possibility that you will still land on a web site. It may not be the web site you were looking for, but you will probably get a web site none-the-less. Side note: Have you ever had a rude awakening: WHOOPS – WOAHH moment where you get some content you *really* didn't expect? We all have! More than likely it will be a parking page (a page full of advertisements). If you click on one of these ads then you will probably be taken to something close to your original query. Keep in mind, you also just made someone a little bit of money.

Another example: Let's say you are looking for Google.com and you type in googek.com. Google.com is a trademarked name. This means if you have a domain name that is confusingly similar to Google.com, Google/Alphabet Inc. could possibly sue you for damages. At the very least they could likely get the domain from you via UDRP or another judicial avenue.

Google Inc. considers confusingly similar domain names a direct threat to their trademark and also considers the person who has this name a thief because they are stealing traffic from their site. After all, the visitors are what made, and still makes, Google.com a cash cow. Has Google, and its investors, not spent millions, or tens of millions, in building their technology and brand presence?

If you chip away at their visitor count, then you chip away at their financial bottom line and return on investment. Google is known to C&D (Cease & Desist letters) people frequently. They will protect their brand at magnificent costs, costs you may find difficult if not impossible to match.

Googek.com appears to be a trademark typo. If you owned this domain and Google send you a C&D, and you don't cease and desist, you will probably find yourself in hot water.

We need to make a distinction here. Generic typos do exist. Expetc.com is a typo for Expect.com. The word expect is such a common term that it would be hard for someone to prove that one single company owns the mark to the term. So, trying to UDRP (yes –we're using UDRP as a verb) expetc.com away from its owner could be somewhat difficult unless Expect.com is an actual brand that has established itself online as such. It also needs to be said that sometimes a mark is so strong that even if a word is generic in nature, it may still be under the protection of a trademark. The word "realtor" is a perfect example of a trademarked term. Look it up in the dictionary and it will even refer to the fact that it is a trademark, yet, to most people this would be a generic everyday term describing one who sells houses. Keep in mind again, that I'm not a lawyer and this isn't legal advice. You'll need to seek that out on your own.

Phonetic Typos:

A phonetic typo is when a word is spoken differently than it is spelled. An example of which would be Bobevens.com. If someone types this in then they are probably looking for Bobevans.com (with an A in "evans"). The word "evans" can sound like it is spelled with either an "e" or an "a." In the case of someone not knowing how to spell a word they may try sounding it out and then plugging it into their web browser. When they spell it wrong, then they have just made a typo.

In the case above regarding Bob Evans there is a very real chance that there is a person alive whose name is Bob Evens. So, this name teeters on the verge of trademark infringement. In this case the best way to show bad faith would be to put links to food or family restaurants. If you put up links about heraldry, family trees, or something else, you might stand a chance of keeping this name in case of a UDRP because you could show that this was not infringing on the Bob Evans' trademark and you are using it in good faith. But the moment you put up links about food or anything else even remotely considered TM infringement, Bob Evans Inc. has enough ammunition to get that domain name taken from you. Why? Because Bob Evans spent the money, invested the time and the sweat, risked the odds, and built the successful brand. The judicial bodies want to encourage others to know that their potential investments of time and money in other endeavors will similarly be protected.

By the way, just for kicks, type in bobevens.com and take a look at who owns it.

That's right! BobEvans.com. Want to guess why? They are protecting their trademark while making sure they get all the traffic that is looking for them. This is called a "defensive registration."

This brings me to another interesting topic: Extension typos (.com, .net, .org, etc.)

A lot of people do not know about extension typos. In the United States we are very U.S.-centric and fail to grasp the differences in language because the Internet is predominately in English. However, there are millions upon millions, possibly billions of people in the world who do not speak English. When a high-traffic site such as Google.com or Yahoo.com comes into play, a lot of the non-English speakers expect that site to display their language via their country code extension, so they can view that site in their own native tongue. A country code extension, or ccTLD is the top-level domain used for the country in question, such as .ca for Canada, or .es for Spain/España.

For Example:

Look at Google.com and then look at Google.de (the German extension is .de). Germans are particularly proud of their domain extension. German-speaking people type in the .de extensions because they think that they can find a German Google.com page there. In most cases they are right, but in some cases, they are wrong and that is what results in an extension typo. International users will type in the country code extensions such as .de, .dk, .es, etc. and the page that they were looking for might not be necessarily there. Extension typos usually happen with huge, global web sites. Foxnews.com takes you to a news site, foxnews.de takes you to.... well...not Fox News.

Keep in mind that Extension Typos are not really typos because the person has not mistyped by accident, they mistyped on purpose, usually out of curiosity or the expectation of finding the same site in their own language. For the lack of a better phrase I refer to them extension typos.

Typos in General

Ok, so if getting a domain name that is confusingly similar to another domain name shows bad faith, then why would a person do it? Good question! Because there is a TON of money to be made in typos! Let's say that you register a typo of Google.com, and that domain name is a common typo, then there could be literally thousands of people mistyping that domain every day and landing on that parking page. Google.com is in the top five sites visited on a daily basis and that means that even if .0001% of Google.com's daily visitors mistyped in a certain domain then the amount of traffic driven to that domain would be massive. The more people who come to this mistyped domain the more people who will click on ads, and thus more money will be made for the person who owns the typo domain.

Take the example of VerizonWireless.com. On a standard PC QWERTY keyboard, the o is adjacent to the i. Thus, www.verizonwOreless.com would be a big source of misdirected traffic. Of course, this will

have to be determined by a court of competent jurisdiction, but let's just call it an educated guess that Verizon may feel a right of ownership regarding that potential typo.

The second reason people do this is because they don't have to advertise the domain name in order to get traffic to it, and the chance that traffic will increase is a fair one. Just think if Verizon did a huge T.V. or newspaper marketing blitz for an online sweepstakes giveaway and it drove a lot of visitors to their web site. This blitz would spike the amount of traffic to both the real domain and all of its typos. If you own a common typo of verizon.com, maybe vrizon.com or verizone.com or something similar to these, then the chances that your traffic count would go up is a sure bet.

Although the extra traffic may only last for a little while and then taper off, the immediate influx of traffic could make a person a lot of money. I have seen typo domains that make 20 cents a day on average shoot up to do \$100 in a day because of marketing blitzes, heavy advertisements, news stories, etc.

Just think that after the 911 attacks on the World Trade Center, binladen.com was getting huge traffic to the site. Hypothetically, someone could have gone out and registered binladin.com, with a letter i instead of e), or something similar as a phonetic typo. Binladen.com received a huge influx in visitors so I am sure binladin.com did as well.

The above is another reason why people don't necessarily enjoy typos. Some people will register them right after a tragedy and then it makes Domainers in general look shameful. I'm personally opposed to this, but I bring it up for the purposes of education and it is something that you need to be aware of because it does happen.

Here is another example:

Right after the Virginia Tech massacre, there were a number of typos registered. Why? Because there was an influx in visitors to the Virginia Tech web site. And with that huge influx of visitors, there was a sure chance that there was some money to be made with typos of the school site.

Now, whoever owns these types of typos obviously doesn't care too much about what they are doing, but they do make themselves look bad along with most well-intentioned Domainers in general.

Typo-squatting

Everything I just listed above, registering or buying typo-domains, is commonly referred to as "typo-squatting." Typo-squatting is an extremely risky business. The author and all others named in this book strongly advise against any activity that might knowingly infringe on trademarks or intellectual property.

If you choose to tread on the trademark-infringement side of domains be prepared to have an iron stomach and a well-armed lawyer handy when you make the wrong organizations angry.

Chapter 5: Traffic Monetization and Domain Tasting

Traffic Monetization

Now that you understand how traffic is generated, let's look at how you monetize that traffic. Epik.com, Sedo.com, ParkingCrew.com, and other domain-parking companies have upstream providers which are usually Google.com or Yahoo.com. An upstream provider is just a company that provides the advertisements and payments to the parking company.

When you park a domain with a parking company, you will, in effect, redirect traffic that is coming to your domain to the parking company. Your domain becomes, in essence, a conduit to the parking company chosen, and by proxy, Google or Yahoo.

Parking a domain usually means that you use a platform such as Epik.com or ParkingCrew.com to associate your domain with their service. Their system will allow you to select one of your domains, say "SelfDirectedFuture.com" and type in keywords via their online interface to make relevant links appear on the page. An example of these keywords for this domain might be: "SELF DIRECTED RETIREMENT," or "IRA." The parking company will generally present the same or similar links you would see as if you typed those same exact keywords into Google.com, Yahoo.com, or other search engine when they show their "Sponsored Ad" or "Sponsored Search Results." Their system may also auto-assign keywords in so that their system does their own keyword optimization.

Now that you've chosen relevant keywords, or had the parking system auto-assign one, anyone who has browsed to your page by typing-in your domain may click on a link to get to seemingly relevant content. Every time someone clicks on one of the advertisements or links that show up on one of your domains, you'll make some money!

At the end of the month you will get paid the total of money you made in the previous month.

Each parking company makes their money from the money that you make them. Every time a person clicks on one of your domains, you just made that parking company some revenue. The parking provider provides the relevant advertisements that it gets from its upstream provider to your domain, it also provides the landing pages, the management and reporting systems, as well as staff to make it all work. You provide the domains and traffic. You need them, they need you.

You also need to keep aware that if some of your names could be built into a solid content and revenue-generating website with just a little more effort, it may make more sense to explore cutting out the parking company.

Please note, there is often much more money to be made from development of the domain name into a full-blown site than there is if you just leave it parked, but it's also a lot more work.

Chapter 6: Development: Monetization Beyond Parking

Parking is great. You can resolve a domain name to some name servers, add the domain name to your favorite parking account, and let the visitors and clicks roll in. This is easy, but it also pays less than the potential of building out a new site with actual content and gaining revenue directly from your visitors.

With development, there are a couple things you may want to keep in mind. If you are going to be developing a site and you need a really awesome domain name, then you will probably have to look at buying one from someone else on the secondary market. However, if the domain name just needs to be a roundabout description of your site then the chances are you can find it cheap and easy.

Coolgames.com may cost you \$x,xxx, while coolwebgames.com may only cost you \$xxx, while coolwebgames.info might only cost you about \$10 (right now it is not even registered.)

Always keep in mind that if you start running your own site with a domain name, you don't have to buy it on the secondary market in order for it to have some value. It will attain value once you start putting time and money into it. Development is what makes the domain worth the most because it is no longer just a domain; it's a "web estate."

Which Extension Should I buy for a Site I am Going to Develop?

Obviously, if you are going to build a web site you will want the .com if it is available. However, if it is not available or if you cannot afford the .com, but you really like the name then you can choose from the other available extensions. Coolwebgames.info is a fun name, but you need to keep in mind the way the human mind works. If you use anything other than a .com for your web site you can expect to lose up to 10% (on a good day) of the traffic that is looking for your web site.

Example: people looking for Epik.net will accidentally type in Epik.com

Why? Because .com is king! People expect a popular subject to be on the .com version of the domain. Even if a site is heavily branded with the extension (i.e. authorize.net) people will still sometimes type in the .com out of habit.

To state it again, you can expect to lose up to 10% of your traffic to the .com if you are using ANYTHING other than the .com. (At least in the USA as we use the .com as the extension of choice.) Things are a bit different around the world where the ccTLD's (country code top level domain) are bigger, but .com will be the most used the majority of the time.

Let's qualify .com with a caveat however; Comcast.net and Authorize.net are BIG brands with tens of millions spent on advertising their .net domain names. With a nominal budget, the stats may be even worse for the non-.com domain owner. SpringfieldSeptic.net on a car-door magnet is a fleeting memory of motorists passing by. By not having constant online, TV, print, radio, and other omnichannel marketing touchpoints to SpringfieldSeptic.net, users typing that domain may be far more likely to type in the .com. It wouldn't be surprising if 50% or more of that typed-in traffic is lost to the .com.

I am not saying to not use any other extension, I am just saying that going with other extensions can and will cause confusion or mistypes with some people. It is always better to get the .com if you can. If the .com is unattainable then go for the .net. If the .net is unavailable, then it is your choice. There are a lot of extensions out there and you have a huge variety to choose from.

Going Straight to the Ad Provider

When you send traffic to a parking company, that company takes a cut of the money that the ad clicks generate and then gives you what's left. When you develop a site to go with your domain, you put all of the work in yourself, but you also keep all of the money generated from the clicks made and products sold, etc. It takes more work, but it also makes more money.

Do you own a domain like MyArcade.com? Does it get traffic from people looking for an arcade site? Buy an arcade script and integrate Google AdSense or Yahoo Publisher throughout the site. When visitors click on the Google AdSense banners then you will get paid. Typically, AdSense clicks pay much more than a click from Sedo.com or anyone else.

If building out a site is so profitable why doesn't everybody do it? Two reasons: time and knowledge. Most often people do not have the time to develop a site. It is easier to get a domain that makes money and park it than it is to actually take the time to develop it. To a lot of people, if a domain is already making money there is no reason to focus on it as there are plenty of other things they could be doing.

The second reason is know-how. Many people have no concept how to get started designing, hosting, or implementing any kind of semantics involving a web site. The great thing about the Internet is that there are tons of people out there who can help you with building out your site. It does not matter if you do not know how to design one yourself. If you have a great domain that has tons of generic type-in traffic, it is probably a good idea to get a site built ASAP with an integrated affiliate program, Google AdSense, third-party pop up ads, or anything else to get increased revenue instead of just a few dollars from parking.

To the above note, you will almost always get paid more for developing your own site than if you use a parking company. But the downside is that designing a website and hosting it takes a lot of work.

Chapter 7: The Domain Name Aftermarket

Ok, so now you understand how domain monetization works. People come to your domain, they click on your ads, and you get paid. There is also another option, which is to buy an existing domain for investment to sell later for a higher price.

You can register a domain for \$10 and then hold it hoping that someone will want to buy it from you. Maybe a couple of years pass and then someone contacts you and wants the name for their personal project or business. They send you an offer for \$300. With the initial cost, plus the renewal fee you may only have \$30 invested into the domain so you decide to sell. You make about \$270. Not a bad return over a couple of years and just a few dollars, right?

The domain name aftermarket, or the secondary market as it is also called, is a great way to make some money. It may not make you a recurring income, but it does stand to make you a good windfall when you make a sale. This type of domain investment would be an end-game balloon payment with zero or little money made until the name is purchased from you. Of course, you can “park” the name in the meantime and put advertisements on it, but if you buy it for pure speculation then traffic monetization may not be the deciding factor in your purchase strategy. In fact, in this type of venture, existing traffic may or may not play any factor in the evaluation of the domain’s worth. Instead, its intuitive nature or brandability can be far more valuable. For example, while “green living” and “green homes” are not yet the norm, they may well be on the rise; thus, GreenHomeLoans.com may increase in value. Similarly, buying or registering a domain with a geo-centric element can be a solid strategy if the geographic location targeted is developing.

For example: New Hampshire has a small seacoast (under 18 miles), and wouldn’t you know it, everything there is named Seacoast something or other. By way of example, the domain “SeacoastAirport.com” had been registered far prior to the launch (no pun intended) of Skybus air service. Now there truly is a “Seacoast Airport,” which also means that the domain name went from being a regular domain worth only a few dollars, to being worth a lot more.

You can think of it as buying a patch of land out in the countryside. One day the nearby city may expand and get closer to that patch of land, and a development company may want to buy the land you have been holding so rich folks have a nice place to live in the suburbs. The object would be to buy now, (before major development took place) for the prospect of a bigger return later. In other words, you buy the domain name for the normal registration fee (you register it yourself) or maybe buy it from

someone else for pretty cheap, and then hold onto it for a while and then flip it for 30 times more than what you paid. Sounds great, right?

If the above is so easy why doesn't everyone do it? The majority of the domains that are registered never end up being worth anything because no one else ever wants them; the tipping point to create the speculated event-horizon never occurred. Sometimes people may make offers to buy the name for a given sum, but the seller wants too much for it. In this circumstance it does not make it economically viable for a potential buyer to purchase it. Usually in this situation the registrant ends up holding onto the same domain until he/she gets sick of it and drops it or sells it for far less than the previous, more attractive offer, usually out of desperation.

Keep in mind that if a domain name never sells and you end up keeping it forever and serves no use or return, then all it amounts to is a solid liability instead of an investment. "Internet Swampland" is just what it sounds like, a patch of property that no one wants and will probably become more of a financial burden than a money maker.

In the above case you have to find out exactly *when* would be the right time to sell. When I sell domains, I gauge it on current market performance, such as what a similar domain name have currently sold for, and I also investigate the person who is interested in buying it. If your domain name has a very small niche market and the biggest player in the industry comes up with a good offer, but you refuse to sell, you may never have another opportunity to liquidate that name at the same price again. Just like stocks there is always a perfect time to sell a domain.

The problem with a lot of Domainers is that they get greedy and then are never able to get another offer of the same caliber. I've seen in the forums multiple times where people are selling a name at prices less than previously offered because they need the money. They may have turned down a lot of great offers in the past and now they are in a financial pinch and have to sell immediately for much less.

Another big problem with some Domainers is that they become *domain collectors* instead of domain investors. A collector just registers a bunch of domains willy-nilly without much research and then expects them to be valuable. A domain investor goes out and finds names that are going to be valuable after he/she does lots of research and studies the current market.

Currently, one big problem I see a lot of budding Domainers getting into is registering 100's of .info's just because they are only (currently) 99 cents to register. Just because they are cheap does not mean you should register 100 of them. It would be better to take that \$100 and then put it into one solid .info. This does two things: First, your renewal on that good domain is going to be around \$10 dollars a year.

But when it comes time to renew those 100 regular .infos the renewal fee will be \$10 dollars each. The first year of registration is what is cheap, not the renewals. Second, it is going to be easier to manage and market one good .info then it is going to be to market 100 no-so-good .info domains.

Now, it's true that you may be able to swing a few good sales with some of these info's that you have registered if you play your cards right, but it is going to take more of your time. Keep in mind, it is going to be much better to have one very good name then to have 100 bad ones. Quality domains sell well, and no one wants to buy large quantities of bad ones. Costs aside, managing one good domain is far more efficient than the exhaustive and futile efforts to try and monetize or manage 100 bad ones.

Chapter 8: Parking Companies

Before I go any further, I want to state that I support all of the companies listed below. In my personal portfolio I use Epik.com and ParkingCrew.com. These companies work best for my domains.

However, when I consult with clients, I may also employ DomainSponsor.com or other monetization companies. It just depends on the types of names that are in any given portfolio as to which company or companies should be used. This section is all my opinion and your experience may be much different.

DomainApps.com

DomainApps.com is much smaller than the bigger companies like Sedo.com, but that in of itself is not bad. When I opened a ticket to test support, I got a reply back from the owner of the site. He has other people working for him, but he also has enough humility to actually answer questions and jump in on the forums to participate and help. I thought that this was a great personal touch.

The payouts can be pretty decent. Like all parking companies it will have its highs and lows but I would rate the payouts as average. The company is pretty solid and has been around for years. The interface is easy to use and navigate.

Another great thing about DomainApps.com is that the standard landers (templates you choose from that become the pages that the visitors view when going to your domain) are very nice looking which helps traffic click better.

DomainSponsor.com

When I first signed up with DomainSponsor.com I was a bit confused with the system. I had been accustomed to setting keywords and other options for my individual domain names.

DomainSponsor.com lacks this, but for good reason. They do allow for the changing of templates and a few other settings, but the majority of the system is aimed at auto-optimization. This basically means that once you add your domain name to their system, their platform will automatically find the best possible template, keywords, and other settings to make sure visitors to the site click through. Because of this type of system, it is extremely attractive to people who have massive amounts of domains since there is very little work needing to be done after a domain is added to their platform.

Another huge plus for DomainSponsor.com is that they traditionally have had great payouts for insurance, mutual fund, banking, credit card, and similar financial domain names. Ten dollar (or more) clicks for finance type names are not uncommon.

The only bad side that I can find about DomainSponsor.com is that their landers tend to look a bit 1990'ish, and that their interface for adding domains is not very intuitive, in fact, their interface as a whole is not all that easy to use. However, as with most things, once you learn it, it becomes second nature. Regarding the landers, if the parking page makes us money we should not really be concerned if it has pretty pictures on it or not. We should only be concerned about CTR and revenue.

Another note about DomainSponsor.com is that you will need a decent traffic portfolio before they will allow you into their system, so you will have to wait until you have a good set of generic/semi-generic domains or a large traffic portfolio before they will approve you for an account.

If you are a large portfolio owner with limited time resources when it comes to domain optimization, then this will be the best parking company for you by far.

Epik.com

While Epik.com is a registrar, it also has integrated parking features. You can choose to park your domain on a Secure Socket Layer (SSL) enabled page with a “make offer”, “purchase now”, or “lease now” option, or you can send your domain through a parking company rotation which takes advantage of multiple different parking companies which optimize the CTR (click through ratio) and payout of your domains. This is far different than most parking companies because Epik.com is a one-stop-shop. You can have your domain hosted on the same registrar that is also providing the parking. Furthermore, the multi-rotational parking platform allows for automatic optimization of a domain without any intervention from the domain owner.

Sedo.com

(**Search Engine for Domain Offers**) Sedo.com is without a doubt one of the largest parking providers out there. They also provide domains sales through escrow, have a domain appraisal service, and more. It is very easy to get an account at Sedo.com, no special portfolio requirements/minimum domain requirements, and they are also recognized as being established and stable throughout the domain industry.

Their support is pretty helpful. Every time I have submitted a ticket the people who replied back to me were very professional. Payouts are about average, and often argued on blogs as less than average; however, the ability to buy a domain is built into every template they have (if desired) and makes for a very easy process when you sell a domain.

One note about Sedo.com is that their regular landers are now becoming well known to end users because they are all the same, which can result in a poorer CTR. Essentially the visitor remembers

seeing these types of pages and knows the page is a link page and they don't stay or click which means no revenue.

Making More Money with the Same Domain

Ok, with all of these parking companies out there, what is the difference? Well, there are some big differences that will be of huge importance to you.

I usually buy domains on 3x to 15x revenue multiple. So, if the seller tells me a domain is making, say, \$10 per month, we may negotiate \$360 for this domain (12 months * 3 * rev). I will pay this amount, but I also know I am usually going to recoup my money back faster than three years. At the very least, I know that I can use the exact same keywords that this person did and get ten dollars a month. However, if I am smart and monetize the domain correctly, I can have it making \$12 a month, or \$15, or even \$20 per month.

There have been several occasions that I have bought a domain making \$10 per month and turned it around to make \$20 per month. There have also been occasions where I bought a domain making \$20 per month and turned it around into \$80 per month. Additionally, there have been a few occasions where I cannot make the domain perform any better than it had been. It just depends on how well the last person who owned the domain optimized it.

Keep in mind that when you get a new domain that has traffic and makes money you will need to ask the previous owner what provider, template, and keyword he/she was using. That information gives you a starting place. You can be lazy and go sign up for that same parking provider and replicate what that person did, or, you can try a different provider and see what you can do with it. When I buy a domain I immediately park it at a different parking provider from the one that it had previously resided (hence the reason I use multiple parking providers). Or, if it was at the same provider that I intend to use, then I begin applying different keywords.

For the first couple of weeks I tend to lose money because I play with the keywords until I get them correct. If I am getting stuck and cannot find a better keyword, I will enlist help from others on the domain forums and/or my Domainer friends. My friends can usually help, and if they cannot, I get my account manager at the parking company to help me out. With all of these resources available, there have only been a few times where I was not able to get the revenue above what it was making previously.

The reason people don't do this often is because they don't think to do so, or they think it is too much work. With domains you perform the great bulk of the work up front, and everything after that is

comparatively smooth sailing. It is worth an extra 30 minutes of your time for your domain to make you extra money consistently.

Domains that have traditionally performed poorly at Sedo.com may perform great at Epik.com.

Domains that perform great at Sedo.com may perform badly at DomainSponsor.com.

In light of all of this, there is a possibility that you can find the right keyword or template but still choose the wrong keywords. Conversely, you can find the right template and the right keywords, but the payouts may be bad for that particular domain at certain providers.

The above reasons are why you should try different providers for each of your domains. Every time you switch the domain around you may end up losing a little money, but in the long run you stand to make a WHOLE lot more.

Chapter 9: Best Practices when Buying and Selling

There are different types of rules to follow when you buy or sell a domain on the Internet. First, you want to make sure that if you are selling, you're getting the best price and making a healthy profit. Likewise, if you are buying, you want to make sure not to overpay and also to be able to make the best deal. In this section I will tell you how to setup a good deal.

Usually, the domain forums (dnforum.com, namepros.com) are FULL of sellers, people looking to make a quick buck and they will try to sell you anything and everything. However, you need to be astute enough to know what is a good deal, what is a fair deal, along with what is a bad deal.

There are usually far fewer buyers than there are sellers. When you are in the position of buying you have a lot of room for negotiation, so you need to use that to your advantage. One tactic I always use is to wait until near the end of the month to buy. People run out of cash, they need to pay for different things such as utilities, house payment, etc. I usually wait from around the 20th to the 24th of the month and then start my wanted ads. I like getting a great deal and I don't want something unless it is packed with value and the price reflects it. I get the very best deal possible and if the person selling does not like my offer price then I walk away.

More than likely, when I make an offer, it's a lower-end offer. I let them talk me up a little bit, and then maybe I will add a bit more if needed. However, I only go as high as I want. You can always offer more, but you can rarely offer less. If they don't like the offer that I'm willing to pay, I tell them goodbye and then move on to the next deal. Remember, there are far more sellers than buyers, and there are ALWAYS more domains. You will always have another chance at getting another domain because there will be a lot of people willing to sell. There is ALWAYS a shortage of buyers.

Remember when we talked about the three different types of traffic? That thinking applies to this section as well.

Say you have a typo domain that is receiving traffic and is earning you money. If the domain is not a TM (trademark) you can usually get anywhere from 15 to 30, maybe even 40 or more months revenue out of it. It would definitely depend on the type of typo it is and what field it relates to (for example insurance traffic has some of the best payouts in the industry and people usually pay more for insurance traffic than others) but, 24 to 60 months revenue is a normal price for a good traffic/revenue producing domain.

If something is a TM (Trademark infringing domain) you will not get nearly that many months' revenue. I have seen blatant TM domains sell for as little as 6 months revenue before because the owner was scared of the possibility of legal action from the company that they were infringing on.

But back to buying....

So now you're in a forum and you have found a domain for sale that you want that is supposed to have established traffic and established monthly parking revenue. You need some way to verify this...how? Well, the industry standard is with screenshots of the domain name, the parking account traffic, and the revenue.

Essentially, we count on the seller of the domain to provide a screenshot of the account that shows the domain name itself in the screenshot, the number of daily visits or per month visits and also how much money it has made in this time frame.

Now, faking a screenshot can be easy, but that is why most forums have some sort of "verified" seller system setup or a trader rating. I usually only deal with people who have a good trader rating. A trader rating is much like eBay's feedback system. It lets us know how many people have dealt with that person and what type of experience they have had. Be cautious of people who are new and have no feedback. If you start corresponding with someone who has 2 or 3 bad feedback ratings, then run for the hills. One bad feedback can be a misunderstanding, but two or three times usually is not. If someone has two or three bad feedback ratings, I will not deal with them, period. If they are new and have zero feedback, then I will not enter into a large agreement unless it is through Epik.com's escrow service or some other 3rd party escrow service such as Escrow.com. If it is a smaller transaction then I will deal with them directly and forgo third-party escrow services, but I usually make them transfer the name to me first before I send them payment.

If all goes well I will leave them a good trader rating to help them start their domaining career. In normal buying processes, the buyer pays first and then the seller transfers the domain after they have received funds.

Generic Domains

Generics are usually one or two word and used in everyday common language.

Domains that are "generic" may or may not have significant traffic. Normally these are the names with intrinsic value. They are just good names, plain and simple. "HardDrives.com," "ashes.com," or "webhosting.com," would be domains that are considered to have intrinsic value. Emerald.com would be another example of a generic domain.

The prices for these types of names can fluctuate like crazy. Emerald.com could be worth 50K to someone and 500K to someone else. Usually, someone who buys a generic domain would be doing so because their business depends on it or they believe it to be a good investment. There could be a multitude of reasons a person would need or want domains such as these. However, they will all command a premium. True generics, such as those listed above, will rarely if ever be sold based on traffic multiples.

Names to Avoid: Buying on “Brandability”

Ok, so you are browsing the forums and see someone on there who is pitching domains. Their sales pitch is something like this: “Excellent brandability power,” “Excellent keywords!” “Super easy to remember!” These are the type of things people say in order to sell off their domain. The long and short of it? It’s a sales pitch! Brandable names like Google.com only became branded because the owners put a TON of work and advertising into it. Google.com did not jump out of the gate as being a “super brandable” domain, there was a lot of work put into it. The same goes for Apple’s iPod player, or any other household name of a product.

Most of the time if a domain name needs a sales pitch to go with it then it is probably not worth a whole heck of a lot. To be fair, I am not saying that posting a flashy ad means a domain is worthless, but if a long drawn out description of the domain name is needed in order to understand what the domain actually means, then it’s probably NOT something you want to put your money into.

I would love to use direct examples here of the types of domains I see advertised in the forums/message boards every day, but then all you would have to do is use a WHOIS lookup service to find up the registrant of the domains that I describe and then you would know who owned them; all attempts to keep people anonymous in this writing are being made. But I will give you a couple examples of domains that I had registered in the past (and that I let expire) so you can see a little bit of what I mean.

icrashedtheinternet.com

I thought this one was hilarious, so I grabbed it. It could be a cool domain, but in order for it to be profitable I would have to develop a web site on it. No one goes around typing in this domain name. It is also somewhat long therefore there would need to be some sort of incentive for someone to visit this site if they are going to do so. (Like humor, news, something exciting, etc.) By itself, the domain name is not worth much.

commandohost.com

This would be an EXCELLENT game hosting site; however, in order for that to happen I would need to actually be a gaming service provider, which this author is not. This name may certainly have value to someone out of the box, but again, it is not something people go around typing in. It could be brandable, but I have not branded it, therefore there is nothing about this domain that makes it any better than some other names that I, or anyone else for that matter, could go out and register for \$10.

coolcasino.info

This domain could be a great casino directory site, but again, I would need to actually go out and do the work to build it. Instead of building a site I am sitting here writing this book so you can understand that just because I have a domain with the term “casino” in it, it does not automatically mean it is worth a bunch of money. Now, it’s true that casino keywords can pay pretty decently in the PPC (Pay Per Click) industry. However, you actually need traffic going to the site in order to generate money and the only way anyone in the world is going to go to this domain is if I spend time, or money, or both in building and advertising it.

The Myth of Buying on “Potential”

Now, this is one of my pet peeves. I see it all the time in the forums and you will see it yourself. Someone tells me that I should pay a lot of money based on the potential of that name. What they are really saying is something to the effect of: *This name could be great, but it’s not because I have not done any work.* “Potential” is all relative, as stated in the above chapter any name can have potential, but you must work at it.

Explore this example. I sent an inquiry to the owner of a domain that I possibly wanted to purchase. It was a typo of a generic non-TM name (a typo of a country) and he wanted \$70 for it. \$70 is fine but it needs some justification as to why I should spend \$70 on it. I asked him how much the typo made him last month. This is the reply:

“The revenue was very small, I was thinking of making an AdSense page to increase traffic and make a lot per click. My current parking company is garbage for me, I only use it to keep track of stats and for their attractive templates. Name is for sale based on views/CTR/potential. Thanks!”

Haha, so I am going to buy a generic TYPO domain based on potential? No, you cannot do that...there is no such thing...it does NOT exist! You don’t buy typo domains because there is potential in developing them. Well, technically you could as it is humanly possible to do so, but the main reason people buy typo domains is to just park them and let them earn money and forget about them. Potential

does not exist for most typos because typos are misspellings. They will never be more than just a WRONG name.

Sometimes typos can be made into something funny or be a play on words. But would you really try to establish a huge, well-known site based on a name of a country that is spelled wrong? Most of the time, it just would not make a whole lot of sense.

As this was a typo of a country, I know the traffic is going to stay for a while (probably forever.) But if this domain only earned a few cents last month it does not make any sense to just buy it without knowing the exact amount of revenue it is making. He did not want to tell me revenue information which leads me to believe the revenue is extremely low or non-existent. If he is not willing to reveal how much money the domain made, then there is little reason to pursue this domain further.

And the part about people selling the name based on potential just means that they want to charge *you* for the work that you will be doing on the name that they themselves don't want to do. Don't buy a name based on what *could* be done with it. It's always better to buy the domain on what *can* be done with it. If you KNOW you can do a quick flip with a name, then buy it. Don't buy on what someone else tells you *could* be. If you do, then you will be in the same situation as the person you bought it from and never had time to get around to doing whatever it is, or was, that is supposed to make that domain so great.

Where to Buy and Sell:

Here is a list of some of the most common places that to buy and sell. They are listed here in the order of the most time I spend using them.

- 1.) AfterNic.com
- 2.) Epik.com
- 3.) GoDaddy Auctions
- 4.) NamePros.com
- 5.) Sedo.com
- 6.) Snapnames.com

AfterNic.com

Afternic.com, although smaller than Sedo.com, has done some different things in order to differentiate itself from its competition. AfterNic.com has different types of auctions and, like Sedo.com, you can park your names with their parking company in order to monetize any traffic it may receive.

Epik.com

Epik.com has a very unique marketplace. While you can list your domains on their general marketplace that allows for your domains to be searched and scanned through like the traditional marketplaces that currently exist, Epik.com also allows for you to create your own individual marketplace so you can have your own individual domain shop. This domain shop allows you to list and sell your domain on your own branded marketplace which runs on your own custom domain. This is great because your domains won't compete with inventory from other sellers. When someone purchases domain from your marketplace, Epik.com handles the processing of payment along with transfer. You can even create a newsletter inside of your marketplace to allow interested parties to sign up and be notified of when new domains are listed.

GoDaddy Auctions

GoDaddy Auctions is also a great place to pick up domains. For the most part, I just look in the ending soon section and then filter the domain names down to just those with traffic. Those with traffic are old sites, typos, or semi-generic type-in domain names. I scan the domains until I find one that catches my eye and then I evaluate how much it may be worth and what is the probability of turning a profit on it. When not dealing in the "ending soon" section, you can also browse the "close outs" section which I also take part in. There is usually a large inventory to pick from at GoDaddy Auctions because these are the domains that are expiring at GoDaddy.com.

NamePros.com

NamePros is a great place to pick up deals on domain names. I go there every day and scour the forums looking for something to buy. I don't buy every day and, as I stated before, I rarely sell. However, there are some people who get on NamePros and sell because they need money to fund other projects and want to do a little profit taking. Sometimes, I can get lucky and the person just doesn't understand the value of the domain that they have. By keeping a keen eye, I have picked up a lot of nice names for \$100 or less. However, I spend a little time each day just looking over the forum, if I don't see something that is a good deal then I just log off until the next day. I repeat this process almost every day. You should too.

Sedo.com

This is one of the most popular, and biggest, domain selling marketplaces on the Internet. People can search for over 6+ million domain names to find the one that is perfect for their company. You can search for traffic domains, high value domains, value priced domains, domains/web site combinations (web estates) and more. Plus, the great thing about Sedo.com is that not only can you buy/sell domains there, but you can do so while monetizing the traffic that is coming to your domains through Sedo.com's parking program. The stats can be shared at the Seller's choice and the more traffic your name receives; the more inclined browsers may be to purchase it.

Even if you have a domain that only gets a small bit of traffic, Sedo still puts a "for sale" sign on it. This lets those who visit it know it's for sale. At one point in time I had a domain listed at Sedo.com that only got about 20 unique hits a month, but someone ended up buying it. Regardless if you get a few unique hits a month, you only need one of those visitors to actually buy the domain.

SnapNames.com

SnapNames is a company that honed the art of acquiring domain names that were expiring at many of the top name registrars and is the place that many sophisticated Domainers go to acquire top tier domains.

They have historically had their sources of names come from the expiring inventory of registrars, which put them in a distinctive market position. Additionally, their process of "Transfer Fulfillment" means that the creation date of a domain name is retained, which means that the age of the domain was not reset. Some search engine indexing algorithms use the domains age as part of their secret sauce, so it means preserving the value of names.

Chapter 10: Being a Savvy Buyer

Regardless of who you are, no one likes to blow money for no good reason. When you start buying domains from others, it is extremely unadvisable to listen to the seller's opinion as to a domain's value. Remember the old adage "Letting the fox watch the chicken coup?" If you post an ad looking for domain names and a seller approaches you with a response of "*You can flip these for so much and make a killing!*" or "*I am looking for a quick sale so my loss is going to be your gain!*", then you may want to think about the domain name and ask yourself if the name is really that good or if someone is trying to make a quick buck off your eagerness or ignorance.

Here is an example. At one time I posted an ad on one of the forums looking for generic single and two-word .com and .net combinations; things that make sense either together in a two-word phrase or individually by themselves. One of the replies to the ad I received is below:

"Sean,

These names are actual keywords of products currently being sold, used online. I can assure you, you will likely not find the quality of names you see here as in a package. My asking price is firm. Look at the quality of the names and these are your domains to lose."

The names that he sent me were completely sub-par and utterly worthless. They were registered only six months before and the word combinations made no sense. Although I don't want to post the exact names here in order to protect this person's identity, the names would be of the same caliber as something like *computerasphalt.com* or *leatherwalletpants.com*.

He was correct though, everything he sent me was of products that were being used, but for the most part those products had nothing to do with each other. Additionally, there was almost a zero percent possibility that anyone would ever type one of those names into a web-browser. And the asking price for those *great* names? \$10.5K!

Nonetheless, I did take great care in looking over the names to see if they were worth remotely anything. They were not so I moved on. I also sent him back a polite, "*Thank you for your time*" message. There is no reason to be rude even though I knew he was trying to sucker me. One day, he may have something I want or vice-versa, why burn bridges?

The truth is, 95% of the stuff that people are going to send you is going to be junk. Maybe four percent of those names are going to be good names at a reasonable or high cost. Perhaps one percent or less

are going to be good names at a bargain price. Good names at a great deal are the names you need to target.

How to Gauge a Good Name

There are a couple things I use to gauge domain names. First, I will check if the other extensions of the domain name are taken.

Practical example: Go to Epik.com and type in wolfpack.com. For the keyword “wolfpack,” all extensions are taken except for a few obscure extensions. This means that the normal gTLD (Global TLD’s) are all taken by other individuals. To me, this says that people think that the info/org/com/biz all have value (else they would not have registered them).

Finally, I go to both Google.com and Yahoo.com and just type in a few phrases. Go to Yahoo.com and type in “*wolfpack*” and see what pops up.

You need to spend a little bit of time every single day going to the domain boards like NamePros.com and other sales avenues (Epik.com marketplace) and search for domains. Don’t get discouraged! If it was so easy, then everyone in the domain game would be a millionaire. Also keep in mind that a great deal may not mean \$30, it might mean paying \$3,000 for a name. If you play small, you win small. If you play big, you win big. That is the nature of all investments.

Finally, you need to know what you are going to do with a domain name before you buy it. You can always buy and hold and try to resell later for a higher value. You can buy and park a domain in the hope that there is enough traffic to generate some revenue. Also, you can buy a domain to develop a site around it.

Here’s another example of how to:

As I write this paragraph, I have just been offered a two-word .net for less than \$500.00. A lot of the time I would scoop a name like this up quickly, but I am a bit hesitant. I checked epik.com and all of the other extensions were taken, so that is a good sign, but I don’t see any products associated with this name, so I don’t know what people would be looking for if they went to this domain. I am sure this site could be heavily branded with a lot of marketing dollars, but I really don’t want to take the time or money to do that. Of course, I could pick this up, hold it, and sell it to the next guy, but if he thinks the same way I do then I would have a hard time getting rid of it. I think I am going to pass on this name for now. I am too afraid it is going to become a liability, Internet swampland, and that I will not be able to do anything with it.

We need to be clear here: I cannot immediately see a vision for this name. Since I, myself, cannot find a practical use for it I am going to pass, however, you may already know of a great site to develop under a name of similar stature. The name itself is not a bad one, I'm saying it's not the right type of name for me. You, and you alone, need to be the judge of things when it comes to buying. The only thing I know for sure about this name is that it can be branded, but it will cost money and time to do so.

Pro Tip: URL Shorteners can be an exceptional opportunity for windfall returns. Consider these recent examples from 2019:

HelloExtend to Extend.com (Sept)

Hallow.app to Hallow.com 70K (Sept)

JoinChief buys Chief.com (June)

AllmyLinks to Links.com €700K (June)

HippoInsurance to Hippo.com (Aug)

ThePostman buys Postman.com \$85K

5i5j.com to ij.com for \$550,000. (Nov)

GetRoom.com buys Room.com for \$1.5M (structured as 5-year finance)

ProFootballfocus to pff.com 270k (June)

IFSWorld.com to IFS.com. (Aug)

OnCarrot.com Carrot.com \$600K (Apr)

HelloEko.com to Eko.com for \$1.5M.

Chapter 11: Selling Domains and Interesting Ways to Do it

Selling Domains:

These days I do very little selling. My goal is to get a nice stream of recurring revenue going and then use that money to pay for the registration renewals for my current revenue producing names, and then use the remainder to buy quality names that I like or that I want to have developed. I want passive income. It is always nice to use the parking money I have earned to buy a domain name that is a good generic name that will also bring in some parking revenue. When I buy generics, I want them to produce enough revenue to keep themselves sustained. In this model I don't have to worry about making enough extra money every year in order to pay for a domain's renewal since it will be making money and paying for itself.

You would do well to learn one thing concerning the domain name market very early: PATIENCE. If you are eager to spend money then there will be sharks salivating and lining up, happy to take it from you. The point is, that you don't want to spend money just to spend, you need to make sure the buys you are making are quality.

As the value of good generic names keeps increasing, there is very little reason to sell at this stage at the game. Yet, people do. However, if you do come to a time and place that you want to sell you need to keep a few things in mind:

1. You obviously need to make enough to cover the original purchase price, but you may also need to factor in other expenses such as renewal fees, how much PayPal.com, or an escrow company is going to take from you when you make a domain sale. You also need to make enough to pay any taxes that may be incurred. Taxes are a big area of debate in domains, and I'm not a tax expert, so consult your tax advisor.
2. Can you make more money if you wait a bit longer for a different person who may want this more? Is there a big enough market to where other people would be willing to buy this domain so they had an edge on the competition? Or are you selling to a reseller (a person just as yourself who is buying the name to hold and resell later)?
3. Is it really the "right" time to sell? if you wait will the product/service/etc. become more widely known or will the domain bring in more traffic? (E.g. hybridRVs.com). Do you even need to sell, or do you just want to? You may need money for other ventures, but if you don't, then what's the point?

4. Is it an offer that you just cannot refuse? I have had offers on domains that I could not refuse before, it's not common but it happens. I had just registered about 20 .us domain names and shortly thereafter a guy got a hold of me and offered \$500 off the bat for one of them. Considering that I just registered the domain name, and the mere fact that the .us market has really not picked up, it was probably a good decision to sell. I sold him the domain for \$500 total. That sale paid for the purchase of the other 19 .us domains and also the renewal fee for them along with some money to spare.

In a case like the above, unless what you just registered is a true gem, there is probably no reason to decline the offer. But before you sell make sure a transaction will even be worth your time. If the same guy came to me and said he would have given me \$40 for the domain name (and that would be as high as he would go), then there would have been very little reason for me to sell.

Remember, your time is worth money too. However, if you are a "time person," then these are the types of sales you might need to target to get your domaining career started. And you need to target them over and over again until you reach a healthy base with domain name parking revenue and a modest portfolio. Once you become a "money person," these types of things are not worth your time in the slightest. Remember, you want to become a "money person" as soon as possible.

Interesting Ways to Sell Domains:

A big question I often encounter from newcomers to the industry is "How and where do I market my domains?"

I have already outlined the traditional fiats to sell domains (forums, Sedo.com, Afternic.com, etc.), but I wanted to expound on that and list a few of the more interesting ways I have seen to market domains.

Press Releases: Every once in a while, you will run across a press release online where the big news is that SomeName.com is Finally Up for Sale. This is nothing more than advertising for a domain name and this is not really big news, but it is a good way of getting a lot of people to see your domain name.

You can do press releases at sites such as PRWEB.com. Some press releases are free, some are thrifty, and some are very costly: you get what you pay for. Don't expect a free press release to raise eyebrows to viewers eyeing the front page of the Wall Street Journal.

Google Adwords: Domainers will use Adwords themselves in order to promote their domain. An ad for a domain can appear, usually as a sponsored link at the top or on the right-hand side of Google.com's search results. This advertisement could go directly to a small webpage that simply states: "This domain for Sale – Contact me at you@youremail.com."

Potential buyers can email you, ask questions, and you can negotiate directly with you. But you can also contact potential buyers directly. Although this one is a bit riskier as it can anger the people you contact; this is also another way to make a deal. Sometimes you might not hear back from the company or individual you have contacted, but there is always the chance you might.

Remember, most people don't understand how the domain name aftermarket works so an asking price of \$x,xxx is going to baffle a lot of the individuals you contact. However, there is always the off chance that you may be able to pique someone's interest and make a sale. There is often a challenge posed in explaining the value of an intrinsically great, or obvious domain, or a high-traffic domain.

BostonDental.com may cost \$15,000, but it is utterly easy to remember, to tell friends about, to market on the radio and the like. The \$15,000 may hurt, but it hurts far less than the constant \$10,000 F.M. radio ads during high-commuter driving times to market a company with a domain like SchlemfkeAndSonsDentistry.com.

Domain Brokers: If you have a very nice name, then going through a broker to find potential buyers is another option. Brokers usually only deal in high-quality names because they get their payment from you, usually in a form of commission. If the broker goes and finds a buyer for your domain name for \$10,000, they will probably take at least \$1,000 of that money, if not more. This may seem like a lot, but what you are really paying for is an advertisement to a highly targeted customer base. Good domain brokers will usually know a lot of people in the domain industry or large organizations, and if you don't, this may be your only way to get into that crowd.

In-person Live Auctions: Domain names being sold in a live auction is an interesting phenomenon to watch. If a domain is priced with a minimum bid that is attractive to buyers, the competitive spirit really can shine in the bidding process, and domains can fetch good prices. NamesCon.com is the key providers of live domain auctions which happen at their domain name conferences.

Chapter 12: Domain Appraisals

Ugh. Appraisals are like a wet cat; you will never be able to get your hands around one and ensure it is going to stay in place. The problem with domain appraisals is that domains are worth more/less to different people for different reasons. There are a few “scientific” approaches people try to apply in order to create appraisals for domains, but they often don’t take well universally. These scientific approaches may look at which letters of the alphabet are used, along with how many syllables, how many “bad letters” (v, w, x, u, j), and how many Google.com results exist. Honestly, this scientific approach is pretty much worthless because it lacks a true person taking a look at the domain. Most of these scientific approaches are done by computers using a small set of logic and are rarely correct.

To be honest, if you show up on the domain boards with a post that says “Sedo.com appraised my domain and it is worth \$4000.00,” you may likely be laughed right out of the forum/site. The problem is that you are paying a company to tell you how much your domain is worth. In essence, if they tell you your domain is worthless, you then have little reason to buy another appraisal. See the problem here?

“Your domain SeacoastAirport.com is worth around \$40. Would you like to buy another appraisal for \$49?” Why would you pay someone to tell you that your domain is worth less than the appraisal?

Your domain appraiser may, more than likely, feel pressured to provide a welcomed figure in order to appease you and keep you coming back for more. However, sooner or later you’re going to realize that just because someone told you that your domain is worth \$x,xxx does not mean you could actually sell it for that. As a further complication to being objective, the domain appraiser’s figure may be the fulcrum of your decision as to whether or not to sell the domain.

Educated Domainers know that paid appraisals from companies can be way off (both high and low). Even fellow domain owners are rarely able to accurately predict the selling price or true-worth of a domain. A domain’s value is based purely on individual perception, and value is always relative. Don’t let a lowball appraisal discourage you. If someone thinks your domain is junk, that is ok. I have had domains that I thought were worthless, but I ended up getting bids for hundreds of dollars for them. It shocked me, but at the same time I made money from domains I thought were rubbish. It is 100% true that one man’s junk is another man’s treasure.

I also want to point out that asking for appraisals on forums (or sometimes even at all) is a bad idea. If people look at your name and think it is junk, then they are more than likely going to tell you it’s junk. In this scenario, all you are doing is causing yourself pain because the response is rarely what you think it should be. Some online bloggers relish at the idea of slinging online mud and have idle time to do it. At

the end of the day it does not matter what a company or another Domainer thinks, etc., it only matters what YOU think of your domain.

Bradley Epstein, one of my closest Domainer friends, sums it up perfectly with his analysis:

“While there are baseline values for certain classes of domains based on revenue-streams, these values should be seen as price floors rather than as equilibrium, market-clearing values. Because the supply of a given domain is perfectly inelastic, interactions between buyers and sellers are the only true arbiter of a domain’s worth. Appraisals, however well intended, should only serve as guidance, as they cannot ever fully take into account the development potential of a domain under the right circumstances.”

Simply put, you could rely on a computerized method to value your domain, pay for an appraisal, or even try to gauge a domain’s worth based off its revenue, but the value of a pure generic domain cannot be established without taking into account what a person would be willing to pay for it. How much is your domain worth? As much as buyers are willing to pay!

Chapter 13: Escrow Service

(by Tony Blessed, Epik Escrow Manager)

Escrow is a tool that is provided by a third party entity in the event of an asset purchase. In a domain name escrow or digital property escrow, when a buyer has made an offer, and a price agreement has been reached with the seller, the agreed cost is communicated to the escrow intermediary through raising an escrow ticket (e.g. see escrow.epik.com) or by opening a domain name escrow account for the said transaction with the escrow agent. Escrow provides security to the buyer and seller that the assets being exchanged are secure and will be owned by the buyer after contractual agreement have been fulfilled by both buyer and seller.

Reasons why Escrow is important;

In the fast growing market for digital assets, there are many entities that are engaging in illegal and fraudulent transactions. A reputable escrow agent is the safest way to complete an online transaction. This assures a buyer that the assets being acquired will be obtained. At the same time, the seller has assurance that they will be paid. This also works in the common case where the seller and buyer do not know each other.

Benefit to a Buyer of using Escrow

Safe and Secure Transaction: Since the purchaser's funds are held by the escrow agent, there is little "counterparty risk", i.e. where the buyer could lose funds without getting the assets. Additionally, the buyer has peace of mind details of their personal identity, payment method, or other financial information are restricted to those who need to know this information for the purposes of completing the transaction.

Transaction Assurance: Once the buyer sends the money to the escrow agent, the escrow agent will verify and notify the seller and arrange for the asset to be released to the buyer. Therefore, the buyer will be able to confirm domain ownership before disbursement.

Convenience: A buyer can often use or combine various methods of payment like Visa, MasterCard, TransferWise, Cryptocurrencies, Paypal. The escrow agent will also provide quality customer support to attend to questions and concerns in the course of starting the escrow transactions. This can be particularly helpful in cases where the seller is from a part of the world that is unfamiliar to the buyer.

Escrow Benefit to a Seller

Safe And Secure Transactions: Before transferring the asset, the seller will obtain payment verification. Therefore, the seller is protected against payment fraud, or credit card charge back. The escrow company will disburse the money once the conditions of the sale have been met. In cases where there are multiple assets such as social media handles, or website assets, this is particularly helpful.

Convenience: The seller can choose various methods to receive the payment. In addition, the escrow agent will often provide ongoing transaction updates and/or access to customer support via phone or email.

How To Start A Domain Name Escrow Transaction

The typical process to escrow are as follows:

Agreement between Buyer and Seller

After registering with the escrow agent, both parties agree to the terms of transaction: asset description, price and, and method and date of payment.

Payment to Escrow Company

The buyer transfers the money to the escrow agent using approved payment method. Once the payment is confirmed, the escrow agent will notify the seller to transfer the asset. In some cases, the seller has already transferred the asset to the escrow agent.

Asset Transfer

Escrow companies will prompt the seller to work with the buyer and transfer the assets. Different procedures apply to different assets such as domain names, social media handles and website assets.

Confirmation of Domain Name Ownership by Buyer

Once the buyer confirms the asset ownership, the escrow agent will verify the change of control.

Disbursement of Funds

After the escrow agent inspects, checks and verifies asset has changed ownership, the seller is disbursed the funds and the transaction is complete. There is typically a closing statement issued by the escrow agent.

Brokered Transactions

There is a special case where a transaction is initiated by a domain broker who is neither the buyer nor the seller but is a facilitator of a transaction. In some cases, a broker is arranging for a two-sided transaction where buyer and seller see different prices. In this case, special coordination is required so that the final buyer receives their expected asset at their expected price, and the original seller receives their expected proceeds.

Chapter 14: Outbound Marketing

Outbound marketing requires contacting prospective buyers to try and secure a sale, leased or financed purchase. This is an active outreach to buyers as opposed to waiting for passive inbound inquiries. Outbound sales on domains can be an effective means of producing relatively immediate cash flow for your domain portfolio in order to stay liquid while leaving some of your strongest prospects for patient inbound inquiry. When done professionally, effective sales through outbound marketing can provide business and build productive relationships.

The Elements of Outbound Marketing

- i. **Have a convincing email Address:** one of the most important elements to outbound sales is to have an email address from which you send your highly targeted prospective client targeted emails. There are many free email providers but I will recommend only Gmail as it is commonly accepted as a legitimate email provider. A custom domain name, preferably with an aged domain, could be a good way to add legitimacy to your emails for a small monthly fee.
- ii. **Have an Email Signature:** In order to build trust and confidence with prospective buyers, having an email signature is very important when sending emails. When setting the email signature, the fields of importance are Name, Title, Email, Phone number, website, linkedIn, facebook, twitter. Email signatures. The signature can be created in your email tool, Alternatively, you can use a third party email signature generator such as WiseStamp or HubSpot Signature Generator.
- iii. **Email Tracking Software:** Email tracking software, or read receipts, simply allows you to know when one of your emails was opened. Services such as HubSpot or Streak allow users to track a small number of email opens per month. You can get some pretty useful data e.g. how many emails were opened, who opened the email, how many times they opened the email, etc. Although Email tracking isn't entirely reliable, the data can give you a good indication of which your emails are relatively most effective.
- iv. **Keep Track of Prospects:-** There are many customer relationship management tools out there but I will recommend the use of Zoho and Hubspot, this is very vital to know when to perform follow ups on target emails sent. An Excel spreadsheet can also be used for managing the list of prospects. This is more about contact organization to help with keeping track of to whom emails were sent to and the status of their interest.

Pre-Outbound

Domain checks: Before making plans to market a domain it is best to make sure that the domain is still in your portfolio.

Landing Page: Check the landing page if it provides your buyer with the information they would need to verify that the domain is for sale. Check for any errors on the title tags. Description and contact info. It is best to use dedicated and professional looking landing pages. There are companies who provide quality and attractive landing pages for free e.g.. Epik.com

Marketplace: It is recommended to have your domains listed in various marketplaces. During marketplace listing, the “Make Offer” listing rather than a “Buy Now” price is preferable as this puts you in a stronger position when negotiating for prospective inbound inquiries that result from your outbound efforts to generate awareness that a domain is in play.

Finding Potential Buyers: There are tools and resources available online to help in analyzing potential buyers for a domain name. Below are a list of tools

- a. *Search Engine Tool: In the search tool, use the domain to make a search. You can make use of Google Search Tool, Bing Search Tool, DuckDuckGo Search Tool*
- b. *Email Finder Tool: This tool helps you to find emails of a company through its domain name. Tool that can be useful are Hunter Email Finder, Snov Email Finder*

Who To Contact: Emailing the decision maker in an organization is the best outbound strategy. When you have three or more companies you wish to contact, you use the email finder tool to get director emails and up to three of the key employees of the company (Marketing Director, Head of Communications, and the Company Manager)

Outbound

Sending Emails

When sending emails the most effective model is to have the email be short, simple and precise. The opening email should consist of either two sentences or two short paragraphs, which highlights the necessary information that will get the potential buyer interested. The closing should cause a form of action from the potential buyer.

To illustrate, below is a template sales letter

“Hello (Name)

I own the www.xxxxxx.com domain name and I am reaching out to a few companies in the xxxxxx industry, to explore a possible sale of the domain name. Would you be interested in owning this domain name for to improve your brand and search engine visibility?”

Regards,

Maxwell

Account Manager, Domain Brands

+12323738293

If the domain name is intended to be sold at high X,XXX USD, there is a need to be very aware about the company you want to make a pitch to. This will form your body of your sales letter that makes the potential buyer interested in your information.

When sending emails, keep in mind that ending with a direct question can promote conversation, could lead to an initial offer and eventually a sale. For example, you could also add in your sales letter “can we schedule a time to discuss further?” .

Post Outbound

Doing Follow-Ups

After sending out your initial emails, you may get some feedback from potential buyers, perhaps asking for the price of the domain name. However, you may have zero response

initially. It is advisable to send a short follow-up email to those who haven't been responsive, typically 5 days after the first email sent. You could also engage the potential buyer if you are very optimistic about the domain on their social media handles, e.g. LinkedIn, Twitter, or Facebook, assuming you can find the exact target person.

Negotiating Model

During negotiations, it is best to let the buyer make the offer first. Don't come across as desperate to sell your domain as this could get you low ball offers. If necessary, you can give a price range of your expectation, rather than a fixed price for flexibility in the negotiation. When offers are made on your domain name, it is often best to not accept the first offer.

During negotiation, there are few elements domainers need to know

- i. Know your potential buyer's financial capacity, e.g. based on recent news and developments;
- ii. Understand the best time to approach a corporate end-user is often in the first quarter of the year, and the last quarter of the year when discretionary funding is most available;
- iii. When your potential buyer makes an offer lower than your targeted price it is best insist that they present you with a counter offer
- iv. If you can't agree on a price, try and be creative with your negotiations, maybe you can provide leasing, financing, or even ask for one of their products or services? With startups, you can negotiate shares in their company
- v. Take emotion out of the negotiation, be professional and respectful
- vi. Have a floor price and be prepared to walk away if the deal is not progressing
- vii. Don't be too aggressive with negotiation

Closing the deal

Once you have reached a price that is a win-win for both parties, it is best to close the deal either with the help of an escrow agent or domain marketplace. If you prefer to close the deal on your own, it is wise to use a standard domain sales agreement.

When the deal is complete and transaction closed, it is best to send an email congratulating and thanking the new owner for a successful deal. It is often helpful to keep the relationship going by connecting with the buyer on LinkedIn or other social media. You are now a stakeholder in their success but also they are a potential source of future business, both directly and indirectly.

Lastly, if you have a website, you can request a feedback review, e.g. using a commercial service like TrustPilot.com or TrustRatings.com a free service from Epik where you can collect customer ratings and post them on your site.

Chapter 15: Brandable Domains (by James Rayers)

Introduction to Brandable Names

Every domain is inherently brandable. A generic domain like Loans.com can easily be turned into a strong brand, as can short domains like XYZ.com. Even numeric domains can become brands, as is common in the Chinese marketplace. So why do brandable domains deserve their own section?

From the domain investors perspective, a brandable domain name is one that has strong branding potential but may not fit under another category like generic domains.

All the most valuable brandable domain names are in the .com extension so investors should focus here. The market in other extensions is extremely limited and best avoided.

Some brandable names combine two generic words, for example BurgerKing.com and DomainGraduate.com. Other brandable domains take slight variations on a single word. For example Google.com is a variation of 'googol', and Epik.com is a variation on 'epic'.

This can be a very enticing category of domains for new investors because there is potential to dream up thousands of different combinations and variations of domains. A lot of these domains are openly available to register, and with the right buyer they can sell for 5 and often 6 figure sums.

Unfortunately, this can be a bit of a trap. Many an investor has been caught out by the potential return on investment in this category, without first understanding the principles of good branding.

If you were to look at brandable domain marketplaces like BrandBucket ,it's easy to believe that you can create a valuable domain by putting together two random words together. Or putting a random character somewhere in a dictionary word.

A truly valuable brandable domain is anything but random. If your potential buyer needs to browse a marketplace to find your name then it is most likely not valuable. It's critical that your buyer or their agency can come up with the name by themselves.

Imagine you have ten branding agencies and you give them all the same pitch. The pitch is to name your financial training course where you teach individuals and families how to become masters of their money. When they come back with the results, six of the agencies have come up with the same idea: MoneyMasters.com

This is the essence of a brandable domain name. If multiple other people would create your domain in a branding workshop, then you have the beginnings of a brandable domain.

Characteristics of good brandable names

Now you understand the logic behind a brandable domain, it's time to look at the inside workings of a branding agency. How do they decide what makes a domain brandable?

Before we proceed, it's worth mentioning that this guide covers brand naming in the English language. Interestingly when it comes to branding what works in one language may not work in another. That's an important consideration in its own right, but for now just take note that the following tips are most suited to English brand names. The vast majority of domain sales are for English language domains anyways so as an investor it's a sensible place to focus.

The first characteristic to review is phonetics; how things are said and understood. A name needs to not only be easy to say, but also easy to spell.

Let's look at some camera brands to understand. Old brand Agfa is quite difficult to say. Why is that? Well G and F aren't commonly found together in English words so it's a little difficult to pronounce. Fortunately it's so unusual that it's reasonably easy to spell once you hear it.

On the other hand Kodak is nice and simple to pronounce. But the K sound is a little confusing to interpret in English. C, K, CK, even Q can all sound like K in English. On first hearing this, you might think it would be spelled Codack. Of course with enough money spent on brand awareness we now know to spell it Kodak. But new brands don't always want to spend money on awareness so they like to avoid confusing letters and sounds. Another example is PH and F. In general be wary of letters and sounds that can be confusing in domains, because branding agencies are wary of this.

There are exceptions to this of course. Epik for example has this complexity with the K. Any four-letter domain name that is only a small variation away from a clear dictionary word like 'epic' will have value. But even at five letters you should think carefully about using variations.

While we are on the topic, the length of a brandable name is a factor. It's not as easy as defining a max length because strong names can leverage other factors to be memorable. But the rule of thumb for domains in general is shorter is better.

Moving back to camera brands we have GoPro. This five-letter domain would be a slam dunk for a brandable, both in its phonetics and most other factors. It's short, easily said, and there is no confusion in the spelling.

Phonetics also connects into how good a name sounds on the ear. As humans we're programmed to like some words and phrases more than others. Certain letters are easier to say, some syllables are smoother than others. How good a name feels to say and hear is an important branding factor.

Alliteration is one way to make things sound nice. PayPal and BlackBerry are examples of alliteration. Rhyming is also very soothing for our brains. Think about GoPro again. Multiple studies have shown that using alliteration and rhyming helps us to remember things. Do you think branding agencies make use of this science to come up with good brand names? Of course they do.

How much we like words and names depends on our emotions also. Names that have positive connotations are more well liked than negative ones. Good brandable names are usually connected with positive feelings and emotions. Customers can be very picky in branding and even having words like 'down' in the middle of the name can cause it to be rejected.

Some of the best brandable names even directly tell customers how to feel. Think of Almond Joy. You're not going to have a bad time when you're eating something with 'joy' in the name.

Imagery is another key factor in branding. When a customer brief says they want their brand name to be 'strong', you can be sure the agency will start considering words to do with rocks and stones and other objects humans perceive to be strong. Think about imagery and feeling when you are assessing brands. How does a name make you feel and what does it make you think of? These are actual questions that branding agencies will use in surveys to test whether their name concepts are valid.

Types of brandable names

Once you know what characteristics are desirable in brandable names, you can start to consider the different types of domains. There are all sorts of systems and formulas for coming up with great brandable domains from scratch, but what you really need to know as a domain investor is how to recognise one when you see it. In reality most of the domains with true branding potential are going to be expiring domains.

When investing in any domain you always need to consider the buyer first. Even a perfect brandable domain in the photography niche might not be as valuable as an average brandable in the financial niche. A local photographer running a sole trader business does not have the same capacity or willingness to invest in a domain compared to say a venture backed startup.

Think about the industries and businesses that are willing to spend big on domains and focus your energy on finding brandable domains in that industry. The more you know about an industry, the easier it will be to discover good names.

The first type of brandable domain names are single word names such as Epik and Google. They can be quite risky for investors as they will often not meet the appropriate phonetic characteristics, and they are more likely to overlap with existing brands.

With that in mind the best type for domain investors to focus on are two-word names. It literally can be as easy as putting together two nice words.

The key is knowing what words to put together. You will notice across any industry that some words are more popular than others. Keep a list of the most popular and desirable words and then use that as a starting point when you're assessing expiring inventory.

Using the earlier example of BurgerKing.com, it is clear that there are some generic words that could be suitable across all industries. Short and strong words like King and Hero can make for good brands when paired correctly, but each two-word combination should be considered for its overall branding characteristics, and the budget of the potential buyer.

Alongside combining two words you can also create non-dictionary words by combining different parts of words. The result might not be a common word, but it should still be clearly understood and have meaning.

For example we could take the suffix 'ative' from a word like 'talkative', and add it to a keyword in our niche. If we choose something business related like 'work', we could create 'workative'. This has quite a clear meaning from our understanding of English; it's somebody that likes to work a lot. But actually this word is not in the Oxford dictionary (although it is considered a word in some more flexible dictionaries).

It's easy to get off track with non-dictionary terms so as a general rule if there is no clearly discernible meaning from the English language, it's probably not a good brandable name.

Another common source of inspiration for brand naming agencies are foreign languages. This can be a treasure trove, but also a never-ending abyss. It's best avoided by beginners, but there are resources like Wiktionary that can help to discover otherwise unknown words that would make good brands.

If a word or name stands out from an expiring list as having brandable potential, then you might want to check it in Wiktionary. If you find it matches a foreign word with a powerful and positive meaning then you probably have a good reason to believe a branding agency could come up with that name on their own.

Before we move on from this category of domains, a short word on domain modifiers. These are words that sit either side of the core brand name. For example MyEmma.com for Emma and TryShift.com for

Shift. You will see this a lot in the wild, but don't be fooled into thinking they're valuable. Domain modifiers are only for the end users to help them find available domain names. No business will pay to upgrade to a modified domain, so aim to only invest in core brand names.

Regardless of the type of brandable name you are looking at, always remember that if a branding agency couldn't come up with your domain name using their own logic, then nobody is going to come knocking to buy it. In summary, a good brandable name has no confusion over the way it is said or spelled. It should be short. Where possible it will make use of linguistic tricks like alliteration and rhyming. It should also provoke a visual idea or emotional response.

Chapter 16: Shooting the Moon

What is shooting the moon?

The concept of “shooting the moon” refers to the idea that we often don’t really know what the true price potential is for a domain name unless we ask the question.

Why do we do it?

The reason why we shoot the moon is because of the economic reality that is playing out in much of the world where the rich get richer and the poor get poorer. The GDP per capita data still shows a rising trend but often this hides the sad story of growing economic inequality as the middle class slowly disappears in many economies. As such, when we price domains for a typical middle-market scenario of say \$1500 to \$5000, the market appetite for that can appear weak because of the population of financially secure business owners is shrinking as more business consolidates into the hands of a shrinking number of larger businesses.

On the other hand, for strategically important domains, if a larger enterprise or highly capitalized startup identifies your domain as being strategic, often times the situation becomes one of “money is no object”, you have the specific domain they need, and they have ample funds with which to buy what they want. Now the question becomes whether the seller has the courage to price not for cost, but for the strategic value that the domain represents to this particular strategic buyer who measures value in terms of FTE-equivalents, where FTE stands for “Full Time Equivalent Staff”. For example, in a major US city, one FTE might be \$100,000 or more. So your domain at \$100,000 is one FTE for one year.

Also, keep in mind when dealing with larger corporations, that their typical accounting practices when accounting for intangible assets like domain names will be to amortize them over an extended period. For a large US company, they might amortize a domain over 20 years, or 80 quarters of 3 months each. Well, that means that even a \$1,000,000 domain, amortized over 80 quarters, is about \$12,500 per quarter, a relatively insignificant sum for a larger enterprise.

What does it look like?

Shooting the moon is relatively simple when responding to Make Offer pricing inquiries. It essentially is about calibrating with your buyer prospect about an open-ended price expectation. Here are a couple of illustrative examples:

Template #1

Hello <firstname>,

Thanks for the inquiry.

Names of this caliber routinely sell for over \$100,000.

We also sometimes do domain leases with a purchase option.

If you have budget, I will do my best to get something done for you.

Happy to advise.

*Regards,
Rob*

Template #2

Hello <firstname>,

Thanks for the inquiry.

You are probably looking at well into 5 figures USD for this domain.

Alternatively, it is likely possible to do a lease with a purchase option or seller-finance.

Depending on your budget, happy to advise.

*Regards,
Rob*

Why we don't give fixed prices too early?

We typically won't want to give an exact price at this stage in the conversation, as some bidders will actually intend to use that price information with the intent of arbitraging your price after having secured

a fixed price from you the would-be seller. In general, it is much better to draw the bidder into setting a price and then pushing that number to a level that is acceptable to you, the seller.

How do we engage a non-response?

High net worth individuals and corporate executives who have ample budget authority will typically be quick to engage and get to clarity around the price scenario. However, what to do if your initial shoot-the-moon response goes unanswered? Well, after about 48 hours, you can chase that initial response with a short check in response that invites further dialog. For example, a simple “I hope you are having a good week. I am just checking in to see if there is anything further to discuss here.”

Chapter 17: Domain Leasing and Financing – Baiting the hook

Domain Leasing and Financing – The Ultimate Backup Plan

Even large organizations with ample resources sometimes will not be able to absorb a large cash outlay, e.g. due to limits on credit card, budget cycles, treasury policy, or other administrative restrictions against large outlays. However, that does not mean that this buyer does not have ample capacity to ultimately buy your domain at your price. This is precisely where leasing and financing comes into the picture.

With domain leasing, your solution is to allow the buyer the opportunity to make a smaller monthly payment in order to secure the exclusive right to use the domain and perhaps even the option to buy it later. Most leases do come with a purchase option though this does not need to be offered right at the outset. The main thing you are solving for here is to “bait the hook”. You want your buyer to start using your domain, and to become dependent on it in the marketing materials, email addresses, etc.

With Domain Financing, the recurring payments for the domain are partly or fully applied towards principal. However even though principal is being paid, most domain financings will be structured in such a way that if there is a default, or non-payment, the result will be that the domain is fully restored to the registrant and the buyer loses their contributed capital without the opportunity to recover it. This compensates the seller for their “opportunity cost” of having set aside the domain.

A domain lease or financing can be for an extended period. A total of up to 10 years is a reasonable maximum planning horizon for most organizations. This also provides a reasonable time period during which you can reasonably hope that your lessee or financing customer will trigger your purchase option, or make some other arrangement, e.g. in the event they secure a significant financing, are acquired, or achieve significant organic growth.

Chapter 18: Domaining Tools

DomainResearchTool.com

As there are not a lot of tools in the domain industry, when a good working tool comes along there is reason for celebration. DomainResearchTool.com (DRT for short) is one of the most comprehensive software applications for domaining that exists in the world today. This tool is used by many Domainers (including myself) to find many different types of domains with many different kinds of extensions. For instance, you can scan Alexa, Google.com Page Rank, Yahoo.com Link Pop, etc.

While DomainResearchTool.com can scan Yahoo.com, Google.com, Alexa.com, and a number of other different types of domain attributes, you have to be careful because you can ban yourself easily from any one of those providers with this tool. If you don't use proxies then you will get banned from Google.com, Yahoo.com, and the other websites. YOU, yourself will not be able to search in Yahoo.com or Google.com until they unban you. The search engines ban you by blocking searches coming from the I.P. address associated with your home router.

In order to get around getting banned, you are going to have to load a lot of proxy servers into this tool. DomainResearchTool.com does not provide proxies servers so you will have to find your own, but there are a number of other services that will go out and find the proxies for you and email them to you on a daily/weekly basis. As I don't have time to go out and find a ton of proxies I would recommend finding some way to get that info as easily as possible. Proxy service providers come and go day by day, so you'll have to keep track of these.

Chapter 19: Domain Estate Planning

Domains are property/assets. Just as you have normal everyday physical assets, you are going to have intangible assets as well. Your 401K is not exactly tangible, it is a statement that you receive in the mail every month. If you were to die, there is usually a beneficiary listed on your account, so the company knows who to contact in order to distribute the money.

Your domains are no different. After you get a few domains it will probably be a wise thing to make sure that someone else other than yourself can access them if need be. The worst thing that can happen is that you die, no one can access your accounts (or may even know about them for that matter) and then all of your domains drop because renewal fees are not paid. This happens quite frequently; don't let this happen to you or your domain portfolio.

You will need to make sure the document that you craft for someone else to handle clearly outlines what to do with your domains once you pass away: sell, continue to monetize, hold, etc. Since there are not very many people who know the domain game, you need to make sure what you instruct your beneficiary to do makes the most sense. If your husband or wife does not know anything about domains it may be in his or her best interest to have someone appointed (who knows domains) to liquidate them and distribute the proceeds, or otherwise manage the domains on behalf of the beneficiary.

Where should this document I crafted reside? It should go to a safety deposit box, a fireproof safe, or someplace that it would be hard to get to if someone wanted to steal it. I would not recommend keeping it on your computer as that can be hacked at any given time.

Chapter 20: Scams and Ethics

Scams

“A fool and his money are soon parted.” Thomas Tusser (English Farmer and Writer. 1524-1580). It goes without saying that anywhere money is exchanged there is going to be someone waiting in the shadows that will try to take it from you. This is especially true on the Internet because people often think they are anonymous (they’re not!). Being behind a computer often plays to the belief that people can do what they want and suffer no retribution.

I have seen many transactions where people ended up losing large amounts of money because they were new to domaining and trying to go at it full bore. If you’re a new Domainer, it is always best to get on the forums and just watch for a little while before buying. When I first got into this business, I read and read and read until I felt like I was ready to start parting with money. If you’re not ready, then keep your money in your wallet and wait until you are. Good deals will always come along, it’s ok to let them pass by when you are starting out and beginning to learn.

With that being said, even after your waiting period and your domain studies, you (and anyone else in this industry) are still a mark for being scammed. Please see the tips below to help keep you from getting taken advantage of:

PayPal

PayPal is the payment method of choice for Domainers for small to medium transactions; however, PayPal offers no protection to the Domainer.

Take this situation for example: You have found a domain listed somewhere that you wish to purchase. It is a good name, decent price, and the owner seems nice and reasonable enough. He states that a domain receives X,XXX amount of traffic per month and makes XX amount of dollars from parking. You pay the owner for the domain and he transfers the domain to you. You then park the domain and it receives ZERO traffic, thus it makes no money. Unless the previous owner is willing to give you a refund then you have just lost all of your money.

Why? Because PayPal views the sale of domains, web sites, and other virtual items effectively as they are, virtual goods. They cannot be expected to help out in situations where they cannot efficiently or reasonably verify if a domain gets traffic or not. Truthfully, this would not likely appear as one of their primary interests and it is understandable that they should not want to get wrapped up in these types of disputes. PayPal may likely be more interested in a dispute when the sale of the goods goes through

one of their auction houses or if the item is tangible. PayPal can claim they can't be blamed for at least two reasons; (1) it wasn't their goods or services being sold and they did their job transacting the goods between parties of equal bargaining power; and (2) Caveat Emptor (buyer beware)!

There is also the other scenario where you pay for the domain and the owner never pushes it to you. This scenario ends just as the one above, with you becoming scammed, only this time you don't even get the benefit of receiving the domain.

Escrow

Escrow is often a popular method of buying and selling domains. Two parties agree on a domain sale and the buying party pays the escrow service directly for the domain. The seller pushes/transfers the domain to the buyer and once the domain has been verified as being in the possession of the new owner then the escrow service will release payment to the seller. This can cost anywhere from a few percent of the sale of the domain all the way up to 15% or more depending on the amount of the transaction and what service you use.

Escrow.com is a popular avenue for Domainers doing high dollar transactions. They charge a bit more for their transactions but provide a decent service.

Epik.com has a great escrow service and it is cheaper than most of the services currently being offered. It is especially good if your domain is already at Epik.com as the process is fast, inexpensive, and easy.

Sedo.com is one popular option because of the variety of services they offer. When a domain is sold through Sedo.com part of the commission that the seller has taken out of their sale price is for the escrow transaction. You push the domain to Sedo.com's own account at the registrar and once Sedo.com has received the name they then release the funds to the seller. They also then push the name to the buyer.

At the end of the day it is not who you use, but how you protect yourself. Don't make yourself a target, especially if you are going to spend a lot of money on domains. Keep a low profile. And when you're making large dollar transactions over the Internet, PayPal is never an option. Consider yourself warned.

Domain Hijacking

Hijacking is becoming more and more prevalent in the domain space. This is basically using any number of means to gain control of another users account and stealing his/her domains. This can be done by guessing passwords, keylogging (capturing users' key-strokes with planted software), random password generators trying to crack an account, or other nefarious methods.

Once the hacker has gotten into the account, he will then usually transfer the domains away to another registrar. From there he can do any number of things, he can try to sell the domains, redirect the traffic (if there is any) to his own programs/parking so he can make money or even just use the domains for his/her own web site. Usually, and in most cases, the thief will try to sell them immediately.

There have been thousands, if not tens of thousands, of domains stolen. Sex.com was stolen at one point in time along with deleted.com and many, many others. The best practice is to never make your registrar or domain account passwords easy, never access your domain accounts from a public computer that may have some kind of key logging software installed, and never share your passwords with anyone else.

Make sure your passwords are not saved or cached on your computer. Make sure that your domain accounts have intense levels of security such as 2step authentication. Finally, keep ALL of the domains that you own “locked” at the registrar at which they reside. Choosing this option at your registrar will keep you from inadvertently accepting a transfer-away request because you are doing a lot of domain sales. If you’re looking for maximum security, Epik.com offers a Max Lock that puts a lock on your account as a whole so even if a domain is “unlocked”, it cannot be transferred out.

Ethics: Honesty in the Marketplace

Since we are talking about scamming, now is a good time to bring up domain ethics. If you are not honest in the domain marketplace then you will not be in the domaining industry very long at all. It still amazes me that a select few will come in and try to take people for a ride. I have seen where people scammed others out of \$1,000 very easily by selling a domain with supposed traffic, or selling a web site and it never gets moved over to the buyer’s account, domains that never get transferred after the buyer pays, etc.

However, that \$1,000 fraud probably just cost that deceitful seller a lifetime loss in domaining. If you have the opportunity to take someone for a few dollars, think twice. Domaining is a very niche industry and your honesty, integrity, and your word follow you throughout your domaining career.

Be honest when you buy or sell. If you want to build an empire, then you are going to need some help along the way. It’s important to establish a good relationship with a large amount of people as you make your way in the domain industry. Make and keep friends, and above all, don’t do anything that will make someone not trust you because no one will do business with you. The domain industry is large enough to make a lot of money, but still small enough to where you can be excommunicated.

Chapter 21: Final Thoughts (by Rob Monster)

The role of the Domain Investor is evolving. As you enter this market, keep in mind that the intention should not to be an opportunistic parasite that adds expense and friction to the process of getting domains into use. To the contrary, domain investors have an important role to play in the Digital Economy, and to add value to their communities. Here are some things to consider as you contemplate the possibility of making Domain Investing a part of your future.

- **When in doubt, leave it out:** Domains are like buses on a busy bus route. There is always another one coming. While it is often tempting to buy an available domain, if you cannot readily identify one or more very logical buyers with resource who would agree with you that a domain is compelling, you should probably not buy that domain.
- **Dig your well before you are thirsty:** Your vendor choices and your relationship with those vendors will give you a lot of flexibility, e.g. when you need a hand with solving some problem or need to resolve some dispute. If your strategic vendors know you, like you and trust you, they are more likely help you above and beyond what their terms of service require.
- **Do the right thing even when nobody is looking:** The domain industry is a relatively connected one once you really get to know it. You are not more than 2 degrees of separation away from just about anyone you would want to meet. This means that your choices – good or bad – will quickly determine your industry reputation. So, choose wisely!
- **The World is your Office:** You are not tied to a single location in Domaining. Full-time domainers can live and work just about anywhere. In the coming years, you will likely see Epik introduce a network of “Dojos” where domain investors can work together in fun, exotic locations around the world where the cost of living is relatively low but quality of life is high.
- **Pay it Forward:** The nature of domain investing is that effective domain investors will have periodic windfall gains. While this can often lead to episodic personal indulgence, it is worth considering the notion that to those much is given, much is expected. So, consider how you can most effectively use your windfall gain to lift up your fellow man or woman.