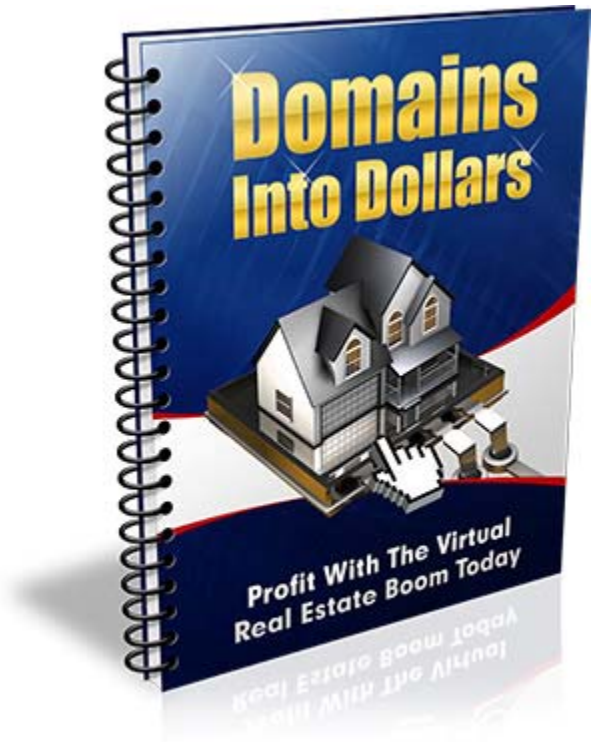
Domains Into Dollars:

Special Report



Profit With The Virtual Real Estate Boom Today!

By: Phil Craig

www.DomainsIntoDollars.com

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About the Author

Phil Craig has been an attorney and real estate broker since the late 70s. He has been a domainer since 1996.

He has taught classes in Business Law at California Polytechnic State University, San Luis Obispo, California, and Law School classes at the Santa Barbara College of Law.

Through his careers and thousands of clients, Phil has learned what works and does not work in the world of business and real estate speculation and investment. He took the effective and profitable methods used for his clients and put them in place for himself.

This allowed him to take an extended sabbatical from his practice that continues to this day. Although Phil no longer takes on individual clients nor does he offer specific legal advice, he has had the good fortune of working with many high net worth individuals, including many successful names in the Internet World.

When he is not traveling, writing or researching, or involved in one of his business or real estate ventures, he enjoys practicing yoga and the sport of surfing.

He lives on the Central Coast of California with his wife, 3 dogs and a cat.

First edition, Copyright, October 2007.

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You may give it away.

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Introduction

In August, 2007, I was sitting in the audience at Frank Schilling's keynote address to the domainers attending the Domain Name Roundtable and Auction. Frank is one of the more successful and well known domainers in the world.

He was talking about the "good old days." No, not the boom times we all heard about before the ".com" crash of 2000. That's old news.

He was talking about the boom times we as domainers had experienced as a result of the crash.
That's right, the "good old times" after the boom. When the whole world was fed up with the internet, ".coms," and domain names. The market had crashed. The "easy money" was over (or was it?).

Names were expiring left and right and weren't being renewed. By the hundreds of thousands. Great names. Profitable names.

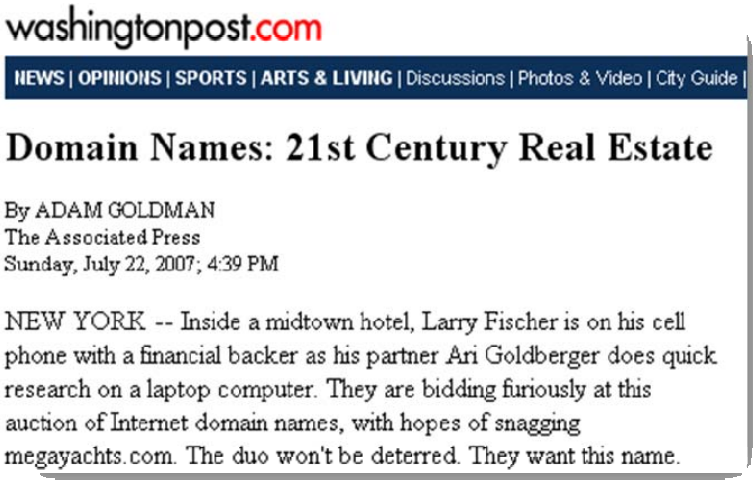
Those were the "good old days" he was talking about. As he described it "It was raining gold..."
And what did we do as domainers?

We catered to the black-hat, bad boy, hacker type image the main stream attached to domaining and to domainers.

"When it's raining gold," he continued, "you don't shout that it's raining." No, "you just stick out more buckets."

He was asking if it really was the end of the good old days. Why? Because of the spotlight that's been thrown on the industry.

I'm sure you've seen the headlines:


washingtonpost.com

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Domain Names: 21st Century Real Estate

By ADAM GOLDMAN
The Associated Press
Sunday, July 22, 2007; 4:39 PM

NEW YORK -- Inside a midtown hotel, Larry Fischer is on his cell phone with a financial backer as his partner Ari Goldberger does quick research on a laptop computer. They are bidding furiously at this auction of Internet domain names, with hopes of snagging megayachts.com. The duo won't be deterred. They want this name.

Or this one:

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All the opportunity is gone. Right? Or is it?

You be the judge…

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Check out some of the 2007 (year to date) top 10 sales reported at dnjournal.com (a favorite site of many domainers).

DN Journal's Year-To-Date Top 100
Highest reported 2007 domain sales in all extensions through September 30
Euro to Dollar conversion (€ to $) based on
rates in effect when sales were reported by **DNJ**
(Domains entering the chart this week are highlighted in **green**)

	Domain	Sold For	Where Sold	Date*
1.	Porn.com	$9,500,000	Moniker	5/29/07
2.	Seniors.com	$1,800,000	Moniker/ T.R.A.F.F.I.C.	7/3/07
3.	Tandberg.com	$1,500,000	Pvt Sale	2/13/07
4.	Scores.com	$1,180,000	Moniker/CAC	6/5/07
5.	Chinese.com	€810,001 = $1,120,008	Sedo	7/24/07
6.	Topix.com	$1,000,000	Pvt Sale	3/13/07
7.	Poker.de	€695,000 = $957,937	NICIT/ DOMAINfest	7/17/07
8.	Dollars.com	$650,000	DigiPawn.com	7/10/07
9.	Cardiology.com	$550,000	Moniker/ T.R.A.F.F.I.C.	8/7/07
10.	SheMale.com	$520,000	Moniker Auction at Internext	3/13/07

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Or these:

.Com Supporting Cast

There was one more five-figure sale that just missed making the chart - **Fancastic.com** - a name that fetched **$10,000** at Sedo. Sedo also secured **$9,200** for **PhotoModel.com** and added **€5,000 ($7,077)** for **LippenHerpes.com** ("oral herpes" in German) and **$7,0** for **Wizi.com**. **Grams.com** weighed in at **$6,800**, **MySoul.com** ascended to **$6,500** and two others; **Cyberfox.com** and **Botaniq.com** booked **$5,000** each

A "typo" name?

Back at the AfternicDLS, **Smatch.com** drew **$9,999**, **MailArchiving.com** clicked for **$7,260** and **ShopGlobal.com** gathered **$6,000**. **HRGuru.com** generated **$5,100**, **HRPartners.com** produced **$5,000** and **IndependentStore.com** deposited **$4,988**. **IceDiamond.com** attracted **$4,800**, **TutorCafe.com** served up **$4,200** and two others; **SolarServer.com** and **AccreditedOnlineDegrees.com** conferred **$4,000** apiece.

PowerTravel.com packed **$3,900**, **Unibox.com** banked **$3,500**, **PrimeVideo.com** and **PhoneSurveys.com** sold for **$3,488** each and **SchoolYear.com** rang in **$3,388**. The Afternic DLS had **57 more** .com sales ranging fron **$2,000-$3,300** that are listed in the table below.

Additional Afternic DLS Sales Between $2,000-$3,300

ginc.com	$3,300	loanbook.com	$2,488
fundinggroup.com	$3,300	performanceassessment.com	$2,310
hotelalert.com	$3,288	serviceinternational.com	$2,300
thememory.com	$3,200	nauticam.com	$2,288
outsideofthebox.com	$3,200	intentionalfoul.com	$2,288
dividendgrowth.com	$3,190	helot.com	$2,288
scottishsalmon.com	$3,088	seeyourself.com	$2,250
minitalia.com	$3,088	curti.com	$2,239
digitalbuilder.com	$3,000	siguro.com	$2,200
scarfworld.com	$2,988	findtalent.com	$2,188
idmobile.com	$2,888	botao.com	$2,150
godtunes.com	$2,888	filterlink.com	$2,114

Can you come up withnames like these?

Is it possible for you to locate and sell names like that?

For those prices?

Who buys those names?

Why are they paying those prices?

We'll get to that. Read on…

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Chapter 2: Being a Domainer

I started this report by telling you I was in a group of domainers up in Washington State. Yep, I'm a domainer too.

Just what is a "domainer" anyway? (Good luck trying to explain it to non-internet types, it's hard enough explaining it to the internet savvy).

My definition of a domainer is a person who makes money from the investment in and the monetization of domain names.

I've been a domainer for over 11 years and I've been an attorney and real estate broker for about 30. I've approached domaining using the same approach I took to real estate. After all, isn't a real estate investor someone who invests in and monetizes real estate? I think so.

OK, so a domainer is a person who makes money from the investment in and the monetization of domain names.

That's still a little fuzzy for most. Most people know how real estate is monetized (at least they've heard).

How the heck do you monetize domain names?

Well, it depends. Do you like chocolate or vanilla?

Different domainers make their money in different ways.

Whatever suits their personality.

So how do you make money as a domainer?

First, you need to decide if you're going to "go deep" or "go wide."

Next, are you a holder or are you a seller?

Are you going to buy fresh or buy used?

Let's explore your options.

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Chapter 3: The Profit Models

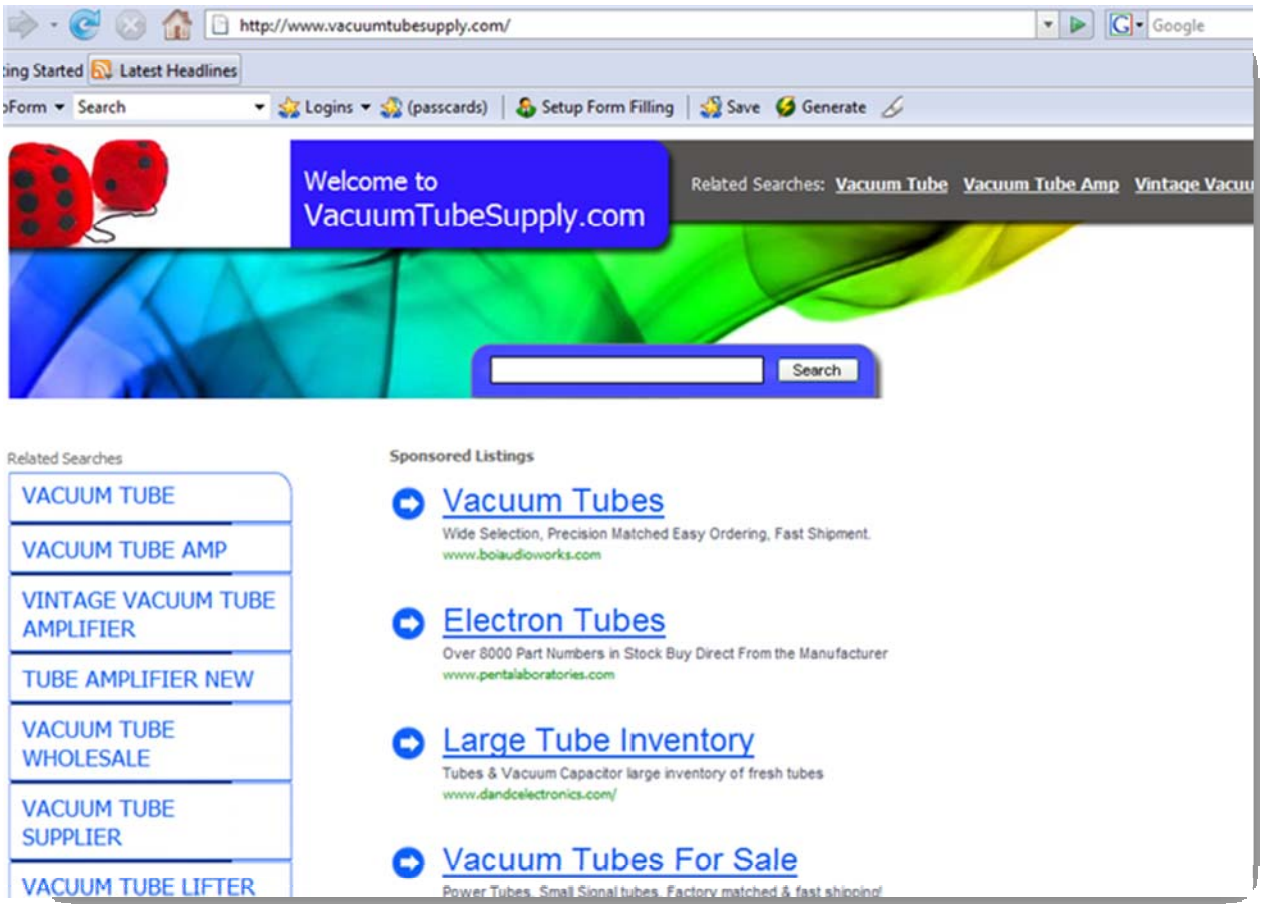
There are three broad profit models used by domainers:

The “parking” model, the “resale” model and the “development” model.

Let’s take a look at each one of them.

A. Parking model of Domaining.

You’ve probably heard of domain name parking. No doubt at some time you’ve visited a parked site. Here, take a look at one of mine:



The profit model with parking is to acquire a domain name that receives traffic (we’ll take about traffic in a second) and have the traffic go to (resolve to) a page that contains relevant ads (relevant to the domain name).

The goal is to present ads that interest the visitor and that the visitor will click.

The domain name holder gets paid a portion of the revenue generated from the advertiser

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paying for the click. This is the tried and true “pay per click” advertising model made famous by Google AdSense.

If the Parking model of domaining appeals to you, there are a few key points you should know.

First:

All parking services are not created equal.

There are a lot of new players in the industry offering different interfaces, templates, reporting, and advertisers.

Let’s talk a little about each.

Let’s begin with talking about the ads. Since that is what generates the revenue.

Not all parking services payout at the same rates.

Why?

Well, first off, what company provides the ads? Is it a Yahoo ad network, a Google ad network, or a 3rd party ad network?

Next, does the parking service have a direct relationship with the ad network or are they relying on feeds? If they are relying on feeds, then a portion of the ad revenue is being shared with the feed provider, which results in less revenue available down the line to the most important player, the domain holder.

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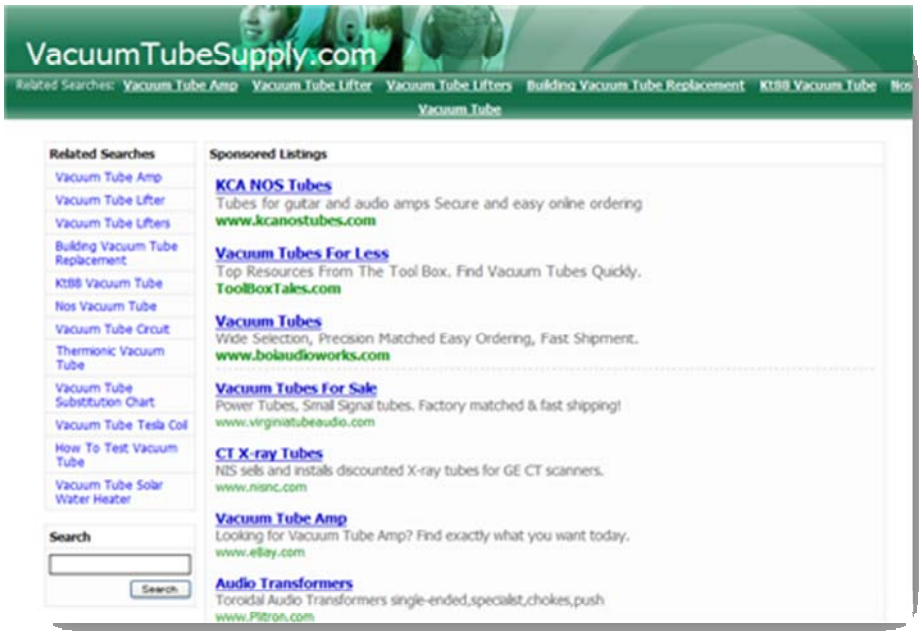
What templates does the parking service offer and how easy it to customize the template?

Does this generate more:



Or does this:

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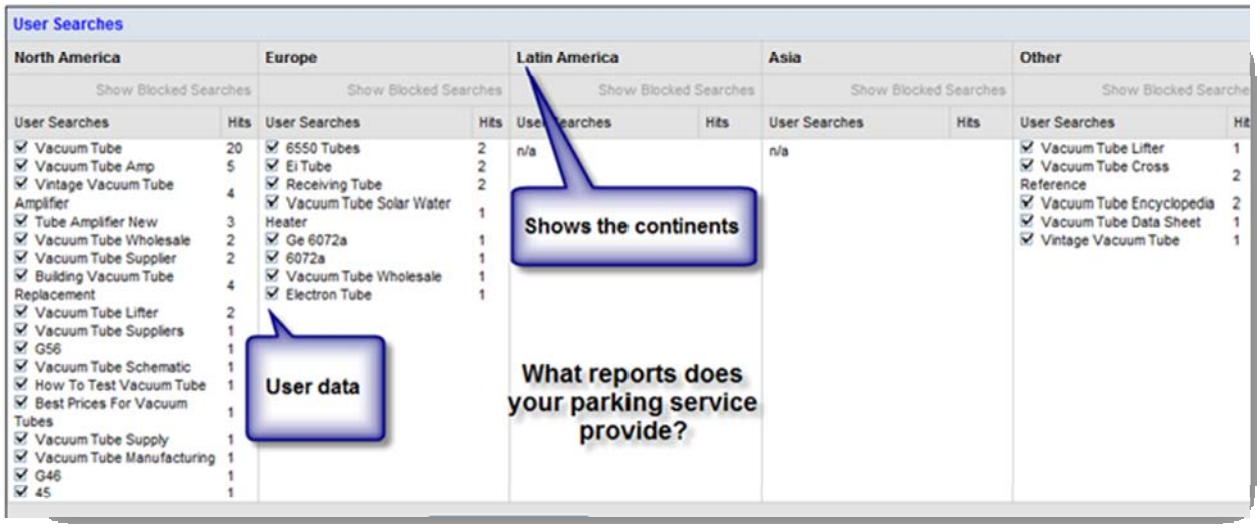
To generate the most revenue, you need to customize the parking page to make it visitor friendly.

More important it has to be quick and easy to do (with a minimum of clicks).

I've used a variety of parking services and the interfaces and templates are all different.

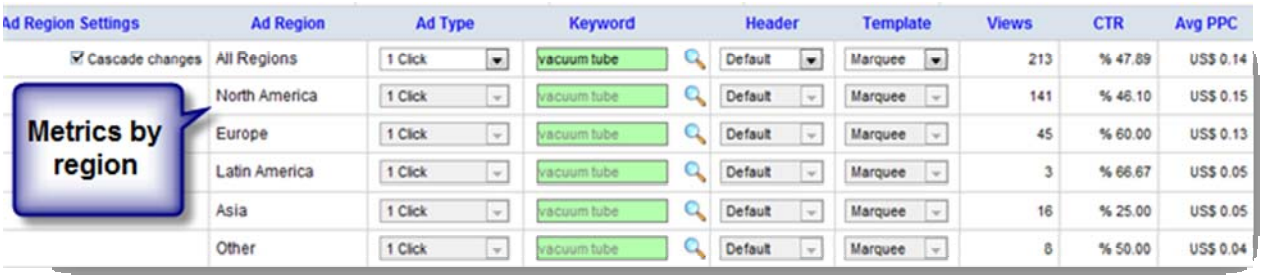
What reporting does the service provide?

Check this out:



You've got to make sure that the parking service provides you with reports that will help you optimize the page.

In addition to the standard "metrics" data:



Promoting your domain names through your "organization."

Once you hold a domain name that is a proven performer, consider "promoting" them to a "personal parking page."

What is a "personal parking page" It's a simple, easy to create website (maybe as simple as a page).

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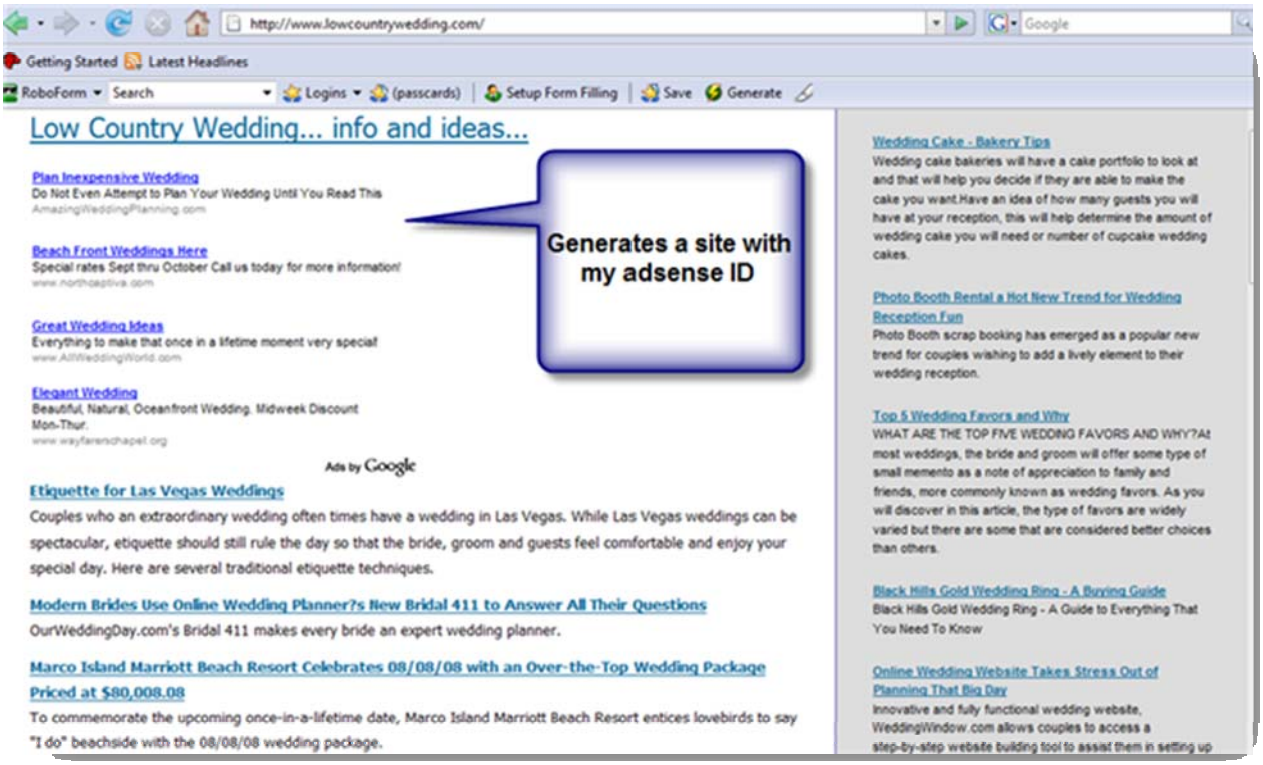
If you plan on developing a portfolio, you want to make this as easy as possible. In my course, Domains Into Dollars™, I provide you with a template and show you how this is done.

It could be that you decide to go with a service such as Whyparking. For a one-time fee of $99.95 they allow you to park 100 domain names with them. The beauty of their service is that it creates a website automatically for you with your Google AdSense publisher ID contained in the ads.

Here's what one of mine looks like:



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Or, how about an easy to create site?

What if I told you could create as site like this just by filling in a few fields and pressing a button using an inexpensive web application at InstantVideoWebsite:

Easy to create and easy to customize. Not much harder than a parking service. Done in 5 minutes.

So, you can see that Parking has grown a long ways from simply parking a page at sedo.com

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B. Resale Model of Domaining

"Flipping" domain names has gotten a lot of buzz lately.

No question about the reason when you see reports like these:

Barbey Puts Boise Back in the Big Leagues With $175,000 Purchase of Boiseldaho.com

Idaho real estate broker Steve Barbey raised some eyebrows at this time **three years ago** when he paid **$50,000** for **BoiseRealEstate.com**. He used the domain to redirect additional prospects to his **IdahoRealEstate.com** site. The deal worked out so well that Barbey decided it was time to go fishing in the domain pool again. Last week he reeled in **BoiseIdaho.com** after meeting the **$175,000** price set by previous owner **Brian Wick** of **CheapYellowPages.com**. Barbey has already redirected that domain to a Boise-specific page at IdahoRealEstate.com. Boise is the state capital of Idaho and has a population estimated at about 208,000 people.

By Ron Jackson

That was the #1 sale on this week's **Top 20** chart (and one of five geo domains on the elite list). Last week I indicated that we would permanently double the size of our 20-position all-extension chart this week due to a major increase in sales volume in 2007. However, I forgot to take into account that business activity this week would be disrupted by a major holiday weekend in the **U.S.** (**Labor Day** weekend). It's the unofficial end of summer in the States and

The DN Journal Top 40
Reported Domain Sales - Mon. June 25, 2007 - Sun. July 1, 2007
Euro to Dollar Conversion (€ to $) is Based on Rates in Effect Tue. July 3

	Domain	Sold For	Where Sold
1.	Seniors.com	$1,800,000	Moniker/ T.R.A.F.F.I.C.
2.	Greenhouse.com	$500,000	Co-brokered by Sedo and Afternic/ BuyDomains
3.	Text.com	$300,000	Moniker/ T.R.A.F.F.I.C.
4.	Locals.com	$250,000	Moniker/ T.R.A.F.F.I.C.
5.	Clock.com	$175,000	Moniker/ T.R.A.F.F.I.C.
6.	Pottery.com	$150,000	Sedo
7.	Charters.com	$140,000	Moniker/ T.R.A.F.F.I.C.
8.	TreatmentCenters.com	$100,000	Afternic/ BuyDomains

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If flipping is your cup of tea, you'll need to ask yourself who you intend to sell to.

Are you planning to sell to a wholesale buyer or a retail buyer?

Why?

Because each buyer is looking for something different. You'll locate names and develop the data most important to the buyer you are trying to attract.

Also, you'll use different sales channels depending on the buyer you intend to attract.

Let's talk about it…

Wholesale Buyers

Wholesale buyers will typically be in the domaining business just like you. You'll offer your names to them at domainer forums or portfolio buying companies.

Realize when you are selling to the wholesale buyer that they are typically buying the domain name based on the metrics of the name. The number of impressions generated, the click-through rates, and the revenue.

You'll be offered a dollar amount that is based on a multiple of annual earnings. The multiple is based on the anticipated likelihood of the longevity of the traffic and the quality of the domain name.

For example, typo based domain names will be bought at a 1x annual revenue (if the typo feeds off a trademark, you'll be hard pressed to find a buyer. If the trademark owner contacts you, you'll wish you could make the name disappear).

A quality generic word based domain name will generate up to 8x annual revenue.

The key point here is that when selling to a wholesale buyer, you're selling in volume to generate revenue.

If you are planning to pursue this route, you should consider categorizing your domain names to make them attractive to a wholesale buyer interested in traffic from a category (such as wedding based names, for example).

Retail Buyers

Most people are drawn to the domaining world by the dream of selling to the end user (retail) buyer for the types of numbers we've seen in the news.

They run off to buy a bunch of domain names without understanding the market and quickly realize that not only can't they sell the name, they end up having doubts as to whether they'll even renew them.

Quality is the key when it comes to the retail marketplace. It's like location is in real estate.

Let's talk a little about the different channels that are used to offer names to the retail marketplace.

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Primarily, there are two.

One is through private party sales.

The second is through the professional sales/auction services.

Private Sales

If you hang around domainers long enough you'll discover that the big money has occurred in the private sale marketplace.

At the domainer conference in Seattle, Frank Schilling mentioned that he had been visiting Gary Chernoff (another well known domainer). While Frank was visiting, Gary was negotiating a $500,000 sale of a domain name. A sale that will never be made public due to the non-disclosure terms contained in the sales contracts.

The biggest dollar sales I've made and that I've handled for clients have been done privately. Again, non-disclosures were required by the buyers.

The key take-away is that you've got to make it easy for the interested purchaser to contact you. There are ways to do this.

Auction Sales

The retail sales that receive the publicity are the ones being handled by the professional sales/auction organizations. Each auction involves the submission of names by the holders to the auction service for consideration.

In my course Domains Into Dollars™ I take you through several submission processes to make sure you are comfortable with the process…

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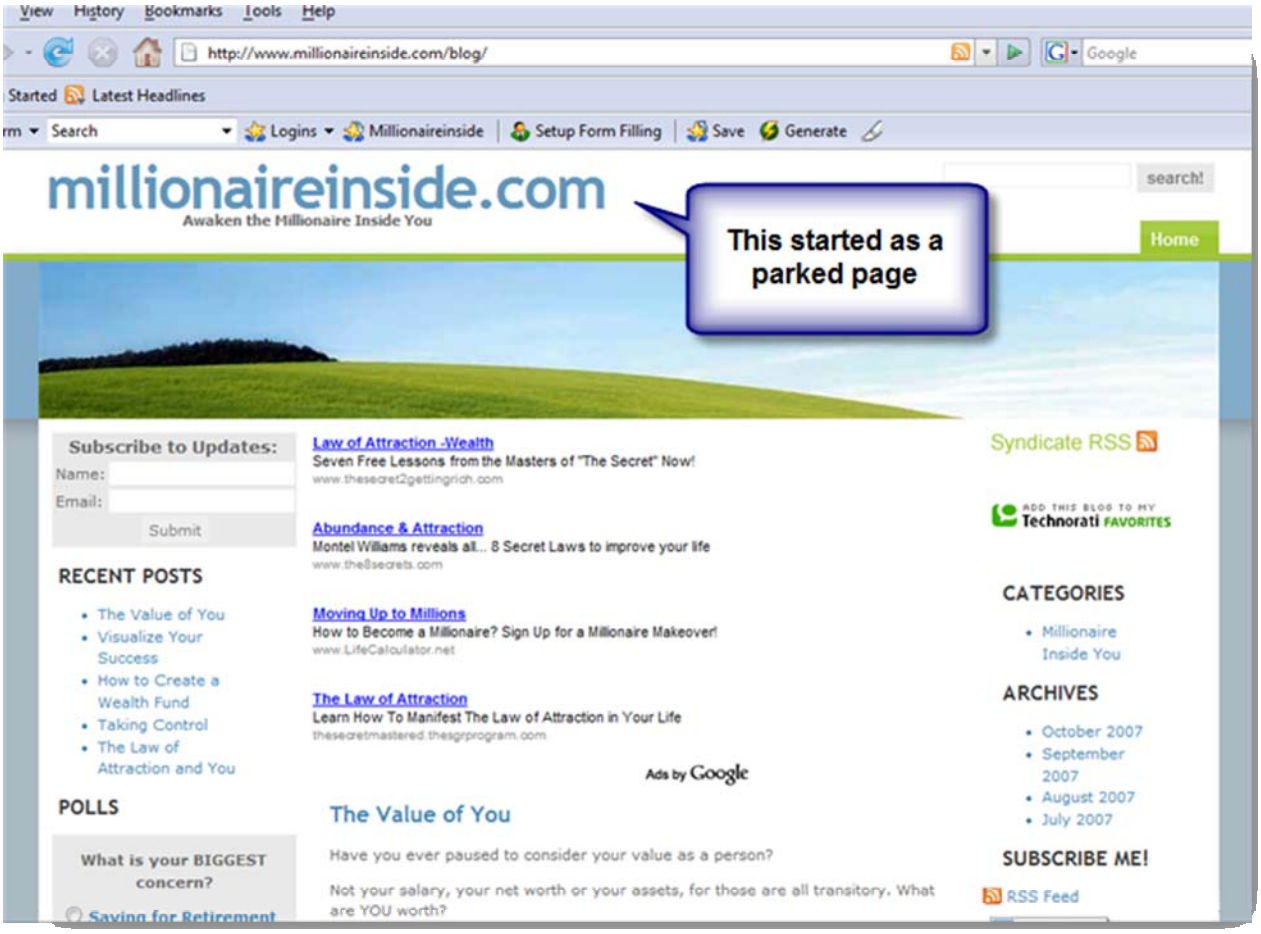
C. The Development Model

The area that many Domainers believe contains the most potential is in the area of development.

This is where a domain name that is proven to have potential is turned into a full-fledged business.

It could be something as simple as my site:



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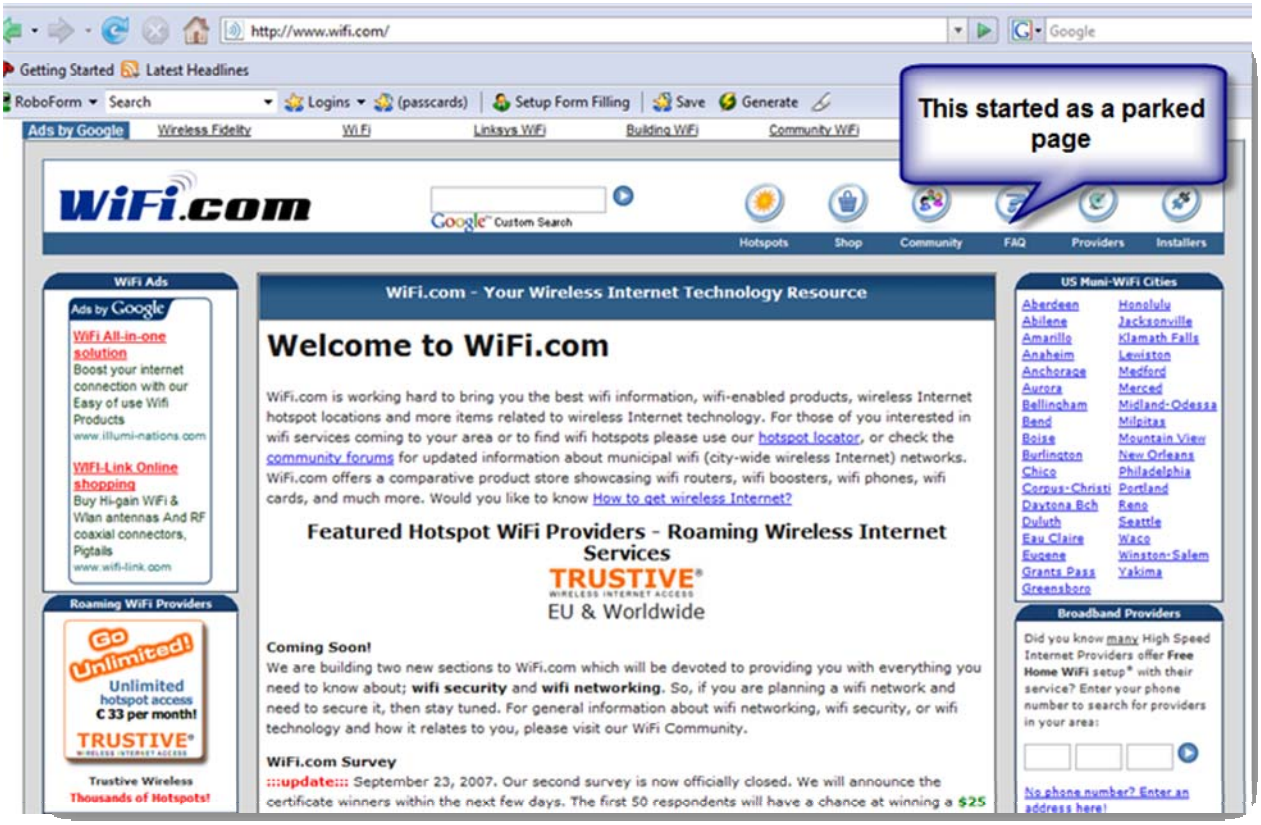
Or the site WiFi.com owned by fellow domainer, Stuart Wood:



Like the decision of whether to sell to a wholesale versus a retail buyer, the domainer also needs to decide if he or she is going to buy “new” or “used” domain names.

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Chapter 4: Finding Names

New names are names that have not been registered before. We use keyword based tools (Domains Into Dollars™ shows you how to use a free tool) to locate names that have potential.

However, just because a name shows potential doesn't mean we make a full commitment.

Instead, as domainers we take advantage of the same tools the pros use in their operations:

"Tasting"

Tasting is the ability to register a domain name for a 5 day period. Test it. If it performs to your liking, you keep it. If not, you return it for a credit.

Yep, this can be done. It's being done by my students. And I can show you how to do it too.

Not only can you taste and test new names, you can also taste and test dropped names.

Dropped names are domain names that had been registered and the not renewed by the holder. A dropped name is free for immediate registration by you (for your tasting and testing).

Domains Into Dollars™ provides you with a free source for locating dropped names, using a variety of search criteria.

An expiring name is a name that is approaching the drop date. There are services that monitor the names that are close to expiration and you are provided with an opportunity to bid on the right to register the name once it is dropped.

Traffic Sources

In deciding whether to buy new or used, you are typically making a decision whether to depend on natural type-in traffic or search engine traffic.

Type in traffic comes from visitors typing the domain name directly into their browser bar.

Dropped name traffic comes from the search engine listings of the dropped domain name that still send traffic to the domain name even though the prior owner never renewed the name or site.

The advantage of dropped name traffic s is that it is immediate. The disadvantage is that the longevity of the traffic is dependent upon the length of time the listings continue to appear in the search engines.

The beauty of organic type in traffic is that it is not dependent upon the search engines at all. The visitor comes because they are typing the name directly into the web browser window.

The key in locating a winning fresh name is to understand the visitor and what they will

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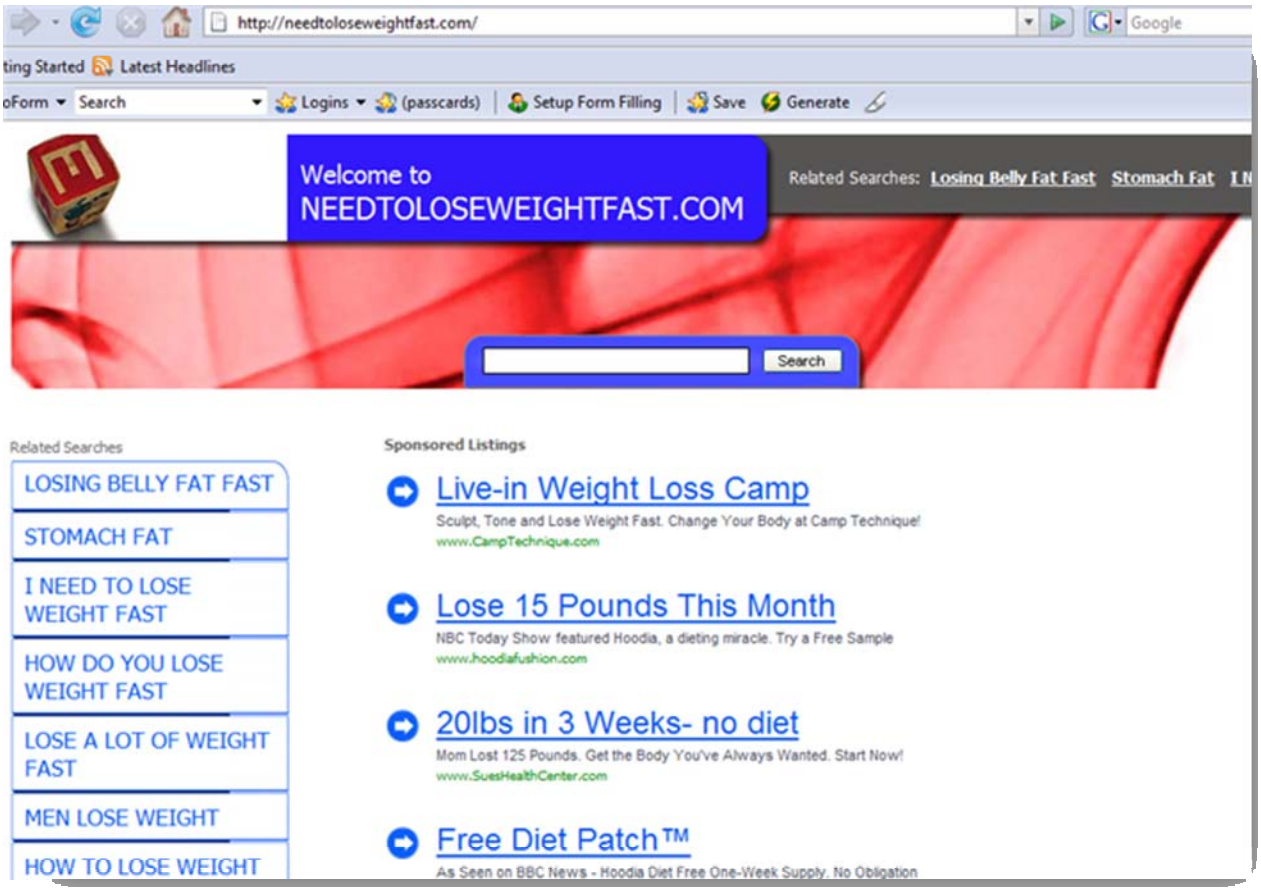
type into their browser bar.

For example, here's one of mine that does quite well:



In Domains Into Dollars™ I show you how to use free keyword tools coupled with the process of domain tasting to increase your likelihood of success.

A word on typos and trademarks

I'm not a fan of typo based names.

We've all done it. Typed a mistyped a name into the browser bar and been taken to a parked page.

The problems are that first off the visitor is typically pissed. They know that they are on the wrong site and often will leave as quickly as possible.

Second, if you basing your typo ff a trademarked name, you could be opening yourself up to trademark infringement claims.

My thoughts are to stay away. Unless, of course, you are using typos of generic words such as this example:

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Conclusion

It's an exciting time to become involved in the world of domaining.

- Imagine if you had invested in real estate in Southern California a couple decades back
- Imagine if you had purchased prime property in the Phoenix, AZ suburbs in the late 90's
- Imagine if you had invested in property in Chicago or New York before they blew up

Your investments would be worth INCREDIBLE sums of money today.

How many times have you thought to yourself, "I wish I had put money into real estate before it was booming"?

Or… "I wish I could have gotten in on 'that' investment early."

Well guess what?

You have EXACTLY that opportunity right now - today.

Sure domaining is already a billion dollar industry. But it's going to become a multi-billion dollar industry in just a few short years.

This is your chance to get in while the getting is good. This is your chance to put money in virtual real estate before it completely explodes.

This is your chance to be on the ground floor and finally be the person that everyone says, "Wow, I wish I had invested when you did!"

But you need to know the ground rules. You need to understand the buying and selling processes. And you need to know the quickest ways to turn a profit, step by every single step.

If you're ready to get in on the most exciting opportunity that you might see in your lifetime, then you need to grab Domains Into Dollars™ today.

Best of luck to you in your virtual real estate endeavors.

Regards,
Phil Craig