

Building with Passion on an Industry-defining Domain Name - With Andrew Rosener

Watch the full video at:

<http://www.domainsherpa.com/andrew-rosener-spearfishing-interview/>

Three messages before today's interview educates and motivates you.

First, if you're a domain name investor, don't you have unique legal needs that require domain name technical know-how and industry experience? That's why you need David Weslow of Wiley Rein. Go search for David Weslow on DomainSherpa, watch his interview and you can see for yourself that he can clearly explain issues, can help you with buy/sell agreements, deal with website content issues and UDRP actions, and even help you write your website terms and conditions. David Weslow is the lawyer to call for Internet legal issues. See for yourself at NewMediaIP.com.

Second, managing multiple domain name marketplace and auction site accounts is a pain. Inevitably, you forget to sign into one and lose a great domain...or worse. Now imagine using a single, simple-to-use and comprehensive control panel to manage all your accounts. That's Protrada. You can setup search filters, analyze domains, automate bidding, list domains for sale, and buy domains across all major marketplaces. Protrada also has a new semantic engine that builds Google-friendly websites with rich content and network feeds. Sign up at Protrada.com to get 20 free credits and start building and monetizing your domains today.

Finally, if you have questions about domain names, where should you go to ask them? The answer is DNForum.com. Not only is DN Forum the largest domain name forum in the world, but it's the best. You can learn about domain names and the industry, buy and sell domain names, talk about domain name news, and meet other domainers just like yourself. Register for a free DN Forum account and begin advancing your skills and knowledge today. And when you do signup, send me a friend request so we can connect.

Here's your program.

DomainSherpa.com: The Domain Name Authority

Michael Cyger: Hey everyone. My name is Michael Cyger, and I'm the Publisher of DomainSherpa.com - the website where you come to learn how to become a more successful domain name entrepreneur and investor directly from the experts.

Many people in the domain name industry buy domain names daily and some people even sell them. We all know domain name brokers - many of whom been on the show -, but there aren't too many successful domain name brokers who flip domains everyday who are spending their own money, putting their own skin in the game to develop websites on premium exact match domain names. Today, however, we do have one of those brokers.

Andrew Rosener, CEO of MediaOptions.com; a past Sherpa from DomainSherpa Interviews is back to talk about how he bought and built SpearFishing.com - a spear fishing and free diving community. Andrew, welcome back to the show.

Andrew Rosener: Great to be here, Michael.

Michael: Hey, and congratulations, right off the bat. Broker of The Year nomination that just came out by Rick Schwartz and Howard Neu for the TRAFFIC Conference that is coming up in October of this year. Your business - Media Options - and you were nominated as Broker of The Year.

Andrew: Yeah. That was great to hear. I mean it is always nice to get that pat on the back. We are definitely very honored to get the nomination, and we will have to see what happens.

Michael: Good. And I encourage everybody that is watching. Get out to the TRAFFIC Conference. There is nothing like meeting people in person, shaking hands, sharing a meal, and having a drink together to cement your relationships in the industry. Andrew, you and I met last year at the TRAFFIC Conference, I believe.

Andrew: Two years ago.

Michael: Yeah. Actually, I think it might have been Domain Fest two years ago and then TRAFFIC last year.

Andrew: That might be right.

Michael: Definitely get to TRAFFIC. The movers and shakers of the industry attend that conference and it is going to be a great event. So, SpearFishing.com. What is your motivation for creating a spear fishing and free diving community on the Internet?

Andrew: So, the story begins with my sister's boyfriend who is a hardcore spear fishing enthusiast, if not fanatic. And he was always trying to drag me out, but that was back when I lived in Rhode Island and the water was probably fifty to sixty degrees Fahrenheit and so, it was a little tougher to get me out there. But since we moved to Panama, I found out that this is like the mecca of spear fishing. And I went out, I tried it, I absolutely loved it, and now I am totally into it. Absolutely, totally enthused by spear fishing.

Michael: So, how often do you go out spear fishing?

Andrew: I try to go out as often as possible. I mean the only thing holding me back is finding a dive partner to go with. Once or twice a month. I would like to go out once a weekend or once a week.

Michael: So, for safety reasons like regular diving, you want to go out with a dive partner?

Andrew: Yeah. Particularly, I think, even more so with free diving and especially spear fishing. It can be a dangerous sport.

Michael: Yeah.

Andrew: You have got the equipment. You have got sharks that are always a factor. You can blackout. There are a lot of dangers; and they can be managed like in any sport as long as you are smart about it and plan accordingly, then those risks can be managed. But, definitely, it is smart to dive with a partner.

Michael: Yeah. So free diving. Does that mean you are going down without the compressed air on your back; without a full mask; without some of the other stuff? What exactly does free diving mean?

Andrew: So, no self-contained underwater breathing apparatus. It is all about you; and this is really why free diving and spear fishing is, in my opinion, the ultimate sport. It is sort of a culmination of hunting and real physical sport. It takes endurance. It takes strength. It takes a lot of different physical factors in order to dive, hold your breath - this is a hundred percent breath holding. So, you got to dive to whatever depth you can reach. You are holding your breath the whole time. Ideally, you want to be able to reach a depth where you are comfortable that you can stay at for, let's say, as long as possible, but minimum maybe ten, fifteen, twenty seconds so that you can kind of look around, see if there are any fish to shoot, and then you always have to keep in the back of your mind that, if you do shoot a fish, you need to be able to fight that fish and get back up to the surface.

Michael: Right. And you don't want to abandon your equipment with some sort of spear in a fish that is swimming away. Right.

Andrew: Worst case scenario; let go of the gun.

Michael: Got you. So, I remember going deep-sea fishing with my dad when I was a kid, and we went off of Long Beach. And we are fishing. I think we are bottom fishing. I reel up, I got something on my hook, and I reeled up this old spear fishing gun. Like it was the coolest thing.

Andrew: Really?

Michael: Yeah! It looked like an actual gun. Like a rifle.

Andrew: Yeah.

Michael: And I don't think there was a spear in there or anything. And it was totally like corroded and barnacles on it, but I thought it was the coolest thing. Are you using - I've seen full board guns that you can use underwater,

but I have also seen just like the slings. Like the old school rubber bands or whatever.

Andrew: Yeah. Hawaiian sling. So there are a lot of different sort of subsets of spear fishing. Even within guns, you have got sort of more automated guns or the guns where you actually pull back the bands. It could be one band, two bands, three bands, four bands depending on how much power you need; the size of the fish you are trying to shoot and the distance you are trying to shoot at. And so, I use a gun. I use a Rob Allen gun. Rob Allen is a company out of South Africa. I am preferential to that brand, but there is Reef and a ton of different brands in this space.

Michael: Yeah. So you are a new school kind of guy. You want to use the technology to your advantage.

Andrew: Yeah. I mean I don't know if it is necessarily new school versus old school, but definitely, I guess, Hawaiian sling or straight pole spear is probably older. It originated like in Greece - in that area - using pole spear. Three prong pole spear. But yeah, I like to use a gun.

Michael: Yeah. Cool. So you had an interest in spear fishing. You are going out spear fishing on a regular basis in Panama. When did you acquire the SpearFishing.com domain name?

Andrew: I think it was about two years ago. About two years ago, the opportunity came up. It just kind of coincidentally, somebody said to me, "Hey, you know, (Unclear 8:19.7) SpearFishing.com" and I was like, "Yeah". And we kind of went back and forth actually for a couple of months on the domain.

Michael: Was it the owner of the domain or was it another broker that asked you?

Andrew: Right. It was the owner of the domain and it was totally coincidental. I was selling him some other domain names and he mentioned to me that he had SpearFishing.com. And so, that kind of got the conversation started.

Michael: Yeah.

Andrew: And it's funny. Since I have acquired it, I have heard from so many other domainers who sort of knew the history of the SpearFishing.com domain name. And this guy actually bought it in an auction at Ebay and it was previously owned by the guy who is like the Michael Jordan of spear fishing in like the 70s.

Michael: Oh wow.

Andrew: And he had a dispute with his partner. His partner was actually in control of the domain. And they split up and the guy just put it on Ebay. Then the other partner was trying to buy it back. And then, I have heard from a couple of other domainers that were actually in that auction on Ebay and it ended up selling at like twenty-one thousand or twenty-two thousand, or something on Ebay. And so, I ended up buying it from that guy who won the auction on Ebay.

Michael: Wow. So, of course, people are going to expect me to ask you, Andrew. How much did you pay for it?

Andrew: It was a little bit of a complicated deal. I mean there was such cash involved and then I also gave him a whole bunch of other domain names.

Michael: Yeah. That does complicate it because then you have to put a value on those and maybe you are estimating it high and he is estimating it low.

Andrew: So I think I gave him like twenty thousand cash and then, I don't know. I don't actually recall exactly, but I think we put about fifteen thousand or eighteen thousand dollars in domain value.

Michael: Yeah. So it was a five-figure sale. He made a profit on it probably if he were to sell the domains that you traded it for it.

Andrew: Yeah.

Michael: So, did you use your valuation system that we will be talking about later in the show? The one that I love to tell people when they e-mail me and they say, "How do I value this premium domain name that is in my space" and I say, "Well, if it is not a brandable, go lookup the Rosener Equation on Google and look at how Andrew came on the show and told us how he values domain names". Did you use your valuation formula to evaluate SpearFishing?

Andrew: At that time, I hadn't really formulated the valuation methodology yet. There was really just a lot of gut instinct involved.

Michael: Yeah.

Andrew: And, looking back, I would say, let's say, assuming that we are at thirty-eight thousand based on the domains and the cash or ballpark, I probably paid more than what most resellers would pay.

Michael: Yeah.

Andrew: But it was an emotional purchase; and, once in a while, you have those. If it is a category you are interested in, sometimes it just has a higher value to you.

Michael: Sure. Definitely. I have done that before. So the lesson learned for people who are buying premium domain names out there without a broker is to find out what all of the broker's passions are - like yours is spear fishing, Elliot's is small dogs (I'm just joking) - buy it and then sell it to a broker because you guys are flipping names, you know the values, and you are willing to transact. All right. So, when you bought it, you said that it was an emotional transaction. You probably paid a little bit more because you loved the sport. Was your intention to buy and flip it, or was your intention to hold it for appreciation because you know the market, or was your intention at the time to build it out into SpearFishing.com today?

Andrew: Okay. So, at the time, I was sort of looking at the space. I was going on the blogs and trying to increase my knowledge about spear fishing. Not so much from the business perspective, but from the hobbyist. And what I

realized was that there were some well-established brands from manufacturers of equipment in the space, but there was no major sort of centerpiece. There were some blogs that were popular. There were forums, which are popular. But they were sort of outdated. There was no like real centerpiece. So, when I saw SpearFishing.com, I thought, 'Wow. Somebody in this space, as the space evolves and increases in popularity, which it is sky rocketing, somebody is going to want this name and it is going to be worth more than what I am willing pay'. But, ultimately, I did have the idea that I wanted to build it out. And I think there is no better way to sort of dive into a hobby than say "Okay. Well, I am going to make it a business too".

Michael: Right.

Andrew: So, yeah. Ultimately, I knew I wanted to develop it; but I also had the business perspective that it has to be worth more than what I am willing to pay for it. To somebody who is well established in the space.

Michael: Yeah. And if somebody came to you today with a six-figure offer that met your purchase price, met your development cost, met your time, and you saw yourself making a profit, would you sell it?

Andrew: I mean everything has a price. I certainly would sell it. We actually just recently turned down a hundred thousand dollar offer.

Michael: Really?

Andrew: Yeah. It is just not worth it. I mean the blood, the sweat, the tears, the time, and the energy that went into building this out. It is just not worth it at that level.

Michael: Yeah. Definitely. So, how many active or avid enthusiast spear fishermen - people; women - do you think there are in the world?

Andrew: Okay. So, we have been doing a little bit of Facebook advertising and, if Facebook in any indication, we are marketing specifically only to people who have spear fishing listed in their interests, okay?

Michael: Right.

Andrew: And so, if Facebook is any indication, Facebook tells me that there is something around 2.6 million people who are registered on Facebook who have spear fishing listed as an interest.

Michael: Wow.

Andrew: So, that is some indication.

Michael: And that is only Facebook. The one billion people that are on Facebook and, of course, my brother is not on Facebook and maybe he is a spear fisherman, or he has gone a few times. Yeah. Is there a print magazine in the industry?

Andrew: Yeah. There is a couple.

Michael: There is a couple.

Andrew: Yeah. There are two. I don't know what their distribution is. There is one called Ultimate Spear Fishing, but I think they have only put out three or four issues. And there is another one called Hawaiian Skin Diver, which is my personal favorite. They do a great job. But it is much more Hawaii focused. So there is like the whole rest of the world and then there is Hawaii in the spear fishing.

Michael: Exactly.

Andrew: Hawaii is very Hawaii-centric. It is almost like a different planet in the industry. But, still, they publish an amazing magazine with great photos and great articles. And I kind of aspire to be online what they are in print.

Michael: Well, that is great. And I bring up these points, Andrew, because I know you have given it thought and somebody else that has a great domain name that wants to develop out a publishing site, that is the way you do research. You got to look at the number of books there are on the topic. The number of active print magazines there are. The number of websites, blogs,

communities, organizations, discussion forums as you said; those all are indication of how big the pool is. And, to your point, I should do a tutorial of how to actually do advertising on Facebook because it is a remarkable place where you can go and say, "I want to reach only people that are named Andrew in Panama" and you can put ads up on the side of their Facebook. It is phenomenal. So, being able to specify search against interest and bio for spear fishing is phenomenal.

Andrew: Yeah. So, I mean there has been all these knocks about Facebook advertising and that it is not effective. And I could see that it would not be that effective for a big brand like Ford or Gillette, but for my uses, it has been incredibly effective; because, like you said, you can really target a very specific demographic with certain interests. Actually, I am so intrigued. I am not really much of a Facebook user. I am sort of a passive Facebook user. Once in a while, I post things and I will post some cool pictures if I do something cool that I think my friends maybe care about. But, from an advertising perspective, man, I am really, really intrigued. It is actually sort of gotten my thinking about other businesses that are super niche that pertain to specific interest groups that I could launch a website for because I think Facebook is a great and relatively way to drive traffic.

Michael: Definitely. Yeah. Exactly. And just to highlight that point. So, I talked briefly that I bought the domain name of the Island that I live on just outside of Seattle, which the Castello Brothers I have to curse or thank for getting me motivated about buying my geo domain. And there was another group on my Island that had a Facebook Group and they labelled it Bainbridge Island, Washington. They had like two thousand people or something that were liking it. I bought advertising to advertise our area and differentiated it for Bainbridge Island, Washington and I advertised to their group members. It is unbelievable. It is a benefit and and it is a curse because, if you build up SpearFishing.com on Facebook, somebody else can come in and advertise to your people; and you can't stop them, but if you want to try and pull people away from somebody that is established, it is a great way to get onto their feeds.

Andrew: Absolutely.

Michael: Yeah. So, fantastic. All right. So let's jump into this, Andrew. When did you first start developing SpearFishing.com?

Andrew: I would say we really started about one year ago.

Michael: Okay. So you bought the domain name about two years ago and then you started developing in earnest. You might have been thinking about it, doing your researching, doing your due diligence; but you started developing about a year ago.

Andrew: Yeah. I think we signed on the dotted line about a year ago and we hired Tiawood to do the development.

Michael: Tiawood.com. And she is well known in the domain name space.

Andrew: Yeah. She has done a lot of development for other people in the domain space. I think she has worked a lot with Elliot and I don't know who else, but yeah, she has done great work. I think that this was an ambitious project. For her, I think it was probably the biggest project she has done to date. But it was a great fit for the two of us because it was kind of like "It's the biggest project I've done to date" and we both could sort of grow into it together. If you are not experienced in development - and looking back, this is the biggest lesson -, it's hard to know what you want before you build it.

Michael: Right.

Andrew: So that was really the reason I think that it took so long to complete; is the project grew with us. And she did a great job. The finished product, we were super, super happy with. Actually, it is not entirely done. We have launched, but we kind of plan to roll out in like two or three phases. So, we have launched the social aspect of the site. It is full swing. It is active. People are signing up everyday. People are using the forum and messaging with each other. It is fantastic to see.

Michael: Nice. So you decided to do a multi-generational plan. Don't try to eat the whole elephant at one time. Just what do we need in order to launch

phase one and then we will work on phase two; and we will learn from phase one and people like and do not like.

Andrew: Exactly.

Michael: Very smart. Okay. So I want to give the audience an idea of how others built sites and went through the process so they can learn if they want to develop our a site. And you already talked about one thing is being able to define what phase one is going to be and, often times, you do not know what you want until you start developing it. Tia may design something and you may say, "Well, that doesn't make intuitive sense to me. Can we do it like this? And wouldn't it be great if we could do this between members or something like that?" So, you do not know until you are actually in it. But let me ask you a little bit more about the contract with Tia. Was it a firm fixed price based on what your specifications were at a given time, or did you contract with her at an hourly rate?

Andrew: We contracted. We agreed upon sort of a set price to be paid in stages as we hit milestones.

Michael: Okay. So it was a firm fixed price paid out in stages upon completion.

Andrew: Yeah.

Michael: Okay. And then how did you and Tia agree to modify that based on the changes that you said you would want later on? Or was that included?

Andrew: So, most of that was included. I mean I try to be fair in that, if I think something I am adding or changing is outside of the original scope, then obviously we need to compensate the developer for that.

Michael: Sure.

Andrew: But yeah. I mean, probably, if Tia were to go back, she would probably want to redefine the scope of the project more specifically, but

yeah, we, more or less, stay within the broader scope of the project that we originally defined.

Michael: Got you. So, a year of Tia's time developing it.

Andrew: Yeah. She was not dedicated.

Michael: Okay. It was not dedicated. She was doing her own blog. She was doing development for other people. Design.

Andrew: Yeah. (Unclear 23:17.2) other projects in between. Yeah.

Michael: Yeah. Okay. Makes sense. Are you willing to give a rough estimate of how much you spent to get version one live on the website?

Andrew: Yeah. I mean more for Tia's sake, just because I think that she gave me some preferential pricing because this was the biggest project she had done. There was some learning curve involved and I do not think that she would do it at the same price, so I prefer not to share that.

Michael; Okay. Can I ask you if it was over, say, ten thousand dollars?

Andrew: All in, we are probably in that ballpark.

Michael: Okay. All right. So, how did Tia pick the technology that you were going to use to build out SpearFishing.com? And what kind of input did you have from a technology standpoint?

Andrew: So, ultimately, I was presented with a couple of different options and I went to a few of my friends who are either developers or have some experience in developing their own projects. And it was a lot of mixed feedback actually; but, ultimately, we decided to use Joomla as our content management system. And then we did a lot of customization on top of that.

Michael: Yeah. Definitely.

Andrew: And also, SpearFishing.com is a fairly complex site. We have got a lot of different social networking features. We have got contests. We have got a forum. We have got a blog. We have got an article section. People can submit their own articles and there is a whole automated process for them to be paid for their articles and so forth. It is a fairly complex thing. So, actually, I don't know a ton about all the different elements behind the scenes. I know Joomla was the content management system, but I know that there are a lot of other systems that were sort of integrated to manage those other processes.

Michael: Sure. Yeah. And, for those not familiar with Joomla, it is an open source framework similar to WordPress, which more people are aware of because it powers more websites.

Andrew: (Unclear 25:31.9) complex than WordPress.

Michael: But Joomla is more complex. It actually can do more than WordPress and it is much more extensible than, I would say, WordPress.

Andrew: Yeah.

Michael: It is a much more structured framework.

Andrew: But, at the same time, the learning curve is much higher.

Michael: It is much higher than WordPress as well.

Andrew: Yeah.

Michael: Yeah. So it has got pluses and minuses just like WordPress has pluses and minuses. But for those that want to look at it, it is open source. It is free to use. You can download it. You can install it at many different hosts and being using that. So, you worked on it for a year. During that year, there was a - I'm not sure what service you used - service called LaunchRock.com. It allows you to put up a little window on the screen that says we are going to be launching soon; come give me your e-mail address. And I signed up on SpearFishing.com, and I am sure a lot of other people did as well from your

previous interview that you did when we went over it. How many registered users do you have today on the website?

Andrew: So I think we have about -- I don't know offhand. I want to say it is somewhere around two hundred. And so, on a given day, there is generally around four times as many guest members on the site as there are registered members.

Michael: Got you.

Andrew: So we are trying to find ways to convert those guests because those guests are obviously interested in spear fishing; but we want to convert them into registered members. And, obviously, it is free of charge. We just want to grow the community.

Michael: Yeah. Exactly. And get more information from them so you understand their needs so you can maybe sell them something, or offer an affiliate code, or what have you.

Andrew: Yeah.

Michael: So, what are you doing to get more people to the website today?

Andrew: So, as I mentioned before, we are doing some Facebook advertising. We are sort of doing anti-SEO. There has been so many changes with Google recently that I think that nobody knows what SEO means anymore or how to do proper SEO. So, we are going back to the basics and we are just trying to add as much unique and original content that we think our readers want to read. We are trying to drive as much traffic - good quality traffic - as we possible can. I own a lot of other URLs in the space, which is maybe something else we even want to talk about, but we also own SpearGuns.com and Spearo.com. So, for those that do not know, if you are a spear fishing enthusiast, in the community, you are referred to as a spearo.

Michael: Insider information here.

Andrew: Yeah. That is actually my favorite brand of all three. Of SpearFishing.com, SpearGuns.com, and Spearo.com, I really like Spearo. I actually have some cool ideas of what to do with that later.

Michael: So that is Spearo.com?

Andrew: Yes.

Michael: Okay. So, yeah; if you are in the know, then knowing where to go is a cool thing. So, yeah, you could probably do some sort of maybe paid membership or something for people that really get it.

Andrew: Yeah. So we are funneling because all of those names get some type-in traffic, so we are funneling that traffic to the site.

Michael: So do you have links on those other sites to SpearFishing.com, or do you just redirect the traffic?

Andrew: Right now we are just doing a forward. 301. Permanent forward.

Michael: Got you.

Andrew: Permanent redirect. But, ultimately, I think we are going to develop those out into independent sites that are connecting to SpearFishing.com.

Michael: Yeah. Okay. And I should probably clarify. How many weeks have you been live on SpearFishing.com now?

Andrew: I think we are in our fourth week now.

Michael: Yeah. Okay. So, it is very new into the process.

Andrew: Very new.

Michael: So you are looking at, really, you are just gathering data. You are saying we are getting a registration a day or a couple registrations a day that are coming in that are adding to our two hundred registrations. And, really,

you are just gathering data before you actually do anything; because I am sure you are thinking about the same things. I could popup a free PDF download if they register, or I can do whatever; but right now you are just trying to get more traffic and see how they are converting so you can compare later on.

Andrew: Yeah. So, we are also doing a contest. We advertise that contest on Facebook, which was really successful. So, basically, we gave, I think there are eleven steps, and if you register as a user - and I don't remember all the steps, but it was like: like us on Facebook, invite a friend, comment on a forum post; I don't know. There were a few more. And if you complete all those steps, then you will be entered to win a spear gun. So we are going to give away a \$350 spear gun to one member among the first hundred who complete those steps.

Michael: Dammit. I got to get over there.

Andrew: Yeah. So that has been really successful in terms of not only getting people to register, but also to get some interaction on the site.

Michael: Get them engaged. Make sure they know how to do all of those steps. It is a great idea. Yeah. So, who came up with that campaign? Who came up with the idea that we are going to run them through the gauntlet so that they know how to operate everything on the website, know how to interact, and track all of those different things?

Andrew: I think that was my idea, but I do not want to take one hundred percent of the credit because I am not sure. I bounced around so many ideas with so many different people, including Tia who also has had some great ideas about how to engage the community, so I am not entirely sure.

Michael: Yeah. And so, who actually tracks that "I have completed all eleven steps" and that "I'm in the running for that spear gun"?

Andrew: I have the ability to track it but, up to this point, I am sort of just we are on the honor system.

Michael: Yeah. Got you. All right. So, who runs SpearFishing.com? Do you have somebody that moderates and edits the articles that go live, and answers questions, and things like that?

Andrew: So, right now, I am moderating; although Tia is also doing some of that. And I am editing the articles and then, we also have somebody that is doing some of the social networking engagement like updating our Facebook and updating our Twitter.

Michael: Sure. Okay. Makes sense. And so, you just outsource that to somebody that knows all those social media channels, knows how to write content for them and link it back to the article or the discussion forum post, or whatever you have going on?

Andrew: It is somebody in-house. We have somebody that does marketing in-house.

Michael: Got you. Marketing in-house for SpearFishing.com or MediaOptions?

Andrew: MediaOptions.

Michael: Got you. So she works across multiple websites that you own.

Andrew: Yeah.

Michael: Great. All right. So let's talk about the business plan for a few minutes. I see Google AdSense being displayed across the site. Is that the only revenue that you are generating or that you plan to generate revenue from?

Andrew: Yeah. I mean, to be honest, the Google AdSense; I almost would prefer to take it off, but it is sort of a placeholder for now. Ultimately, we want to get, let's say, two or three really heavy hitter advertisers to advertise on the site. And my goal is actually not go to within the spear fishing community; my goal is to bring in some really heavy hitters like Ford Trucks, or Gillette Razors, or somebody who is going to be really interested in our

demographic. So, back in 2001, SpearFishing.com was a forum. It was just a pure forum. Nothing fancy. And it was a top ten thousand Alexa rank website. So it was getting some major traffic. So that was also when I bought it. One of the reasons that I was so ambitious about it is that I thought, 'Wow, there is a market here. If this was a top ten thousand Alex rank site looking like it did, then there is a lot of traffic here'.

Michael: Yeah. And probably a lot of organic backlinks coming in that are still valid today from the early days.

Andrew: Not a lot of backlinks. I mean there is a decent amount, but there is not a ton of backlinks. But it was more so that I just saw the potential to garner that traffic. And I actually did quite a bit of research and hired some people to do some research into the demographics of the spear fishing community. And that is really interesting. I am just kind of pulling these from the top of my head, but our demographic is like seventy percent are between the ages of thirty-five and forty-five. Something like seventy or seventy-five percent of the spear fishing community earns over a hundred and twenty thousand dollars a year.

Michael: Wow.

Andrew: I think it is like seventy or eighty percent have a college degree. Forty percent have a post-graduate degree. It is a really interesting demographic. I think it is like eighty percent male; twenty percent female.

Michael: So, highly educated. Highly affluent. Targeted age. Mostly male. So, advertisers who want that demographic, it is key.

Andrew: I mean that is a demographic with some serious buying power.

Michael: Right.

Andrew: So I think it is a really interesting demographic. I have not focused on any advertisers yet because I think I would be underselling myself at this point.

Michael: Yeah.

Andrew: Once we get up to a more appropriate traffic level, then I would like to go out and talk to some of the advertising agencies and see if we can find a couple of people who really can appreciate that demographic.

Michael: Yeah. No. Definitely. That is smart. So you have got the advertising sort of as just a block placeholder. That if it takes a year, let's say, to build up the traffic so that you can go out and sell the demographic and enough traffic, people know there are going to be advertising on the site. It is not like no advertising now and then you advertise it later.

Andrew: Exactly.

Michael: You are setting the expectation and making a few bucks along the way. Although it is probably not significant yet.

Andrew: Yeah. I think we earn about five or ten bucks a day with the Google AdSense. And then, also, down in the bottom right-hand corner, you will see where we are marketing some products; and that is just basically through a Shopzilla feed. So we are also earning about the same amount with Shopzilla on a PPC basis with marketing those spear fishing products. But, ultimately - so, our phase two roll out -, will be the full Ecommerce integration. And so, right now, we are evaluating a couple of different Ecommerce platforms and trying to decide exactly how we want to integrate it into SpearFishing.com; or, alternatively, launching a separate Ecommerce site on SpearGuns.com and leaving SpearFishing as the sort of social networking site.

Michael: Right.

Andrew: So that is a decision that is yet to be made. But phase two involved the Ecommerce rollout; and we have got a killer partner in California who is licensee of all the major brands that we want to market for the United States, and they have already agreed to do drop shipping for us.

Michael: Oh awesome.

Andrew: And we negotiated some very attractive terms. I mean I am super, super, super pumped to work with this guy.

Michael: So you need to build up the traffic so then you can launch the Ecommerce then, you can make the higher profit margins. Because we just talked about AdSense and we talked about your affiliate links, and you are probably, just like Amazon, making two to five percent on affiliate links; but as I did in a previous interview about three weeks ago, drop shipping can have enormous margins. And if you have never heard of drop shipping or never discovered what kind of margins you can make on drop shipping, go watch that interview on How To Create A Drop Shipping Website because the margins can be anywhere from ten percent up to fifty percent depending on how close to the manufacturer you are. You deal with customer service. You do not take any inventory. You take the money. You pay the manufacturer. It is a great business model.

Andrew: Absolutely. So I am really, really excited about that. I mean I think, ultimately, that is where the money is for the website. Actually, I think the advertising; if we find the right advertising partners, I think there is also some pretty significant money to be made there. And I think it can be a win-win for us and the advertiser, but, ultimately, the Ecommerce is where I see the real revenues for this site.

Michael: So, phase one, which you have launched, is the social community. Build up the traffic. Build up the registrations. Build up the traffic.

Andrew: Build up our goodwill. It is really build up our goodwill. Build up the community. Build up the trust with the community. Show them that we are really in this. We are trying to make something that is awesome for them.

Michael: Right. And then, phase two will be an Ecommerce component. Maybe a drop-shipping component. And then, what do you have envisioned? Of course everything is going to change between now and when you do that, just like everybody else that builds out a community, but what do you see maybe down the road after Ecommerce?

Andrew: So, once we launch our Ecommerce component, we want to actually start sponsoring some of the major tournaments. Like the World Championships actually just took place.

Michael: Oh wow.

Andrew: The US National Championships just started yesterday in California.

Michael: I didn't even realize there was competition. So, like surfing, you go out and have a certain amount of time in the water, and you got to catch some waves. You go out in the water with a spear gun and whoever catches the biggest fish?

Andrew: So it is generally done on gross weight. So, usually, these tournaments are over a couple of days. And you have teams.

Michael: Oh wow.

Andrew: And you get sort of point scores for different species. The harder to get species have a higher point score.

Michael: Wow.

Andrew: And then there is also point score based on the gross weight of the total catch. I mean when you get into it, when you look into it, it is really a fascinating sport.

Michael: Yeah.

Andrew: And these guys are admirable. I mean I am an amateur. Some of these guys are going down for seven to eight minute breath holds and they are shooting monster fish. I have a friend here in Panama who is from Louisiana. He is a machine. He goes down for like five minutes and this guy shoots like two three-hundred-pound fish.

Michael: Oh my God.

Andrew: He just showed me a picture of a two hundred and seventy pound yellow fin tuna that he shot.

Michael: That probably weighs more than him. He is probably not two hundred and seventy pounds.

Andrew: That is double him.

Michael: So he shoots it; he has got to shoot it in the head because, if he doesn't kill that thing, it is going to take him out.

Andrew: Yeah. And I mean ride of your life.

Michael: Yeah.

Andrew: So, when you are shooting big fish like that, it is a whole other ballgame. I mean, basically, you have a large buoy up on the surface with a line attached to your gun. So it is basically shoot the fish, let go of the gun, try not to get tangled in the rope, go back up the surface, and then chase the buoy with the boat.

Michael: And then haul that thing up to the surface.

Andrew: Yeah.

Michael: Wow.

Andrew: (Unclear 41:45.0) multi-hour process.

Michael: So, just for the environmentalists and the PETA fans in the audience, you eat everything that you shoot right?

Andrew: And that is like the moral of the sport; is shoot what you are going to eat or what you are going to give to your friends and neighbors.

Michael: Yeah.

Andrew: But that is what is great about it. I mean there is a lot of pushback from environmentalists and Animal Rights people. And whatever. On the surface, I can understand that; but look at the sport. Look at the foundation of the sport. And there is obviously, like any sport, people that abuse it; but the vast majority of enthusiasts in the spear fishing community are there to shoot what they eat.

Michael: Yeah.

Andrew: And unlike normal fishing where there is by catch, you don't know what you are going to catch. And you are sitting in a chair, you cast a line, you are waiting for something to catch on and then you reel it in. I mean, listen. I have been an avant fisherman my whole life, so nobody should be offended, but it is not a sport by definition in terms of the physical necessity.

Michael: Right.

Andrew: Now, granted, reeling in a two hundred and seventy-five pound tuna from a rotten reel is a lot of physical necessity, but you get my point.

Michael: Yeah. Definitely.

Andrew: Whereas with spear fishing, really, you are out of your zone. You are underwater. You are holding your breath. In my opinion, the fish has the advantage. So it is really like you against the fish. It is really true hunter-gatherer. Really, I love it. I think it really goes back to our roots. It is really a true sport.

Michael: Yeah. And I'm not a big scuba guy, but i have gone a couple times. And it is probably because I am such a novice at it, but when I get in the water and I go down deep and I see a shark, it is clear that I am not the king anymore. That I am in somebody else's territory.

Andrew: Yeah. You have no advantage.

Michael: Yeah. And I am sure it is the same way with people that want to go out and shoot elephants or what have you. But you know, that elephant is a big animal.

Andrew: Yeah.

Michael: All right.

Andrew: But the elephant you can shoot from a long distance with a riffle.

Michael: That's true.

Andrew: With spear fishing, you have to be in real close proximity to shoot that fish. We are talking a maximum of like fifteen to twenty feet. Absolute max.

Michael: Wow.

Andrew: So, it is a sport. There is no question about it. You are out of your element. You are in their element. And they have the advantage.

Michael: Yeah. All right. So I want to talk about the brokerage business. I want to talk about your Rosener Equation. I want to talk about a couple of websites that you have developed - one you have sold and one you are developing. But first, before we move on to that, SpearFishing.com. I think I have gone over all my questions. We understand who you are targeting; how you are reaching them; how are you are marketing; how you are tying in social media; what you game plan is for the near future and long term growing the revenue; how it is a passion of yours and you love it, so you probably want to do more because you want to learn more about it. Cool. I think we are set on that. All right. So let's dig into the Rosener Equation because I get a ton of e-mails from people saying, "Hey, I bought this domain name. Did I overpay?" or "Mike, I thinking about buying these domain names"; and I am more than happy to answer questions. Clearly, I am not an expert. I defer to the Sherpas that come on the show and I say to most of them that are actually buying premium generic domain names as we have defined them - not brandables, but generic ones -, "Go lookup the Rosener

Equation. Watch your video from the last time. Then go read the article that we wrote up from that because there was a lot of clarification that happened after the video". And so, today, you said that you wanted to talk about the Rosener Equation and how that has changed from the last time you came on the show. So, we wrote this article on July 17, 2011, so it has been about a year that this article has been up that you will see in the number one position on Google if you search for the Rosener Equation.

Andrew: We need a name change for that.

Michael: No. No. No. I love it! Like come on. Who gets an equation named after them? So, it is basically $A \times B \times C \times D$. It is the exact match monthly search volume - and we show you how to do that via Google - and so, we say US if you are in the US, global if you are looking at the Global. The average cost per click from Google, so you got to understand the bias associated with that. So, it is times the click through rate, which we were using as thirty-five percent. So you multiply it by .35. And then, the payback period. This is an investment. You may want to flip it. You may want to keep it long term for development. We assume twelve months here. How have you modified this equation from a year ago, Andrew?

Andrew: So, I mean the foundation of the equation, more or less, stays the same. What we have modified is, essentially, what is the market paying. The economy is not so hot, as everybody knows. The domain reseller market is slower than a year ago. And there has just been significant Google algorithm changes in the SEO community. So, taking into account some of those factors, we have shortened the payback period and we are taking a multiple in terms of the amount of traffic that you can expect to get from Google from being in the number one place in Google. And based on a lot of feedback that I have had from some people in the SEO community and people that are really developing sites for some of these competitive keywords, there is so much more involved to get a site ranked number one for a competitive keyword. So, basically, we are taking sort of the competition into account. So, if it is like a highly competitive keyword, we are sort of knocking that down from twenty-five percent of that traffic down to more like ten percent or fifteen percent. Now, if we are talking about something, like when you are looking up in the Google Adwords Keyword Tool, it tells you the

competition level - whether it is high, medium, low, and there is a bar graph. And we are taking that into account. So, at the high end, it is twenty-five percent. And that is for like a low competition keyword where it is probably not that difficult to take your generic domain name and rank for number one. But if you are a high competition keyword vertical like mortgages or insurance, then it is probably better to adjust that down to ten percent, or twelve percent, or fifteen percent.

Michael: Yeah. Okay. That makes sense. So you are adjusting the estimated click through rate assuming it can get to the number one position down to fifteen percent if it is highly competitive. You are adjusting it down from thirty-five percent, listed in the article, down to twenty-five percent just to bring it back in check with the market for low competitive keywords. Makes sense. Payback period of twelve months. Are you still keeping twelve months, or now are you adjusting that down as well?

Andrew: No. Sorry. For the most part, we are keeping it at twelve months.

Michael: Okay.

Andrew: Now, the thing that we never sort of took into account - and I believe we did mention it in the last interview - is that there are a ton of other factors that ultimately go into the final number of this valuation, right? And it is just impossible for us to discuss all of those different factors, but sort of each domain has different variables. Depending on the domain itself; depending on the market; depending on the vertical. But some of those variables that we sort of could discuss or are common across all domains are like how many words. So, I have had many people e-mail me after that interview with a five-word domain name and, yeah, that domain has fifteen thousand exact match searches in Google but, just because that name really has zero brand factor, you kind of have to discount it. So, if your domain is five words, even if it has the same amount of search volume as that domain that is one or two words, it is just going to be worth significantly less. And I am not exactly sure what factor to put on that specifically, but it needs to be handicapped.

Michael: Yeah.

Andrew: And then, by the same token, if that domain name is easy replaceable - so, meaning that there are, let's say, other keyword domain names with similar search volume, similar CPCs, and the same vertical. If there are many other options available to a developer in that space, that also handicaps the value of your domain name.

Michael: Right. So, clearly, as you get to two, and three, and four, and five-word domain names that becomes the case, but there is only one SpearFishing.com. There is only one way to define spear fishing. So, I know everything over hand registration is defined as premium. So, we need to talk about industry defining, category killing domain names that are general like a single-word SpearFishing, Loans.com, CheckingAccounts.com. Defining. You can't define that in a single world.

Andrew: Yeah.

Michael: This is the formula for that. And if you look at more words, then you need to factor in are there other phrases that get the same search volume, target the same audience, have the same cost per click; and if there are, then that devalues the outcome.

Andrew: Yeah. As you get lower down the totem pole in terms of keyword value for any particular vertical, I think that the handicap that you apply to your valuation needs to be increased.

Michael: Yeah. Okay. That makes sense. So maybe we even need like another factor - E - on this formula. $A \times B \times C \times D \times E$; and E is: "What other factors can reduce the value?" And so, one of them is how many word are in there? How many other options are there for that word? What other things? I can't remember back to the original conversation. What other major areas are there, Andrew, that would cause you to think that a domain name might be devalued from what comes out of just four factors?

Andrew: The age of the domain name is definitely a factor. They can influence whether the value should be higher or lower. Obviously, older domain names have more value. The number of organic backlinks. Clean

backlinks to that domain name can certainly increase the value of that domain name; but, at the same token, sort of a spammy backlink profile on a domain name certainly devalues a domain name. What are some other factors? Okay. So, some of these exact match keyword domain names also have the brandability factor. And that would significantly. So, if you have got search volume - generic search volume - and brandability, that is going to significantly increase the value of that domain name. Like SpearFishing.com, for instance. Yeah, we have got an exact match domain name. It has got exact match search volume. CPC. We can plug it into the formula and come out an evaluation, but at the end of the day, we have also got the category-defining brand. And I think like the Castello Brothers also always talk about that. And I don't remember on which blog it was, but there was some feedback. It might have been on your blog. There was some sort of feedback maybe pushback against my valuation methodology and that it did not take into account the brand value. And I think that there is something to say for that. My problem with that is simply that my whole premise for coming out with evaluation methodology and publicizing it in this way, and sort of getting up on my soapbox, was that I think it is important. I think that it is important that we have a methodology that is generally accepted. I think that it is critical for moving the industry forward. So, I think that it is hard to put a metric on brandability and brand value and so, for that reason, I have left it out of the valuation up to this point. I mean I welcome anybody who can come and say, "This is a way to add another factor to the valuation based on value".

Michael: Right. And at the end of the day, we are trying to come up with a blue book formula for selling something. And I could probably go to Kelly Blue Book and I can lookup a Rolls Royce from 1970 and it was a three hundred thousand dollar average value. I don't own one, but I may own one and I may be the only one in the Puget Sound Region that owns one and so, I am not going to sell mine for three hundred thousand because it has more value to me than that.

Andrew: Yeah.

Michael: I may say it is four hundred thousand. People may say, "Well, you're crazy. You're clearly over evaluating. You're not in touch with reality". Whatever. It is mine. I own it. I am not going to sell it.

Andrew: That is freedom of free market capitalism.

Michael: Right. Exactly. So what you are doing is you are providing a base methodology that people can look at and have a discussion around. The factors are defined. It uses Google information. Some of which may be outdated; some of which may updated.

Andrew: Yeah.

Michael: It allows you to now say "I'm not just putting my finger in the air. I'm not just using an online calculator where I don't get to see all the factors that get evaluated. I'm looking at this is how I'm evaluating it. Let's have a discussion about these factors and why I think they are important to the valuation".

Andrew: Yeah. And one thing, also, that we need to remember is that the formula assume liquidity, okay? And what I mean by that is that we are assuming that we have a seller who wants to sell at a fair market value and a buyer who wants to buy and is willing to pay a fair market value. Just because you plug your domain name into the formula does not mean that there is somebody out there willing to pay that price. Right?

Michael: Right.

Andrew: But we need to start somewhere. We need to establish evaluation methodology. And, so far, nobody has shown me anything that is a better manner of doing so.

Michael: Hey, I have been using this for over a year. I have adjusted down the estimated click through rate myself because I know, from a search engine standpoint, how hard it is to get to the top point; but I when I bought some domain names, I use this. I evaluate it. I go online and I look at those valuations also, but I compare them all. I know what goes into this. And I think it is a fair way to estimate the value; and I have done a number of transactions as a result of it. So, people can go out and use whatever they want. It is good to come back and provide constructive feedback, but, like

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Rich Schwartz said, if you got a complaint, there is a complaint department for that; if you have something to contribute, we want to hear that.

Andrew: Absolutely.

Michael: As always, if you have a follow-up question, please post it in the comment below and we will ask Andrew to come back and answer as many as he can. If people want to follow you, Andrew, you are on SpearFishing.com. They can follow you on Twitter at @SpearFishingCom and also like you on Facebook - SpearFishingCom. Media Options. Are you on Twitter for Media Options also? I think you are.

Andrew: Yeah. I am pretty sure we are Twitter.com/MediaOptions.

Michael: Great. And I will link through to that so people can follow your latest on there.

Andrew Rosener, CEO of MediaOptions.com and Founder of SpearFishing.com. Thank you for coming back on the show, sharing your knowledge of community development, domain name valuation, and thank you, again, for being a Domain Sherpa.

Andrew: Thank you, Michael, for the opportunity. It is always a pleasure.

Michael: Likewise. Thank you all for watching. We'll see you next time.

Watch the full video at:

<http://www.domainsherpa.com/andrew-rosener-spearfishing-interview/>