

From Brandable to Exact-Match Geo Domain Making \$1.5M Per Year - With John Colascione

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I often say to my students at DN Academy, "do you know why I don't have a lesson on geographic domain names? It's because I can't find the story of a business model that works to share." That's tough news, but today we're going to talk to someone who has a great story to tell. Stay tuned.

I have three sponsor messages before we get into today's show.

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

I often tell my DN Academy students that there is no lesson about geo domains because I cannot find someone operating with a business model that

works. Sure, there is Vegas.com that is killing it and maybe a few other big cities, but what about all the rest? Surely there has to be some large cities that are doing well, making money, serving their local residents. Today we are going to hear one of those stories.

I am pleased to welcome John Colascione, CEO of LongIsland.com. Welcome to the show, John.

John Colascione: Thank you, Michael, for having me. It is a great pleasure to be on with you today and I appreciate the invite.

Michael: So, let me ask you a few background questions, John, so we can get an idea. LongIsland.com. How many unique readers does LongIsland.com reach per month?

John: 450 thousand on a monthly basis and usually averages around five million per year.

Michael: Wow. Okay, 450 thousand per month, so that is a massive audience. And we are going to get into the whole Long Island network that you run, but is that just LongIsland.com or is that the LongIsland.com network of websites?

John: It is actually just LongIsland.com. Long Island is a giant place. Very huge region, and so that particular number is just for that site: LongIsland.com.

Michael: Now, what about the whole network?

John: The whole network is reaching about a million per month.

Michael: Wow, per month. Awesome, because I know a lot of people are watching. They are like well, like myself, I own BainbridgeIsland.com, the town that I run, and we get 15 to 20 thousand unique visitors per month. We are talking about a big difference here. 450 thousand. And what is the population of Long Island? Just to set the stage.

John: Long Island is a very unique place. You are talking primarily Nassau and Suffolk County, but when you consider the physical Island, the shape of the Island and what it represents, typically you are including Brooklyn and Queens County, which is part of New York City. And it is so relevant to the area that even when you are reading and researching about Long Island, Wikipedia and other resources mention Brooklyn and Queens a lot, and that population number is somewhere around 7.5 million people in these four counties, which make up the physical Long Island. So, we are talking about a big population, and that is a huge contributing factor to the traffic.

Michael: Yeah, and that is just the people that live there, and you also have additional people - tourism -, and you also have people that come in there on a daily basis for work and then go home into the different cities.

John: That is correct. A lot of travelers. A lot of people working here that live out in Jersey and Manhattan. You have got Staten Island and Connecticut. It is just a ferry ride away. It is also very close by traveling bridges and tunnels and things like that. So, a lot of people coming from those areas, and tourism is huge here on Long Island. You have got Fire Island. You have got Montauk Point, which is very popular. The Hamptons, where people come from all over the world. And then the proximity to New York City. I mean you have got it all here. It is a very unique place.

And what is even more unique is that there is no actual government body that represents Long Island because it is not a city and it is not a state. It is like a region. So, it is very unique.

Michael: Yeah, all right. So, if one of the watchers of this show types in LongIsland.com, what kinds of revenue streams can they expect to see on the website? What are your major revenue streams?

John: The major revenue streams are ads, which is of course similar to a lot of publications. We have Google advertising. We also have a lot of direct ad sales. The site has been around for 20 years, and we have a long list of customers. So, you will see both ads being served by the double-click network, which are both ads of ours scheduled and timed, and then there is also AdSense filling in the gaps. We have some partnerships. We have a

small partnership with NewYork.com with some Broadway shows and things like that. Primarily it is direct ad sales and AdSense.

Michael: All right, so ads. Ad revenue is not completely dried up.

John: No, it is not dried up. I mean believe me it has changed greatly, and everyone watching this show will know and we will get into a lot of those things, but that is it. That is what is driving.

Michael: Yeah, so basically you are using ads and you try and direct sell to companies that are in the Long Island area, and then for those that you cannot sell for a month or a week or whatever the case, then you will use Google ads to fill in the gap with targeted ads that they may be showing or some of those local companies that may have come in and purchased advertising on a cost-per-click basis through Google.

John: Google AdSense unfortunately is not what is used to be. I used to prefer to have AdSense as much as possible and now it is really just a backup.

Michael: Yeah. So, how many salespeople do you have pounding the pavement in Long Island area to sell ads?

John: Well, right now we have three full-time ad salespeople. It is not enough. We need more. We are going to be hiring more sales staff. So, we have one that is primarily here in the office and we have two that run around on the outside.

Michael: Got you. And what do you anticipate your revenue to be for 2016?

John: 2016. We are doing about 1.2 right now. I do not know what it is going to look like at year end. As far as 2016, it is probably going to be like 1.5 maybe. Maybe higher. I do not know because we are coming to the end of the year here, so we only have a few more months.

Michael: Yeah, so you are at a 1.2-million-dollar run rate for 2016, but you might be 1.5.

John: The last time I thought about it, it was about 1.2 and I think that was like a month or so ago, so I am thinking we have got a few more months to go. I do not know. Maybe 1.5

Michael: Yeah, and we are going to get into why you are recently, within the past six to nine months, the CEO of LongIsland.com. So, can you compare to previous years? Do you expect this to be a growth year or is it sort of a flat year?

John: No, it is absolutely going to be a growth year. I did just take over LongIsland.com about eight months ago, but it is definitely a growth year because everything we are doing is growing. So, there are a lot of contributing factors to this. We have a lot of new products. I am changing a lot of things that we are doing for the first time. We are meeting with Staples in the Long Island community. Banks. We are going to be rolling out three sponsors of LongIsland.com. Something that was never done before, where LongIsland is going to be brought to you by three major corporations. I am talking with several corporations now.

There is a lot of new things that we are coming out with, so it is a big year.

Michael: Awesome.

John: It is going to be a big year.

Michael: Nice. All right, I am going to ask you about those, but let's go back in time. Now that we know how big the area is, how many people LongIsland.com and the network serves, and what kind of revenue you are generating, that sort of sets the stage for us to dig into the details now, John, and see how you have developed this over time. Before you got into anything having to do with publishing Long Island related, what were you doing?

John: That is very interesting. I was driving a truck as a commercial truck driver. That was about 15 years ago. I did not know anything about the Internet. I believe I was one of those people that turned on the computer and it said, "You've got mail," and it was AOL.

Michael: So, it was right around 2000, like Internet bubble burst, and you were driving trucks, and that as the time period and you were using AOL mail.

John: I hurt my foot. I was out of work for about six month. I started dabbling with eBay. I was selling things on eBay. I knew nothing about the Internet. I took a quick class at Hendricks Institute and did some learning about Microsoft and stuff, but it just grew from there.

Michael: Yeah. And then how did you get involved? Your first website that you launched was LongIslandExchange.com.

John: That is correct. I knew about LongIsland.com, so I just came up with a website called LongIslandExchange.com, and that was the guide to everything that is Long Island. And that was going to be my Long Island site about the area.

Michael: Why did you think that was going to be a good idea? What gave you that idea to come up with Long Island Exchange?

John: Well, there were two reasons involved. My older brother had a website about the '80s and everybody that was interested in the '80s. It was called The '80s Exchange, and I think it is still around today. Not as big as it used to be. It is a forum. And I thought hey, that is a great idea. The '80s Exchange. What about an exchange for people that live on Long Island? How about Long Island Exchange? And there was a club on Long Island called the Long Island Exchange. It was very popular, but it went out of business many years ago and many people remember it. So, it was just a good name and I did a search for the domain name and it was available. I could not believe it was available, so I just took it and that was it.

Michael: Nice. And what did you expect to offer? The '80s Exchange. It strikes me as sort of like a discussion forum for everything '80s. I loved the '80s. I was a child of the '80s. What did you expect to be on Long Island Exchange?

John: Well, I thought that maybe it would be a forum for people that lived on Long Island. I had other ideas. I looked at LongIsland.com and they were kind of publishing like guides of things to go and do, list of businesses and things like that. So, I figured I would just start building a directory. At that time, directories were still kind of an interesting idea.

Michael: They were.

John: So, that was what I started doing.

Michael: Yeah, so you just started building a directory. It is almost like a Yellow Pages for Long Island.

John: Yeah, at that time it was like a Yellow Pages for Long Island. Google started becoming popular. This was, I believe, around 2002, and search engine optimization was extremely easy and I would make pages. And I think Google ads were out at that time and I would make business directory pages, and my wife would go to bed at like eight 'o clock at night and I would be sitting there, building business directory pages. And six 'o clock in the morning she would wake up. I was still there, building these business directory pages because I realized that the more pages I had, there was more ads, and then they would come up in the search engines and then I would make more money.

So, I just was spending weeks, months, and years building directory pages until, years later, I eventually hired someone to build the directory pages, but I did it myself for a very long time.

Michael: You did it yourself and you learned about search engine optimization on your own, just through the Internet, or did you take a course?

John: No, I learned primarily through forums. A lot of big forums that people remember, like SEO Chat was a big one. Digital Point was a big one. DNForum, which unfortunately seems like it is gone.

Michael: It is.

John: NamePros. There was a lot of good forums out there.

Michael: I love that hustle, John. I think a lot of people think about building out websites and they are not realistic. They write a few articles. They put up a few pages. Nothing catches hold and then they give up. When I launched my first media company, I did exactly what you did. You work every single night after your day job, after the family goes to sleep. You are building pages. You are building systems. You are investing in the future. And what you got back after all that investment and love for the topic is some Google love, which then brought you up in the search rankings, which then drove more traffic to your website.

John: Yeah. Well, I learned a lot as I went, but the number one thing you want to do is never give up because it is usually always right when you give up you were just about to hit it, and so you have got to stay at it and just be relentless and just keep going, and do not listen to anybody because I had a million people that told me, one, they did not what the heck it was that I did. People probably still ask me today. To this day they do not understand what I do, but they never understood what I did then, they do not understand what I do now, and there was not a whole lot of believers.

And someone recently asked me. I had a new project. Someone recently asked me. I was going to get them involved and they said, "But what happens if it does not work," and I said, "What do you mean what happens if it does not work? It is going to work because I am not going to stop until it works." So, that is the attitude you have to have. You are going to make it work and it does not matter who says you are not going to do it or whatever.

Michael: And you know how to guarantee that it will not work. Do not do it because of all the naysayers.

John: Exactly.

Michael: So, it started off with zero traffic, John.

John: Zero.

Michael: And then you started adding pages and adding more pages, and Google saw that you were adding more pages and then they started to index your website more often, and then they started to visit and you started showing up higher in the search results and you started to get more traffic. Do you remember any major milestones in building Long Island Exchange that like wow, we just hit ten thousand unique visitors per month or we just some other milestone? Do you remember any of those significant?

John: Well, you know what. I remember the revenue that we were making at Google. That I remember because I remember at one of the highest times, and this is the point I was practically like living off the revenue that the site was making. I think it started to reach around six or seven thousand per month in Google ads.

Michael: Wow.

John: And I was able to entice some investors into the website, and I remember that because there was substantial time in the business existence that we actually incorporated the company Long Island Exchange, Inc. and it was starting to become a business. It was really going from some cool, little website thing that was making money to a business.

Michael: So, what was that year? How long did it take you?

John: That was about 2006 or 2007.

Michael: So, you worked on it for basically six years in order to get it to the point where it was generating about 100 thousand dollars per year, and then you were like now is the time to double down. I am going to bring in some investors, take some investment and grow it faster. Does that sound fair?

John: You know what. I really wanted to recoup some of the money that I was spending on the website because I was really an animal spending money on the website. I was reinvesting a lot of the money that came in, in the business, and I ran up a lot of credit cards and I just put everything I had into it, so I really needed the funds. Like a lot of people that take investors, a lot of times that is what they need. They need fuel for the fire.

Michael: Yeah, definitely.

John: And I was not going to give up, I did not want to stop, and I wanted to just keep doing what I was doing. So, I had a business model, it was making money, and I was in a position to do that, and so yeah, incorporated the business. A couple other people got involved.

Michael: How much of the company did you sell?

John: At that time, because I eventually sold almost the entire company. At that time, I sold very little. I think it was about 15 or 20 percent at that time.

Michael: Okay, and basically you were saying we are on this growth curve.

John: Yeah, they did fine. They doubled and tripled their money.

Michael: Nice.

John: So, they were very happy. I still do business with them on other things today. I am very, very happy. One of the best things they ever did.

Michael: Nice. So, you took some money. You took some money off the table. You gave them a portion of the company. And then what happened next? Did you just continue taking the money that was coming in and growing the website by adding more content on a regular basis?

John: I did do that. Well, filling in something I was thinking about before, you said about six years running the website until I got to that point. I remember it was a couple years I was doing it on the side, a couple years I was working part-time and doing the website, and then eventually around that point I was just doing it full-time.

Michael: I am glad you clarified that because entrepreneurs do not necessarily have to quit everything in order to go all in, and it is tough during those first couple of years.

John: Oh yeah, I was multi-tasking. It was tremendous. The amount of work I put in is really just insanity really.

Michael: So, then you take some money off the table and your growth is still strong. What is the next major milestone in the business? What is the next major offering or how does it change?

John: Well, we continued to grow the business. We continued to grow the business for another few years. I think it was until about 2010, and then, at that point, I had been running the business for like eight or nine years and I was getting tired, so I decided to sell the majority of the business. So, I sold the majority of the business and I took a back seat for a few years. And with that sale I paid off the other two guys that were initially involved and got them out. So, they had already made their money or three times their money and then I finished them off with a final payment.

Michael: Nice. And how did you go about selling Long Island Exchange at that point? Did you find a broker? Did you know of somebody that wanted to buy it? How did that work?

John: I was looking around for someone to buy it, but I never got the number that I really wanted, so I wound up just selling the majority of it and I could just keep a little bit just in case. And a friend of mind had had an interest and he had a business that he was trying to grow, and he took over. He bought the site and used. Put ads all over it for his business and all that type of stuff for two or three years, until he was not happy with the turnout and he asked me to come back.

Michael: Got you, so the website was not growing. What was the issue with it?

John: It was continuing. The website was just continuing. At that point, we had some journalists running around, doing news stories. This was still a good time in the Internet. Content was still working out very well. The business still had sustainable Google AdSense revenue. It was still selling ads. He was dabbling with a couple salespeople, but it was not growing and he was getting tired of it not growing, so he asked me to come back. I

increased the remaining interest level that I had a little bit, come back, and start to get it to take off again. And at that point, I started building a car program.

Michael: And so, what year was that? Was that 2012?

John: I think that was about 2012. Yeah, because I think the sell off was around 2010. Then 2012. Yeah.

Michael: So, when you came back in, in 2012, and you took over the reigns again, do you remember what the traffic of Long Island Exchange was at that time? Was it 100 thousand? Was it ten thousand? Just the order of magnitude.

John: It was still pretty good. I believe that website at the time was a pretty busy site, but it was not that big of a deal. I think we were doing - oh man, this is hard to remember - maybe like 100 thousand visitors per month. I think it was 100 thousand visitors per month or something like that.

Michael: Okay, so a decent number, and you came back in and you took over the operations, so now you are in charge of which reporters and which advertising streams and things like that and your first idea to grow the business was to come out with a car program.

John: Yeah, at that time, Google was starting to squeeze up a little bit. We were starting to notice a change. And I believe this was around 2012 to 2013. That is probably when we started to get all this crazy Panda, Penguin craziness start going on. So, I could kind of see that the business was kind of threatened. I was starting to get a little bit worried and my partner at the time owned a car dealership, so that gave me a little insight on the automotive business. And real estate and automotive was always what I saw the newspapers doing really well with, and I was always trying to be a news publisher. Having these news stories and all that stuff.

So, a light bulb started to go off and I said this may be an angle to explore.

Michael: Yeah, so how did you explore that? How did you gather enough information to figure out that there was a potential product that you could offer there?

John: Well, I started poking around, trying to figure out what other website portals that were dealing with cars was doing. I hired a salesperson that had a background for working for a major automotive website and it started to be put together like that. I had an insight on the sales perspective of what people were buying and what they were interested in.

Michael: And you developed a platform called LIUsedCars.com.

John: Well, I actually built the car section on LongIslandExchange.com. That was how it started. So, LongIslandExchange.com had a car section, and we ran that for a while and started to get dealers interested. And I was utilizing Craigslist and other venues, where I could advertise the cars, and I was combining it into a little car-advertising package and Long Island Exchange had a car section. And it worked pretty well. Eventually we bought a good domain for it.

Michael: So, when you started the car section of Long Island Exchange, did you go to the different car brokerage dealers and say we will list your cars for a flat fee and then send you leads, or did you say we will promote your cars and then just click them back to your website, or was it like a dealership package? What was the original offering that you put together?

John: It was a dealership package, which was situated a lot like other automotive websites, where you pay one price, we advertise all the vehicles, and the price depends on how many vehicles are on the lot. So, if you have a 25-car lot, you have a 25-car price. And we are talking like hundreds of dollars, like three hundred dollars per month or four hundred dollars per month or five hundred dollars. Something like that.

Michael: So, if I have 25 cars on my lot, you come to me and you say Mike, we will take all 25 of those cars and put them on LongIslandExchange.com/Cars let's say. And then, as people browsed

through them, did they just click through to the website or did they fill out an interest form?

John: Well, we got really involved in the way we do this. The cars. From the ground up, I started to really build a very, very extensive program. The cars come in overnight via each dealer's data provider, and we basically do exactly what Auto Trader and Cars.com pretty much do. I mean we syndicate the inventory. We are not talking RSS feeds. We are talking about the data comes in. It is logged into a database. We are assigning tracking phone numbers to it. We are assigning email addresses. Leads, whether it comes in through the phone or the email, it all comes in through our system. It is logged where it is going and who it belongs to. It is dispatched out. Everything is labeled.

Their ROI is quantifiable. Dealers can see that it is working and what they are getting out of it. A very vast program.

Michael: Wow.

John: There were other competing publications that were much larger than Long Island Exchange. Honestly, Long Island Exchange is like a little, dopey thing that was not really taken seriously. We had stuff like Long Island Press, which was a very developed newspaper that wanted to get into cars. Could not do it. Just could not get a platform off the ground. This was a very, very complex system that we put together.

Michael: Yeah. And was it complex from the beginning? Did you decide that there was an opportunity and that you were going to build it from the ground up, or did you sort of bootstrap it and say give me an Excel spreadsheet of all the cars you have and I will, every night, put them in and list them for sale?

John: Well, there were times where we had to improvise. I mean there were dealer accounts that we were not as advanced as we are now, so there was times where I had a dealer maybe asking for us to do something specific that I could not do because I just did not have the programming capability to do it. And we would be posting cars automatically and setting up feeds. Instead of the server running it once a night, I had to actually upload the file every day in the morning when I woke up at six 'o clock in the morning and upload the

file manually. I mean I went through all kinds of growing pains just to not say no to a customer that we cannot do that.

In my mind, I always wanted to be as big as the other thing, so I cannot be telling people no, I cannot do stuff.

Michael: Right, definitely. All right. So, that progressed until 2012/2013, but in February 2010, LongIsland.com sold for 370 thousand dollars at auction. Do you remember when that auction was happening and what your thoughts were at the time?

John: I remember that auction very well because I always eyed up LongIsland.com because it was the site that I was never going to be able to be. It was the biggest site around. I wanted to buy the site, so I was actually the lone other bidder against Ralph, who had bought the site at that time. Ralph Costello is his name, and we were bidding. We were in a bidding war. I believe the platform was being done by Monte Cahn, I believe is his name.

Michael: Yeah.

John: And it was just an online auction. There was really nothing I remember special about it and we were both using screen names that I do not think either of us recognized. I had my original two partners that were excited again to back me with the money because that was a game changer for us, so we were bidding, but I could not go over 370 thousand dollars and that was where the bidding ended because I did not have the okay for 375, so I could not do it. I tried to do it and I could not do it at the time.

Michael: Yeah, so Ralph bought the domain name. And then when did you find out that it was actually Ralph that owned the domain name and what did he do with it?

John: He planned for redevelopment. Changed the website around a little bit. I found out that it was him shortly after the auction. I forget how I found out, but I remember Newsday, the big newspaper out here, was fishing around to try and find out who bought it. Everyone in the market here that knows the market that knows this region was very surprised that Newsday did not buy

it. And the seller. His name was Tyler Row, who I have met one time, and he was believing that it was going to sell for a lot more. He, from what I know, had pressure from his other partners to sell and he thought it would sell for a lot more.

I believe it was a gold mine deal. I think it was a million-dollar domain easy at the time irregardless of what it was making, which I believe it was making a few hundred thousand dollars at the time. So, it was not just a domain. This was a business. But it was not a profitable business, but it was a geo domain that was amazing. So, I felt it was a million-dollar thing, but I did not have the okay to go over 370. Ralph took it to 375. He would have been well willing to go to five hundred, and that was where it was. But I found out shortly after he had gotten it. I do not remember how I found out.

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Michael: Yeah. So, that was February 2010. Meanwhile, in 2010, you sold a majority interest of Long Island Exchange, and then came back in, in 2012.

John: I would not be surprised if it was some time after that. I was just like eh, forget it. Maybe I am just after that because that was probably something

I really wanted to try and do and it was going to be a game changer, and I could see maybe a got a little discouraged after that and said you know what. I am going to take a back seat for a while.

Michael: Yeah. And so, LongIsland.com was redeveloped by Ralph and continued to grow. How did your paths cross? Instead of CEO of LongIslandExchange.com, how did you become CEO of LongIsland.com and Long Island Network?

John: Well, what happened? I apologize. There is so much back and forth with all these different purchases and things like that. It is almost a little confusing, but this is kind of like how I got this.

Michael: No, that is life. That is how this stuff goes. You have some plans. Your plans get changed.

John: It has been an amazing rollercoaster.

Michael: Yeah.

John: So, what happened was Ralph was a guy that was a domainer. He was a domainer at heart. He used to like to buy a lot of stuff, and he calls the opportunity of a lifetime when he saw LongIsland.com for sale, so he jumped on it and did everything he could to put the money together. I was a domainer as well and I was buying competing publications, so out here on the Island there were some bigger publications that were around a long time ago. There was MyLongIsland.com. There was something called LII like 20 years ago that was written about in the New York Times. So, I was buying all these in the middle of running my Long Island Exchange. I was trying to buy out my competitors.

I was never going to be able to buy LongIsland.com. That was ridiculous, so I was just buying everything I could. And Ralph was doing the same thing. He was buying everything he could. And he kind of knew secretly that we were both buying everything, but he had the bigger asset. So, we would talk once in a while. It would be really amazing if we figured out a way to merge this

together, and wouldn't it be amazing because we would really corner the market so to speak, and this, that, and everything.

So, we talked about it a few times, but we could never really agree. I mean Ralph felt that he had more than I had to offer and vice versa, and we just never made (Unclear 30:27.1). We went back and forth for a few years, until 2015, and then we started to see eye-to-eye.

Michael: And what changed? What caused you to see eye-to-eye? Clearly you were the upstart. You are working hard. You have built this on a brandable domain name, LongIslandExchange, where Ralph is looking at it and saying I have got the better asset. I am the Rolls Royce. I may not have as much traffic or I may not have as good a content, but I have got the Rolls Royce. What caused you to finally see eye-to-eye?

John: Well, he did have more traffic. I think he had ten times the traffic. The site was ten times the site, but what he saw was that the publishing space was changing. He was noticing what I had been noticing when I started to build out my ulterior. I had a real estate section that was a functioning. I had a car section that was functioning. So, he started to say I have the better asset and I have much more traffic, but something he is doing is working, and it was also worrisome to him that it was starting to appear to him - now, keep in mind we are competitors, so we did not really tell each other all that much.

Michael: Right, you tell each other some things, but not everything.

John: Yeah, but he was watching what I was doing and he noticed that LongIslandExchange was starting to change a little bit. It was like all of a sudden it was all cars all over it and stuff like that. It started to appear to him that I was starting to use the publication to advertise this cars this, and he was like wow, I have this LongIsland.com. What is my thing I am going to use? I need to use LongIsland.com to promote something. He has got Exchange and he is promoting the cars thing and the cars thing keeps growing and growing. Where is my thing?

And I think he started to say that is something I need to figure out, and the cars was very attractive. That was the ultimate thing, where we decided to

merge was smart. It was not only safe as publishers to merge, but it was a smart thing because we had something else to grow and we could use the publications to grow that.

Michael: Yeah. So, how do you merge assets and how is the company equity shared when you merge those assets?

John: Well, that was pretty complicated. It was done with cash and assets and equity being dispersed. So, basically the first time I sold LongIslandExchange, it was only slightly over one hundred thousand dollars. I cannot really get into exact figure of the transaction with LongIsland.com because there is an NDA involved and I should be keeping that non-disclosed, but there was a transfer of assets and equity. So, it depends on how you look at it. I sold my assets for an equity stake in LongIsland.com's operations, which is run and owned by Long Island Media, or I was just directly, or myself and my assets were directly, purchased and brought into the entity, where I was assigned equity so I would be a controlling owner.

Michael: Yeah, that makes sense. Got you. So, the two asset groups were merged into probably a new entity.

John: And I should mention because it is actually relevant. Before I did the merger with LongIsland.com, I actually had bought out everyone else from Long Island Exchange, the company, and the company dissolved and I had to pay more money for my own LongIslandExchange back than I paid for the first time. I sold the majority interest, but when I bought back my majority interest, I had to pay more. I mean I was the guy that created everything. I had to pay more money just to get it back so that I could do whatever I wanted with it. It took me a little while to pay that off and I had a good deal, but it was more than I had sold it for.

Michael: So, it sounds like you took the traffic and the brand of LongIsland.com and your monetization, your cash-producing engine, and brought them together. Of course there are other assets in it, but those seem like the big assets that came together to create the new LongIsland.com that you are the new CEO of.

John: I do believe the Long Island Exchange brand, the fact that Long Island Exchange was well known for really owning the car program, and the merging of the LongIsland.com. That is the bulk. Even though there are other assets and other publications, those were the real players.

Michael: And not to minimize any of those other assets, but that is where it all came together. You need a great brand. You need a lot of traffic. You need a way to maximize the revenue that you can generate from that traffic.

John: You have got to have something to sell. You have got to have a brand behind you, so you are respected, and bringing in a little brand from Long Island Exchange and then a brand from LongIsland.com and merging those together, it is so much stronger of a possession.

Michael: Yeah.

John: We are not selling ads against each other anymore. We are selling them collectively.

Michael: Right, exactly. So, in 2015 and coming in to 2016, you came in as CEO, and we are recording this in April 2016. You want to come up with new products. You have all this traffic, all these eyeballs you need to monetize. What is your growth strategy for LongIsland.com and Long Island Media going forward?

John: Well, I believe in the geo portal purpose. I believe that especially when it comes to a large regional area like Long Island. So, I believe that it makes sense to have a site for local residents and travelers to be able to go to. I believe that I would like to see our company get into more news and investigative reporting as newspapers are becoming less dominant. I think that we have a potential chance to realistically compete and I think that we could do it and I think that it is necessary, but you have to be very careful because everyone will know or many will know that there is not a lot of money to be made in the news business.

So, the thing is you have got to fuel that with other products, and if we can fuel LongIsland.com with ad sales, relevant ads to local businesses, and we

can enhance and contribute to that with a successful used car advertising program, possibly get into new car advertising and maybe even more into real estate, I think that we have the pieces of the puzzle. And if we can make a lot of the right decisions, I think we have the pieces of the puzzle to really be a serious news provider and information provider. Some reliable place for people to go to find local information.

Michael: Yeah, and that will bring a different type of reader - the readers that live there and work there - more often to the website, and you will want to display different types of advertising. Instead of branding advertising for catering halls or restaurants, now you are like you have got a flash sale at a certain restaurant or a clothing store that because people are coming on a daily basis, now they will want to look at those advertisements. So, it opens up. If you look at the advertisements, it opens up to a different segment, right?

John: The more traffic we have to the website, for whatever reason they are coming, we have more of an angle to sell advertising. It is funny you brought catering halls because we have a catering hall's business that is called LongIslandCateringHalls.com. So, we have a whole avenue for that. We have undeveloped, but in plans LIRestaurants.com. So, we have a lot. We are going after a lot of these different angles, but if we have the traffic, if we have a reason for people to come to the site, then we have a venue. And if you have a venue, you have a way to sell whatever it is that you are selling. So, we just have to continue to figure out ways to bring people to the website and be relevant in this market and matter. You have got to matter.

Michael: Tell me about your three sponsors. Brought to you by these three large companies. Why would you do that and why wouldn't those companies just want to buy advertising from you?

John: Well, that is something new I want to roll out because I saw an ad not too long ago, and we are talking about a site that gets 450 thousand people on the website per month, so we are not talking about ifs. We are talking about people. 450 thousand.

Michael: Right. Real people, yeah.

John: Real people. So, I saw a gala, an advertisement for a gala the other day, and it was like 25 thousand dollars or like 50 thousand dollars. Depending on what you wanted to buy, you could go to the gala and you would be mentioned in the program guide, which is distributed at the gala for one day and you would get a couple tickets for dinner. And that was 25 or 50 thousand dollars. And I was just thinking this is insanity because then I found out that Newsday charges between 15 and 18 thousand dollars for one single day to have a full-page ad for one single day on a Sunday.

Michael: Wow.

John: And they could throw it in the garbage. And these are my opinions. This is what I have heard. I do not know that it is fact, but this is what my research has told me, and so that is a lot of money. So, here I am sitting on top of 450 thousand visitors per month. I want to have LongIsland.com Long Island's most popular website since 1996, brought to you by three major, community, branded businesses. And I believe that not only will it make the site look good. It will make the advertisers look good. It will deliver a great advertisement. A great branding opportunity and it will bring in some revenue.

My job is to keep revenue coming in to this empire. So, I mean if we brought in 20 to 25 thousand per quarter from three companies, I mean you are talking about a good amount of money.

Michael: Yeah, definitely. And would you sell that do you think on a quarterly basis or would you push for a yearly basis, because you do not want to change out the brought to you by every week like in the extreme case?

John: No, we are going to do it quarterly, half-year, and yearly. I really would like to do it yearly with an agreement and an opportunity to renew at three-year intervals.

Michael: First year first right of refusal if you go in for a year or go in on a recurring year.

John: A year, but after a year, if they really liked it and it went well, they can lock it up at three-year intervals.

Michael: Got you.

John: I am willing to go to quarterly or half-year because I mean it is a decent amount of money. I have got to break it up and give people options. That is something I am working on this year.

Michael: Sure. John, what are your biggest challenges on the website?

John: That is funny. Somebody asked me that today, so I could answer that fairly swiftly. My biggest challenge on the website. I kind of mentioned it already. Competing as a content provider in an investigative journalism capacity. So, having the feet on the ground to go get the story and find out what really happened and not just regurgitate someone's press release. That is goal number one, which some people with all the patch stuff that has gone on will think that is crazy, but I do feel that if you are a local site and you are tying yourself to a local market, then it is going to be somewhat important to have some local content.

So, that is one challenge, and sales. Sales is my other challenge. I cannot find enough good people that I trust to add to the organization that we can comfortably afford and have it work out smoothly. I mean when I got here, it was one salesperson and I have only been here about seven or eight months. We have got three successful salespeople. I just do not want it to be a revolving door though, so I am just not going to hire everybody that just walks in here and just hire everybody as I go. I want to selectively hire, so I am hoping to add another one or two people in the next couple months.

Michael: Yeah. How do you compensate your ad sales force? Is it a base plus a commission? Is it full commission?

John: I have one salesperson is an independent contractor and they do their own thing, but that is still compensated with a service fee, and then a commission.

Michael: So, a base that comes every month, plus a commission, and if they stop producing, then the base goes away.

John: Everybody gets a base. Everybody gets a decent base and everybody gets a commission. Commission structures are usually about ten percent. In my experience, I have never had a good product where I could just have a person that worked totally on commission. You are not going to get the right person. You have to have a real dynamite product to get someone that is going to generate enough sales in a short period of time to sustain a cost of living on one hundred percent commission. I have not been able to really get that, so I have people on base or a service fee of some kind, and then commission. You are not going to be able to do just commission only. Not in my experience.

Michael: Yeah, all right. And then if you look at your advertising for general businesses, your car advertising and your real estate advertising, how does your revenue stream split out roughly in those three areas?

John: Well, the car is generating the majority of the revenue. It is probably a 70-30 split.

Michael: Wow, 70 percent for cars. So, 70 percent of your revenue, total revenue, comes from your cars.

John: That is right.

Michael: And then 30 percent comes from real estate and other advertisements.

John: Yeah, it is mostly thing to do advertisers. Local businesses. Plumbers. Entertainment companies. Ticket sales. Shows.

Michael: So, that does not sound like a lot of advertising from real estate agents at all, but you have a ton of real estate in Long Island.

John: The real estate is very low right now because I have an agreement with one single real estate agency. We are not even doing it on LongIsland.com. It

is actually an Exchange product that I had for years going. So, we would like to add real estate to LongIsland.com. It become a very interesting thing when we do that, but right now the real estate is only on the Long Island Exchange and it is dedicated to one particular real estate called Keystone Realty. I know the owner and he has got exclusivity on the site. And we have been renegotiating things, but for now that is it.

Michael: Got you.

John: Not a lot of real estate activity. Most is just restaurants and catering halls. It is actually a very big site for us. We do a lot of catering hall advertising, and those guys have good businesses because they have money to spend because when they book weddings and halls and Bar Mitzvah's and all that stuff, they make back the advertising money really easily. You really want customers that have a sustainable business model of their own to be advertisers. This way you are going to be able to provide leads and advertising to a company that is actually going to grow their business so that they can afford to advertise on a continual basis.

Michael: Yeah. Well, knowing how your revenue splits out - 70 percent for cars and 30 percent for everything else -, I can understand why at LongIsland.com, which did not have the car network ad sales, basically did not have a business. At 300-thousand income, that barely covers your expenses for running a large website with ad salespeople and costs of servers and your technologist to keep it up and running and a programmer to add new pages.

John: And on the fear of declines. That can put you in a very, very cozy situation.

Michael: Definitely. So, it is great to see where your revenue is coming from, and then the opportunities that you see for growth there as well.

John: Believe it or not, I do feel that we are growing the ad sales department. We are implementing monthly payments as an option instead of just everything being sold once per year. I found many years ago that if you are running a publication, if you could try and get your advertisers to pay you on

a monthly basis instead of a yearly basis, it will help you keep cash flow running. So, we are doing a lot of things that I believe that we are going to.

We are also now increasing the amount. LongIsland.com would sell one ad, but now we sell a package. We sell LongIsland.com. They get our Long Island Exchange. They are on our local Yellow Pages website. So, now there is a package to sell, so I see us selling even more LongIsland.com ads. So, the cars is huge for us, but LongIsland.com is even getting stronger.

Michael: What does a typical package look for a small restaurant, dry cleaner, or catering hall? What is the order of magnitude and what do they get for that?

John: It is about 89 dollars per month for a local business to advertise across three relevant websites. They can buy a little bit bigger of an ad and it will look a little nicer for 140. I think it is 139 dollars per month. They can showcase their business. Build some links to their websites. Have their logo appear on the top of the page when people are searching for things. I think it is a great value actually. You get a great Internet ad because now we are talking about that we are in a time where people are trying to promote their businesses. They are trying to promote them locally. You have companies like (Unclear 48:16.4) out there that are selling these packages of control all your listings all over the place, and local is very important when you are talking about search and being found.

So, I think it is a great buy. You get three great sites and it is relatively inexpensive. I mean you could afford 89. I mean if you do a penny savor ad, you are going to spend 250 dollars. You are going to be on one Thursday per week and then you are going to get tossed in the garbage if you are not lucky enough to make it to someone's bathroom on the side of the toilet bowl. If you do not make it there, you are in the garbage, and that is the end of it.

Michael: Hey John, how big is your technology team to be able to implement the ads and make sure that they are up and keep the site up and running?

John: I have got one guy.

Michael: One guy.

John: One guy that does ad insertion. That is what he does. Ad insertion.

Michael: Yeah. What about social media? It seems like everybody in local cities are on Facebook.

John: Let me just clarify though that is not servers and stuff like that. I have one dedicated to just putting up ads and taking them down. There are two others guys involved in programming and maintaining the servers, and I have lots of servers all over the place. It is kind of messy, but I have some here in the office. I have some at Backspace and I even have a Host Gator machine that I use for some stuff that is not too important.

Michael: And those two guys are full-time.

John: Yeah.

Michael: Okay, thanks for clarifying that, yeah. Talk to me about social media. What is your strategy for social media knowing that Facebook is trying to steal the same advertisers that you are booking for ads, knowing that you need to go there because that is where a lot of your people are as well.

John: Facebook is a real issue because Facebook is not only gobbling up all the traffic, but they are becoming a significant player in advertising. And they are making it very easy for businesses to advertise, so they really do not need a lot of help. You could target somebody that wants to wear tennis shoes that likes to hop on top of trees on Wednesday. You can actually target that.

Michael: Yeah.

John: So, it is very hard to compete with, but Facebook can be your friend or it can be your foe. Facebook sends us a lot of traffic. You have got to play the game with Facebook. You are going to have to play because you have got to pay them a little bit of money to boost your content. They send us an awful lot of traffic. You have got to create your content and have some sort of a Facebook strategy because the logs are getting packed up with Facebook

referrals and it is almost starting to look better than Google in a lot of scenarios.

And I might not even be so accurate on that almost word. It is starting to look real serious, so Facebook is a concern, but it could also be a huge value. It depends on how you address it. I recommend advertising a little bit with Facebook.

Michael: Yeah, and you are posting content there as well and trying to siphon off that traffic from people who are.

John: Well, we have a great social media team. It is run by primarily one person who has some help here and there. Her name is Kate. She does a great job. She built the LongIsland.com page to 58 thousand I believe it is. 58 thousand followers. We are continually posting content. She schedules the content. So, in other words, certain pieces of content come out at certain times of the day, and I am often arguing with her about her strategy, but I really should stop arguing with her because she is doing a great job. And we have a great Facebook following and we do create content and repost content that we have posted in the past to Facebook to get activity, and we are very lucky with that.

I mean we have posts with thousands of thousands of likes, especially when it is close to local stuff like a missing child or something. People just go crazy for it on Facebook.

Michael: What about email newsletters? I went to LongIsland.com. I did not get inundated with these pop-ups saying sign up for our newsletter. Do you have an email newsletter?

John: We do. It is available on the bottom of the website. There is 25 thousand people that opt-in to what we call the LongIsland.com weekly newsletter, and it is pretty much a where to go and what to do type of thing. It comes out, like I said, once per week, 25 thousand people receive it, and it is all opt-in and we are very picky about what we put in there. We do put a couple advertisers. Not too many, but yeah, the newsletter is running.

Michael: Yeah, and how does that compare in importance to your social media strategy, for example?

John: Nowhere near it. Nowhere near as important.

Michael: Got you, so it is more important to focus on Facebook.

John: We are not selling in the newsletter, so we are pointing out some advertisers, which that does actually sell. Let me correct myself. People do want to be in the newsletter a little bit, but it is not bringing a lot of traffic to the website because people are reading the newsletter. Just kind of sprucing over it real quick and then going on to the rest of their thousand emails that are sitting in there.

Michael: Right.

John: So, Facebook. When you are talking about what are you benefitting the business, I think it is a lot more with Facebook bringing the traffic.

Michael: Yeah, interesting.

John: That is what it is about. Traffic.

Michael: Yeah. All right, John, we are coming up at the end of the hour. I want to ask you what final advice you have for other geographic publishers or geographic exact match domain owners. What is some final advice that you have for them as they think about going down the same path that you have?

John: Well, I think that although having the exact match domain is great, and we all heard about the EMD updates with Google with the exact match domain and they are trying to be value and everything, just do not get stuck on the fact that you have this name. You need to still build buzz for the website. You still need to be getting people to link to the website. I remember when I had the Long Island Exchange. I do not know if this is relevant, but I remember people were saying where is this guy going with this LongIslandExchange.com this. It is just insane, and I would not stop.

And now here I am. I own LongIsland.com. It was not the name. It was the effort. So, you have to make sure that you do not sit back on the effort because you have the name. You have to be just as aggressive. The name will support everything else you do. It will support your relevance, your importance, and your authority. It will help your sales pitch. People will take you more seriously, but you cannot just sit on the name. There may be a lot of guys out there with great geo sites and they are just sitting on the name and they may have so much more than they have now if they just treat it a little bit more like something that is going to require a good amount of effort and they may find out that they have much more than they even thought they had.

So, that would be a recommendation. Do not just sit on your exact match. Put in a good amount of effort. Try to get monthly revenue into your publication, however you can do it. You could build a real estate section. You could build a car section. Find out what is relevant in your market. Some markets may be different than others. Palm Beach, Florida might have more interest in something relevant to something down there. I really do not know coming up with an example, but just know your market. Know who you are serving. Come up with a good product. Try to do your best to deliver a great service and focus on monthly revenue. Do not forget the salespeople are critical because no matter what you have got to sell, if you do not have salespeople to sell it, you have got nothing.

Michael: Yeah.

John: So, keep good people. Make sure that you understand your people. Critical.

Michael: Yeah, great advice, John. If you have questions, please post them in the comments below this video on Domain Sherpa and I will ask John to come back and answer as many as he can.

John Colascione, CEO of LongIsland.com and Long Island Media. Thank you for coming on the Domain Sherpa Show, sharing your journey and helping us learn about how geo domain owners can become publishers and serve their residents and tourists better, and thanks for being a Domain Sherpa for others.

John: Thank you very much for having me. It was great being here, and I would love to do it again some time in the future.

Michael: I would love to do a catch-up show in a year or two. Thank you all for watching. We'll see you next time.

Watch the full video at:

<http://www.domainsherpa.com/john-colascione-longisland/>