

How an Exact-Match Domain Turned \$60 Million into \$100+ Million in 5 Months – With Shaun McGowan

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There is a lot of discussion around the power of exact match domain names, and it usually focuses on ranking a website at the top of search engines. But today's guest bought an exact match domain name and, within five months, added forty million dollars to their business on an already sixty-million-dollar business. That seems too good to be true. We will find out today. Stay tuned.

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Here's your program.

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 successful domain name investor and entrepreneur directly from the experts.

Today's guest bought an exact match domain name and, within five months of using it, added forty million dollars of revenue to their business on top of an already sixty million dollar business. That is a 66% increase in sales, in five months, which seems too good to be true. We are going to find out right now.

Joining us is Shaun McGowan, CEO of CarLoans.com.au and Automotive Finance Company, based in Australia.

Shaun, welcome to the show.

Shaun McGowan: Thanks Michael, great to be here.

Michael: I read about your business in SmartCompany.com.au just a few days ago and I knew I just had to hear the whole story, so I thank you for coming on the show today and sharing more information.

Shaun: My pleasure.

Michael: Special thanks also to Mike Berkens, over at TheDomains.com, for finding the story and highlighting it. He always does a great job of finding and highlighting information for the industry. So let's start at the beginning. I read in the story that before you bought CarLoans.com.au, you were operating a company called Beep.com.au as an Automotive Finance Company. How long did you run Beep.com.au?

Shaun: We had Beep for roughly around about eighteen months. We had sort of used and toyed with different ideas; and as our business grew, we realized that we had to buy a brand; because there was no way that we could buy CarLoans.com.au. There was no way that we could do any of these other things, so we had to buy a brand. Something that was memorable. And

Beep.com.au, for us, was a great little word. It is four letters. It is memorable. It is brandable. It is in the car. We are all beeping the horns.

Michael: Yeah.

Shaun: So, for us, it sounded well for what we were trying to achieve. So, it was about eighteen months that we had Beep.com.au in operation.

Michael: So, there is a lot of commotion in the domain name industry nowadays about buying a brandable domain name. People are moving away from the exact match keyword domain names for what people are searching for, like Car Loans, and they are moving to brandables, like Beep. Beep is the perfect domain, in my opinion, for a brandable. It is nice. It is short. It is associated with cars, like you said. Did you hand register that domain yourself or did you buy it from somebody else when you were looking to build the company?

Shaun: It is a funny story. I mean a buddy of mine had the name and he was going to build the biggest car insurance website out of it, and he was going to take on everybody here in Australia with a great little brand called Beep. And we were sort of toying around with some ideas and I knew that he had this name, and I was the classic end user that I had to go and approach him and say, "Man, I really need this domain name." He was like: "Well, if you really need it, you have really got to pay a big price." So, it took us about four months to convince him to hand over the name, and a pretty penny. So, we paid a lot of money and we were happy with it. We have managed to get some press and some TV sort of branding, and we were confident that we were going to build a big brand out of these little four letters.

Michael: Yeah, and was he a good friend, Shaun?

Shaun: Yeah, he is. He is a super friend.

Michael: So did he give you a good deal on Beep.com.au?

Shaun: If he is watching this, definitely not. I paid way too much.

Michael: So, I am wondering, because I have no idea how much the .COM.AU domain names go for. Are you willing to say what the purchase price was?

Shaun: Yeah, for Beep, we paid thirteen thousand dollars, which in terms of an Australian brandable about three or four years ago, it is up there. Well, I thought it was up there anyway, but I am the one buying the name.

Michael: Right.

Shaun: He probably thought it was a good price.

Michael: So, in eighteen months, did you build Beep.com.au into a sixty million dollar turnover business? Is that right?

Shaun: Yeah, we already had sort of a little bit of a car loans business going, but it was nowhere near that. And once we got Beep, we were like: "Right, let's put some clap behind this and let's really go to market and start promoting ourselves." We invested in some great people. We have got a bigger premise and we really started going. So, yes, we built Beep very, very quickly, because, in this particular space, there is not really a barrier to entry. You buy a name, you build a website, you can compete in Google AdWords, and you are up and running in a weekend. So, it is big. How big is your appetite and how much money do you want to spend? And from there, you can rock and roll, and get aboard and build the biggest brand or spend a lot of money.

Michael: Yeah. So, I know people in the industry were talking about the sixty million dollar number. In the article, it was referred to as turnover. Can you explain what turnover is and how it is different than my publishing company that makes X amount of dollars in advertising, and so all the revenue that I get is essentially the revenue of the company?

Shaun: Yeah. Turnover, for us, is loans settled. So, if the average car in Australia is thirty thousand dollars, then it is that multiplied by the number of loans. And then, obviously, off the back of that, we make money from settling the loans.

Michael: Okay.

Shaun: Does that make sense?

Michael: No. Sorry. I am not a finance background. So, basically, if I go to Beep.com.au and I say, "I want to finance a car. I want a loan on my thirty thousand dollar car," do you take that thirty thousand dollars as part of the turnover of the company that you are doing?

Shaun: Yes, absolutely. And then the revenue is the money that we make from the turnover.

Michael: Okay, got it. So, the sixty million dollars five months ago was total loans financed essentially.

Shaun: That is correct, yes.

Michael: Okay, got you. And so, are you willing to say what the revenue of the company is?

Shaun: Not really comfortable saying that, but I mean it is a percentage of. It is double-digit, high single-digit number, and it is variable.

Michael: Okay. So, in the United States, I think the commission that an insurance agent gets is somewhere between 5% and 15% for auto insurance. You are saying it is double digits in Australia, and so people can go do their own math and try and figure it out.

Shaun: Yeah.

Michael: But is it safe to assume that you are doing something like high single millions or double digits in revenue per year?

Shaun: Potentially.

Michael: All right. So, with a company name like Beep, I would not think that it would receive a lot of type-in traffic, unless someone had seen one of your advertisements on a banner, on a billboard, or online and remembered it. Is that correct?

Shaun: Yeah, absolutely. Beep. We do not get a lot of type-in traffic in Australia, unless you have a super generic premium. And again, it is still very difficult, unless you build a brand around that super premium generic, to actually get any sort of type-in traffic.

Michael: So, how much of the sixty million dollars in turnover that you had last year came from online advertising would you say, originated from online advertising?

Shaun: One hundred percent.

Michael: One hundred percent, okay.

Shaun: I mean we are sort of very much building an online brand at Beep.com.au. We did a little bit of TV, but it is sort of, if you want to say, 90% is from online.

Michael: Yeah, close to that. And I am not sure which search engines and social networks are big in Australia. Where do you find that you spend a majority?

Shaun: Google.

Michael: Google.

Shaun: Google. It is 100% Google. I mean Yahoo is a pimple down here, and Bing. As much as I would love Bing to be super fantastic, they are just not that good down here.

Michael: What about Twitter? What about Facebook?

Shaun: Google.

Michael: Google. Wow. So, you built a sixty million dollar turnover per year business based on Google AdWords.

Shaun: Yeah.

Michael: How much do you spend on Google per month?

Shaun: I have got a lot of frequent flyer points. Let's put it that way. It is a big number. It is a big number.

Michael: It is a big number, okay.

Shaun: And Google sort of seem to be experts at being able to realize just how much we need to make money, they need to make money, and their auction system is brilliant. And Google hit a thousand dollar share product sale a day, so they are doing something right.

Michael: So I also did some research to try and figure out what the customer acquisition cost for auto insurance is in the United States, and I think, from what I read, it was like 150 bucks to five hundred dollars for like a paying customer. How does that compare to Australia and to what you see? Is it about the same?

Shaun: In the insurance space or in the loan space? Insurance and loans - I mean these are probably the most competitive keywords.

Michael: Insurance and loans. So, I just did the wrong - yeah, you nailed it. I researched the wrong thing.

Shaun: But loans. It is super competitive. Like if you look at the keyword 'Life Insurance Quotes', in Australia, just for a click you can pay up to seventy dollars.

Michael: Wow.

Shaun: Just for a click out of Google. So, for car loans, I have seen them priced at five dollars. I have seen them now at fourteen dollars. I have seen them at twelve dollars. It is a fluctuating market. But how many clicks do you need to get a lead? How many leads do you need to get a sale? So, that is part of the process that we have continuously improved. Our click-through rates, conversion optimization, training the staff to work with customers better. That is everything that we can improve.

Michael: Yeah. Okay, and so I want to get into that conversion and stuff, but I want to introduce the idea around CarLoans.com.au. What was the impetus to buy the domain name CarLoans.com.au when Beep.com.au seemed like it was hitting on all cylinders? It seems like it was growing really quickly, exponentially, and was a great little business in itself.

Shaun: Yeah, it was, but for me, I have sort of a slight domaining background, so I sort of always want to have the biggest and best domain name. And CarLoans.com.au was certain an underutilized name, and it was always just sitting there, going: "Buy me. Buy me. Buy me." But we could not get in touch with the guy. It was just hard work trying. It took me two years to sort of finally acquire the name. There is a little bit of a backstory there, but the whole purpose of getting that was it blocks every other competitor as well. So, if we were going to go down the path of Beep.com.au, we wanted to make sure that we had the biggest and the best name so that somebody else could not have that because we know, from what we knew with domaining and building our little websites, that if someone else had that bigger, better domain name, then we were always going to be second fiddle online.

Michael: Yeah.

Shaun: So we wanted to at least protect our brand at Beep.com.au and acquire CarLoans.com.au.

Michael: Okay, so let me back up for a second and ask you about your domain name background. When did you first understand that domain names were a valuable asset class or a valuable asset to a business?

Shaun: Probably about five years ago, and it was still at that time in Australia, you could buy a super premium generic for low four figures, and those same names today are selling for six figures. There are a lot of six-figure sales happening in Australia. So, a lot do not get talked about them. There is a lot of behind closed doors, which is not necessarily good for the domaining industry, but it is good that businesses in town are starting to buy and big businesses are starting to buy these. My background though is sort of: about five years ago, I got involved. I had a couple of key people that really taught me the value of an exact match domain, and the Internet then was still relatively new to me. So it was a great learning curve. I always knew that I did not want to be an employee, because I do not like being told what to do. So, if I could buy a domain name and that the barrier to entry of course was single digits in terms of the low thousands, that is over a couple thousand bucks; you could pick up a half decent name. You could build a little website off the back of it. You could generate some leads. You could sell those leads and all of a sudden, in three or four months, you have got a business making you two to three thousand dollars a month. And then it just evolved from there. It is sort of like I did that with a name I paid \$2,000 for. What happens to a name that I paid ten thousand dollars for versus a name I paid twenty thousand dollars for? So, it sort of snowballed and sort of always found yourself trading up.

Michael: Yeah, that makes sense. So, you understood the value. You have mentioned that it took two years and you realized that owning the generic keyword could have value to your business where you are using a phenomenal brand, and then you reached out to the registrant of CarLoans.com.au and it took two years to acquire that domain. What transpired in those two years?

Shaun: So much and nothing. Basically, I sent this got an email, obviously using the WhoIS Registry to find out exactly who he was. And contacted him and tried every domaining trick that I knew, and I would not get a response.

Michael: So you looked up WhoIS, and there is an email address, so you emailed and did not get a response.

Shaun: Yes, no response, which was frustrating.

Michael: There is a phone number usually, right?

Shaun: No phone number.

Michael: No phone number, okay.

Shaun: No phone number, so just the WhoIS Registry here, in Australia. From there, what we were then doing was - I do not know how I am going to get through to this guy. So, the next email, three months later, was subject line, and there was a dollar amount. So, I started putting dollar amounts in an attempt to try and tempt this person into selling me the name. Again, I put like a decent number there, and I got nothing and I was like: "What can I do?" So, I contacted this person with money. It seems like they do not want my money, so then I am going: "Right, I am going to be." I had a couple drinks one night and then I was like: "Right, that is it. I have got to get this name." So, then I doubled the previous amount and said, "I am now talking the biggest money I have ever spend on a domain name, and I am just shooting it off into this darkness," and I got a response. I was like: "Yes, got a response," but the thing that happened then was he wrote back, going: "I have received much higher offers than this. Thank you, but no thanks."

Michael: Oh, but you got a response! All right.

Shaun: I got a response.

Michael: So, persistence along with maybe a number is showing that you are not just a fly-by-night. You are contacting him. Got a response back.

Shaun: Absolutely, and so then I had responded to that email, saying: "Okay, well, what is the number that you are looking?" And tried every trick that I knew and, again, it just went cold. So, a very good friend of mine, Bob Olea, flies out to Australia. And at this time, Ron from DN Journal had just done a cover story on Bob. And so, I said, "Bob." We were sitting there and he goes: "Let me have a go." So, I am going: "Okay," and I trust Bob, because obviously this is my precious little eight-letter name that I am trying to acquire for the last eighteen months. Now, Bob has come through and

managed. He just happened to get a response from him. The guy must have looked up Bob's name, seen the story on DN Journal, and thought maybe. I do not know, but maybe he thought: "I am going to have a chat with this guy. He seems like a nice guy. I am going to have a chat."

Bob happened to be flying out the next week, took the guy out for a couple of drinks, sat him down, and then they did the price dance, as I am sure many domainers have done before with many end users. And they did the price dance. I was in New Zealand at the time and, about two hours after, we knew exactly when Bob was meeting the guy. We knew exactly what was happening, and then I got a phone call from Bob, saying: "Yeah, I have done it. I have agreed it." And then there was a nervous wait. The guy has agreed a price. Now we cannot have this guy go cold, so we had to sort of - and then Bob obviously solicited the sale. And eventually, about a week and a half later from that first meetup, we had the name under our name.

Michael: Wow.

Shaun: So, it just took a different approach. Maybe a little bit of having online profile, which I did not really have an online profile, so the guy could do a little bit of research, find out about somebody, and wow for Bob. We have got a picture of Bob in our office, in our Board Room, as he is one of our legends that have helped us.

Michael: Bob is one of the nicest guys. So, I went back through the WhoIS to try and figure out who bought it, and I saw Robert Olea. Unique Domains. And I only know Bob from Domain Sales Plus.

Shaun: Domain Sales Plus, yes.

Michael: Yeah, and of course Bob is a great guy. And he is a pilot, so he flies out to different places. So, it took Bob flying from the United States out to Australia to take this guy out and loosen him up with a couple of drinks to have the conversation about price to get it done.

Shaun: Yeah, absolutely. And then, like I say, we could never have done that. The guy would not respond to my emails. I remember saying to Bob: "Have

you emailed the guy?" He was like: "Yeah," and of course I am out there; I am going bang. I get emotional about it whereas Bob was sort of non-biased. He sat back, relaxed, and took a different approach, and it is fantastic for us. We have never looked back now.

Michael: Yeah. Well, for the couple of houses that I have sold in my life in moving from place to place, I would not ever think about selling it myself. I always use a house broker, because I am emotionally attached to the house. If somebody makes me an offer for fifty thousand dollars less, I am going to get upset about it and they are going to go through the inspection process and want all these refunds for things that are not correct. And so, similarly, it seems like you would use a broker in the future if you were going to buy another high value domain name.

Shaun: Certainly now that we have broken the story and out there I cannot go stealth anymore, can I? So, absolutely. I mean now, forever, if it is a car loan type name, absolutely. I am forced to use a broker now. But it is not a bad thing to use a broker. You sort of remove that emotional button. And did we pay less because we used a broker or did we pay more? The answer is certainly we got a name at a very good price and we are extremely happy with it. Yes, we probably would have paid more if it was more one-on-one, because I knew what the value is to my business, but we gave Bob a limit and he went out there and he secured that deal for us, which, as I say, we potentially would have had a lot more there if we were there in person, because the guy would have done the dance. He would have said a high number and we would say: "Yeah, we are going to buy it," whereas Bob was able to negotiate for us. That is fantastic.

Michael: Yeah, fantastic. So, Shaun, people are going to want to know. How much did you pay?

Shaun: A huge amount of money. So, if you want to buy it, it is going to cost you a hell of a lot more than what we paid.

Michael: Did you pay over \$13,500, like you did for Beep?

Shaun: Yes, we did.

Michael: Did you pay over six figures?

Shaun: You are asking big questions now. I do not know what we paid. So, you will have to talk to Bob. You can ask Bob privately.

Michael: Well, Bob will not answer me. I hope he will not answer me. All right, that is good. All right, so you paid a lot for it.

Shaun: We paid a lot.

Michael: What was the previous owner doing with it? Why did you think that you could actually contact him and buy it? Was he using it? Was it parked? Was it not resolving?

Shaun: It was parked, but it had a page of content on it as well. But there is a backstory, which you just go wow. Rumor. I mean I did not meet with the guy, but the story goes that he had a girlfriend at the time, about fifteen years ago, who started buying these things called domain names. And he thought: "Yeah, I will buy five or six," and he bought five or six names, one of them being CarLoans.com.au, and went down the path and he just had it for fifteen years and just continued to pay the registration fees. So, he had nothing to do with it. He is not a domainer. He is not a website developer. I think he is actually into art.

Michael: Interesting.

Shaun: So, completely different. Left field. But he has made a pretty penny from buying and acquiring those names all those years ago.

Michael: Yeah. So, Bob Olea did not operate on your behalf anonymously. The seller knew that you were buying it and he knew that Bob was representing you. Is that correct?

Shaun: No. So, Bob was going in as a potential buyer himself, and so he bought the name from the guy and then he sold it to us, so it worked out.

Michael: So you did use a broker to represent you anonymously.

Shaun: Yeah, absolutely, because it is too easy for people to find out. I mean LinkedIn these days have got a little profile there. I mean all of a sudden I become a high end user. I am going to pay a much higher price. And when you are using a broker, I think the number one thing with the broker is trust, because it is very easy for a broker to go and get one price and then sell it to you at a much higher price, because you are having those open conversations and open dialogues that they know your top price. So you have got to have that relationship and that trust. And obviously, for those of you who know Bob, I mean there is no hesitation in trusting Bob.

Michael: Yeah, definitely. So, how did you find and select Bob out of what seems like hundreds or thousands of domain name brokers that are on the Internet?

Shaun: Funny story. GolfCourse.com.au that I used sold on the drops here, in Australia, a few years ago. I had GolfCourses.com.au. And I had just only bought this name off somebody else and Bob contacted me from the US. Obviously he had seen the sale of GolfCourse.com.au and he saw that I had GolfCourses, and he was obviously trying to get it from me a little bit cheaper than what GolfCourse sold for. And he gave me all these wonderful lines that he used. So, we did the dance and Bob and I agreed to a sale price for GolfCourses.com.au. And then I was living in the city, in Sydney here, and Bob would fly in and stay in the city, and his hotel was a hundred meters from my house. So we agreed to meet for a beer after the sale was done and just got along famously. I mean he is a champion.

Michael: Yeah, he is a great guy.

Shaun: He's contributed to a big part of our business future in terms of what we have been able to achieve with him.

Michael: Excellent. So, it appears that you are running CarLoans.com.au in addition to Beep.com.au right now. Are you running two websites?

Shaun: We have not redirected Beep.com.au to CarLoans.com.au. We have got a little bit of publicity on Today Tonight, which is one of our current affairs shows. So, people still go to Beep and it still gets some traffic, so we do not want to redirect that. We want people to go to Beep for the reasons that they want to go to Beep, and of course that is serviced by our CarLoans team. So, not running two. We will eventually turn Beep.com.au off and obviously redirect it to CarLoans.com.au, but we just have not done that yet.

Michael: All right. So, again, I try to do my research. Clearly I flubbed up looking for the cost of acquisition for car loans and did insurance, but I went to the Google AdWords Keyword Tool. I did a tutorial a few weeks back on how to do a search for 'Car Loans' as a phrase and set it to Australia, and I saw that there is about 14,800 exact match searches by customers per month just on Google and the cost-per-click is about \$15.43. Does that sound right?

Shaun: Yeah, absolutely, and then obviously you have got the singular 'Car Loan', and that roughly gets around about another six and a half thousand. Another big term is 'Auto Car Loan Calculator', which gets around about twenty thousand. So, the space, like any good exact match domain, you have got that great top of the food chain key search, but you have also got the authority that comes from having those eight letters. CarLoans.com.au. And we will talk about that, I am sure, but yes, the exact match traffic is beautiful. It gives us a great advantage. It allows us to get a higher quality score with Google AdWords.

Michael: Cool, I want to ask you about that. So, I ran those numbers through the Rosener Equation. Andrew Rosener came on the show and talked about how he values keyword-rich domain names, and I came up with a purchase price of 275 thousand dollars. How does that sound?

Shaun: Cash your check.

Michael: What was your payback on the domain name? Payback period.

Shaun: Yeah, we got paid back very quickly. I mean just on that valuation - that 275. It is interesting that you have come up with that valuation. CarLoan.com.au - the singular - was just recently purchased for two hundred

thousand plus, so that valuation and those tools that he has done is probably pretty accurate for that valuation. CarLoans obviously is better, in my opinion anyway, than CarLoan, so if they paid two hundred thousand, either we have got a great deal or we pay north of that. But in terms of our payback, I mean the payback, because of the volume; I mean you have got to think about the volume of clicks. Now, if you are advertising with Google AdWords and you are buying a thousand clicks a day out of Google AdWords, and all of a sudden you were paying ten dollars at Beep.com.au because you had to work a little bit harder to get the traffic, because people did not know what Beep was. They are taking a leap of faith. It is not descriptive. Then they see CarLoans.com.au and they are like: "I know what that is."

Michael: Yeah.

Shaun: So, in terms of your ads, you do not have to say Beep.com.au is Australia's number one car loan provider. With CarLoans.com.au, you have already told people what it is in the domain name. So, now you can use your Google advertising space to put low interest rates, compare car loan rates. Obviously you are limited in the number of letters that you can use in Google AdWords. So, with Beep, we had to be explaining what Beep was. With CarLoans.com.au, we do not have to explain it. You know what it is.

Michael: So, let me dig into this a little bit, Shaun. So, most people, when they think about an exact match domain name, you get type-in traffic for people just looking for that. You get potentially good ranking in search engines for that keyword phrase. If you build a website that has value, the exact match domain could help you rank more. Google has updated their algorithm - the EMD Update - trying to eliminate the crappy sites that have a great domain name. But for good sites that run a good domain name, it could help in the rankings, and then also, there is what you are describing; is sort of the impact of having a descriptive keyword in the domain name, which is shown in the text advertisement on Google. So, let me bring up a quote from the Smart Company article, where you said, "We noticed the impact the very next day. The moment we launched CarLoans, we had a 35% drop in our AdWord spend the next day."

So, what you are saying is that instead of having Beep.com.au showing just underneath your Google AdWords text link, you had CarLoans.com.au and suddenly you did not have to explain yourself anymore.

Shaun: Yeah, absolutely. And the one thing that I'd like to share to other businesses, if I put my domain hat on for a second, we tell end users this all the time, but without the case study it is often hard. And it is like domainers are saying this, but they are ultimately trying to sell you something. So, as an end user, you need to be wary of that, but ultimately, the number one thing here is the descriptive name tells your audience exactly what it is without having to describe it. So, if you think Beep.com.au, our plan for 2013 and then going into 2014 was: "Right, we need to spend millions of dollars telling people what Beep is." With CarLoans.com.au, we do not need to tell them. They already know what it is. So, in terms of Google advertising, that 35% decrease in spam was people recognized instantly what it is.

They also make the assumption that we are the biggest. They make the assumption that we are the best. They make the assumption that we are the oldest company in this particular space because we have that exact match domain name.

Michael: So, you mentioned that in the article as well. So, how do you know that your customers are making that assumption that you are the biggest, the best, and the oldest, more established?

Shaun: Yeah, absolutely. I think our click-through rate is representative of that. When we are speaking to customers, they are volunteering a lot more information. We are getting an increase in sales. So, if we used to get ten leads and made one sale, we are now getting ten leads and making two sales, which obviously drives bottom line revenue very quickly sky high. So, I mean these are my assumptions of what they think of course, but it just makes sense that they think this because if you look at the biggest, oldest brands in the world, they were first to market, they were first to get on the Internet, and they did all these wonderful things, which have allowed them to setup an Internet presence with the best domain name.

Michael: Yeah.

Shaun: And in Australia, we have got some really big websites, which have descriptive names. RealEstate.com.au is obviously a real estate website. CarSales.com.au is obviously a car sales website. CarLoans.com.au is obviously a car loans website. So a lot of the hard work has been done. These other websites, which obviously have to go and spend their millions of dollars on promoting the fact that they are a comparison website or they are an insurance company, or they are at. So, that's the big challenge I guess; is that if you have a brand name, you now need to go and tell the world what you are. If you have the exact match domain name, people know what you are, so you can spend your money differently.

Michael: Yeah. So, there was a pay-per-click study published in 2009 by a company called Memorable Domains, a domain name brokerage firm, that found that "ads featuring a generic domain name with an exact match to the product, like ElectricBicycles.co.uk, performed significantly better than identical ads featuring an alternative generic, like YourBikes.co.uk, or non-generic domain, like InAHurry.co.uk [a brandable domain]." So, the study found exact match domain names produced 45% more click-throughs than the generic keyword or the brandable domain. You are saying that you found the exact same thing through your business.

Shaun: Yeah, absolutely. I mean the number that we have had quoted in Smart Company are certainly accurate, but all those naysayers are out there. The numbers are actually bigger than that, but I had to make the story believable, because if I told you the real numbers, you would go: "No way, it does not happen. There is absolutely no way."

Michael: So your AdWords spend on Google dropped more than 35% per click?

Shaun: Yeah, absolutely. We were able to... and that is not necessarily paying less for clicks and such. It is also the fact that people are more recognizable of the brand. They see that and they will click through, and then we are getting a higher click-through rate. So, instead of one in a hundred people clicking, we now get two in a hundred clicking. So, it obviously brings our cost down. And then once we get to an inquiry page, to our landing pages that

we have got set up, again, we see a natural increase in conversion, because people believe that they are inquiring the biggest and the best. And I seem to just keep saying we are the biggest and the best. We are certainly the best, but we are not the biggest, yet.

Michael: Yeah, and so can you attribute any of the higher conversion - so, the people clicking on your ad, coming to the website, and then actual converting into a customer - to a different design on CarLoans.com.au than what you had on Beep.com.au?

Shaun: I mean marginally, but not really. For those, we do not change the site, so go and have a look at it. Beep still asks you for an amount of money. CarLoans, up until recently, was a very similar process. Recently we have changed it to 'Get a Quote' on the front screen, and drop down to the people who are more decisive about the vehicle that they wish to buy. So that has only been a recent change. Obviously we make changes for conversion, and that is currently in testing. But is it because of that? No, because it is relatively similar still.

Michael: Yeah. So you said that your conversion rate alone increased by 30% in the article. Are you saying here that it actually went above 30%?

Shaun: Yeah, absolutely. It is huge. If we had a ten percent conversion rate to leads and now we have got, say, a 25% conversion rate to leads, I mean that grows. I mean no one is going to believe those numbers in terms of percentage growth. Ten percent. Twelve percent. Twenty percent. But 10 percent, whatever the number is, whether it is twenty, whether it is thirty, I mean those numbers - you are not going to believe them, but that is the power of an exact match domain, in our experience anyway.

Michael: So, you are buying the keyword phrases 'Car Loans' on Google and then you are also buying 'Car Loan', and more people are searching for car loans than car loan. But do you think it matters that you have CarLoans.com.au? Is that the better domain for somebody, or if you would have bought CarLoan.com.au, could you expect to see the same results, in your opinion?

Shaun: You may see a similar result, but the downside of having CarLoan.com.au and, again, my opinion, is that you are always going to leak traffic to CarLoans.com.au. In some industries, it is better to have the singular versus the plural. For me, personally, I would rather have, obviously, CarLoans than CarLoan. If I relate it back to life insurance, LifeInsurances. LifeInsurance, being a singular, is a better domain than LifeInsurances. So, in our instance, CarLoans, people would be like: "What is that? Car loan. Car loan. Car loan. CarLoans.com.au." That is what it would be because, again, people expect a comparison. They expect to be able to get a quote. So, CarLoan does not really tell you that that is going to happen. CarLoans suggests that there is more than one loan. So, that is what people expect. So, for me, you would certainly see an increase in conversion if you were promoting CarLoan versus Beep, but CarLoans.com.au versus CarLoan, I think you would see an increase there as well.

Michael: Have you tried to purchase the singular, CarLoan.com.au, as well?

Shaun: We, in the past, have. In the recent sale, we did not get involved.

Michael: Yeah, all right. So, a lot of business owners would probably look at CarLoans.com.au and, if they were in similar situations, would say: "I am not going to pay six figures for a domain name. I am going to go over to a marketplace and find WizardCarLoans.com.au for four thousand dollars, let's say, and I am going to buy that, CarLoansFaster.com.au for a registration fee of twelve dollar." What would you say - advice - to a business owner who is wrestling with that, because that happens every day? People will reach out to a domain investor, let's say, that has an unreasonable ask for a domain name that may be negotiable, and then they look and say, "Well, I can get CarLoansFaster.com.au for twelve dollars." And what would be your advice?

Shaun: Buy the domain of the money. But no, I mean if you relate it back, as domainers, we use the analogy about shop fronts. You are buying the best shop, the best foot traffic, the best location. So, if you just think about that, if you are a commercial business, in Australia anyway - I am not sure whether it is in the US, but a landlord is going to want you to sign up for a minimum of three years. So, you are going to be on the hook for three years. And if you are paying five grand a month in rent, you have now just signed up for 180-

odd thousand dollars in rent. So, you have made that commitment. Sure, you are only paying five grand a month, but you have commitment and you are on the hook for 180 grand. And then you would still get people to come to your shop, but if your business fails because you do not get the best product and you do not get the best shop, you have still got to continue to pay.

With a domain name, you have got a burn value. So, ultimately, if you do not pay a hundred grand for a domain name, the domain is at least what you paid. You would like to think that you paid a fair price for it. You are going to get your hundred grand back. But with the commercial premise, you obviously continue to pay the lease, and that is money burned down. It is money washed away, isn't it? So, the key thing to remember with a domain name, for me, is that yes, they can be expensive on the surface, but in my experience, they are extremely good value and you also have something that you can sell. And I have not seen a domain name sold for a higher price and then sold for a lower price. It may have happened once or twice, but it is often domain names continuously get more and more expensive because they are limited.

Michael: Yeah.

Shaun: So you have always got that thing to sell.

Michael: Do you think an exact match domain name works in all business situations? For example, we are discussing car loans, but it would it work just as well in dog walking or web design, or online education as it does in car loans?

Shaun: Absolutely. I think, when you can, you need to invest in buying the absolute best name. I mean if you are talking about what is the category that your business falls under, you need to go and buy that category-killer domain name. So, if you sell tables, you need to go and buy Tables.com, because having 'ISellTheBestTables.com' may get you some traffic, but you are not going to get as much as what Tables.com is obviously going to get you. So, when you can, obviously invest in the biggest and the best name, because the payoff is going to be so quick for you and you have this instant credibility the moment you have that domain name. I am 29 now. I used to be 23 and buying these exact match domains, and I could ring and speak to any CEO of

that field because I had the exact match domain. If I did not have that and I was trying to ring up and sell some advertising space, there is no way the CEO of these companies would talk to me.

Michael: Yeah.

Shaun: So you learn very quickly you have credibility and you can speak to anybody in that particular field, because everyone is curious. Everyone wants to know what you are going to do with that best domain name.

Michael: Yeah. No, that is a great point. The instant credibility has been brought up by other owners of exact match domains and geographic domains, like the Castello Brothers, who own PalmSprings.com, which is a phenomenal tourism destination place. So, we talked about instant credibility. We talked about the increasing the click-through rate, lowering your cost of advertising on, say, Google AdWords or others because of the keywords that are in there, and then I also mentioned previously type-in traffic and SEO, and I want to ask you about those. Have you noticed how much type-in traffic you receive to CarLoans.com.au? Do you receive any?

Shaun: Yeah, we do. I mean type-in traffic, as I said earlier, does not really exist in Australia. As we started to build our brand and people know that CarLoans is a car loans website, we get a phenomenal amount. Probably 40% of our traffic now is type-in, and the reason for that - I mean it comes back to memorability. If you visit CarLoans once, you know there is a website there. "CarLoans. What was that website? I am trying to get to CarLoans.com.au." It is so simple for people to remember. When we were running Beep and we were doing the exact same advertising campaign in Google AdWords, we got a fraction of the traffic that we get today. People just seem to know that CarLoans.com.au is a car loans website, and it is so simple for people, and that is the power of these exact match domain names. That people know instantly and they can recall straightaway what that website was and what that domain name was.

Michael: Yeah. All right, what about search engine optimization, using that keyword specific domain name to help rank your website higher in the

organic listings of Google, and Bing and Yahoo, and other search engines? Have you had much success with that so far?

Shaun: We have. We have been number one in a very short space of time. We have actually dropped back to number four or number five at the moment, and that is okay. We are not focusing on search engine optimization at this stage. I think there are a lot of changes in Google's algorithm constantly. To stay on top of that is one thing. To obviously continue to invest in advertising and outside media and so forth is, again, different. Search engine optimization. Yes, the biggest advantage we have in search optimization is not the links we have built from other people's websites through guest posting and all those wonderful things. The opportunity that we have is that people see our domain name and go: "CarLoans.com.au. I need to click on that because that is the biggest. That is the best." So, our click-through rates; so if you think about the theory of leapfrogging, we have the opportunity to leapfrog with the people in front of us because that name, which people will recognize.

I talk to people and they say, "What do you do?" And I say, "Oh, we run CarLoans.com.au," and they go: "Oh, yeah, I have heard of that." They have not, but it is naturally assumed that they have because, again, all those assumption that we have talked about, which is fantastic for us. But yeah, I mean search optimization is constantly changing. Google are forever changing. It is hard to stay on top of. It is not a big focus for us. Sure, it is a focus for the free traffic as opposed to paying that fifteen dollars a click, but yes, there is a natural advantage by having the exact match domain name.

Michael: Yeah, so your philosophy. Your strategy. Go ahead.

Shaun: Sorry. Indeed you need to back it up with good quality content. You need to have great tools on your website. You need to be list building. You need to do all those other things as well. Just to build a website with five pages and expect to rank number one, it is not going to happen. I think on our website today, we have got around about five to six hundred pages, and we are constantly adding three to four pages per week to make sure Google knows that we are an active website and that we are constantly updating. We are constantly giving consumers education, and that is something that is

constant, and that is a really plus to our business as well. To have someone sit there, write content, think of the content that people are going to want to read, and do that. So, just because you have the best domain name does not mean it stops there.

Michael: Right, and so you are investing in search engine optimization, but you are not relying. You are not building your business on it. Your business is operating because you pay to advertise. You can measure. You pay for every click that you receive and it is your job to convert them to pay less for the advertising and convert them, and so that is what you focus on.

Shaun: Yeah, absolutely. I think Google is king today, and I think Google will be king for a very long time. But if we were 100% reliant on Google search optimization and, for example, Facebook created a search engine tomorrow and everyone switched to Facebook, then where is our business left? If we are 100% solely reliant on Google, we now do not have a business.

Michael: Yeah.

Shaun: So, mostly we need to make sure that we are advertising, we are spending, and just creating brand awareness.

Michael: Yeah.

Shaun: And having the exact match domain allows us to do TV advertising. That allows us to billboard advertising. And if you think about fifteen seconds of TV, we do not need to tell people what we are. So, if you are buying fifteen seconds for five thousand dollars, then in that fifteen seconds, you can talk about the features and benefits as opposed to: "Hey, we are Beep.com.au. We are a car loan website," whereas CarLoans.com.au; it is what it is.

Michael: Yeah, makes sense. So, when I was doing my research, I saw that Beep.com.au was still up and running and I thought: "Well, maybe Shaun is trying to play both aspects. Maybe he is creating a brand and maybe the brand resonates with some of his customers, but he also is creating a brand on the keyword, and taking advantage of the exact match domain and all the

things that we just talked about." Has that strategy ever crossed your and your partner's mind?

Shaun: Yeah, absolutely. I mean we said we will run Beep because it is a really cool, quirky, awesome brand name, and we will run CarLoans.com.au. And we sort of toyed with that idea and then we actually had the name CarLoans.com.au for about six months before we actually started using it. So, we continue to run Beep. We started adding some content to CarLoans.com.au. Again, this is a website that had not been touched for fifteen years, so we started to add some content to see what would happen in Google in the search results. And we continued to run Beep and we were like: "Yeah, we love Beep, but we have got this great exact match domain name, but we love Beep." And so, then eventually, we have just gone: "Line the sand, on this date we are switching," and have not looked back.

Michael: So, when you said switching, you switched your AdWords from promoting Beep to promoting CarLoans.

Shaun: Yeah, and I wish I had done it six months prior, because that is just so powerful.

Michael: Yeah. So, you bought this domain name for a lot of money and you sat on it for six months without doing anything. I know you had potentially free cashflow coming up off the business that allowed you to buy this high-valued asset, but did it not like concern you that you had just spent a lot of money and you need to start generating revenue from it?

Shaun: Yeah, absolutely. I think, for us, if you go back to I put the domain hat on, we always tell end users that they are going to see this dramatic increase. And you are going to see this. You are going to have lower costs. People are going to recognize your brand. And I was just sort of going like: "No, I have started with Beep. I know all these things that I tell end users when I am going to sell a domain name, but do I really believe it? Well, maybe not. Maybe not. Maybe I do not believe the sales talk that I have been telling people." So, I sat on it, and then we eventually go in the market about five months ago, and everything that we tell end users is true. Times ten.

Michael: Yeah.

Shaun: It just catapulted our business. I mean we have just signed on a new lease to move premise. We are moving into 1,000 square meters now. I do not know what that is in square feet for you guys, but it allows us to have 130 people in the office.

Michael: Wow.

Shaun: And we have an office in Melbourne and in Darwin as well, which is on the top of Australia. So, for us, our growth has catapulted. We just launched straight forward. Could we have done it with Beep? Yes, I am a true believe that we could have done it with Beep, but it would have cost us a hell of a lot more money and it would have taken us a hell of a lot more time.

Michael: So your profits would have been cut down, and now your profits are higher. Your revenue is higher and your profits are higher.

Shaun: Absolutely.

Michael: So, you are over a hundred million dollars in turnover right now, going forward for the next twelve months.

Shaun: Yeah, absolutely, and I think that number is only going to get bigger and bigger and bigger and bigger. I mean we are adding more people. We are able to do that because we have got more advertising money to spend. Is it more? It is probably the exact same as what we had with Beep, but it is just that we are getting more bang for our buck now. I guess the one takeaway, which I have written down here on a piece of paper, that anyone who is watching this and from an end user perspective is that we have the exact same business. Our business has not changed. We are the exact same company, with the exact same staff, with the exact same phone numbers, and with the exact same marketing strategy. The only thing that has changed is our domain name. That is the only thing that has changed, and that has seen our business catapult. We have not got credibility in the marketplace. We know all these wonderful associations that come with the exact match domain.

So, the takeaway is we have changed from Beep to CarLoans.com.au, and we have rocketed. And Beep was a good business, but CarLoans is an even better business.

Michael: Yeah, phenomenal. So here is the final question that I have for you, Shaun. When you launched your business, yeah, you had some car loan business in the past, but you launched on Beep.com.au. You spent thirteen thousand and change for the domain name. I think if people were launching a business today, they would be hard pressed to spend thirteen thousand or twenty thousand on a brand new domain name, even knowing that if I were to go lease a property, a storefront on Downtown, that gets walked by traffic for selling stuff in my Downtown environment, I would easily pay that amount of money within a year. But a lot of people might spend thirteen or twenty thousand dollars on a new domain name if they were really invested in a business idea and had great plans for it.

Maybe you have a son. Maybe you have got a brother. Maybe you have got a sister. If they were starting a business today, what would be your advice to them about choosing a domain name for their business, given that they have zero revenue today?

Shaun: It is the big challenge, isn't it? I think, as a domainer, I have learned to build a business once I have found a domain name, which is a little different. When you decide on a business and you create this business, and then you go searching for the domain name, that is the ultimate for a domainer, isn't it, because now you have got this person who really needs to buy the best domain name to suit their business as opposed to what we do as domainers. So, that is the challenge. I think - how can you do it? There is a lot of domain inventory in the world that is unused. I mean I would be looking and I would be approaching. One person to mention, for me, has been critical in my domain career I guess is someone called Steve Backs, here in Australia. I did not have any money, but I remember buying CarGames.com.au from him and paying him a hundred dollars a month until I paid off the two thousand dollars.

So, if you are going to look for a rent-to-buy type option, or a lease-to-buy, however that works, and then have a buy out figure, then maybe that is a way. Think about it. You are going to go rent a commercial premise. You are going to go and rent an office. You are going to go and rent a manufacturer or distribution, whatever it is in your business. Perhaps renting a domain name and getting the best domain name, and once your business becomes profitable, executing that buy-out clause as quick as possible.

Michael: Yeah. So, if you were redirecting CarLoans, would you try and lease CarLoans.com.au if you did not have the money to buy it, or would you go for a Beep.com?

Shaun: Knowing what I know today, CarLoans.com.au. I would be begging and I would be borrowing, and I would be doing everything I can that is legal to make sure that I had enough money to go and buy this name. And I think there are a lot of reasonable people out there. If you sit down and have the conversation and say, "Look, this is my business. This is what I want to achieve." And you are sitting down with somebody who owns the asset and say, "Look, I am prepared to lease it from you. This is what I am trying to do," and you have a reasonable conversation. I think too much gets lost in translation in these emails that get sent between end users and domainers. Domainers know the value. The end user does not understand the value. So, if a domainer shoots back a higher price, and end user goes: "You are a dick. You want too much money. It is all too hard," and they go searching for a name.

Michael: Right.

Shaun: Have a reasonable conversation. Pick up the phone and, via conversation, you will find out there is a lot of reasonable people out there that are willing to work with you. A domainer who has these domain names - they probably have a thousand other domain names. You cannot develop absolutely every domain. So, if they have a revenue stream just higher than they parked revenue, if you double their parked revenue so they would make twice as much money from it, then there is an opportunity where they are making more money and you have got the name that you want to use. And

look, if it does not work out, you hand it back. They still keep their asset. What have you lost?

Michael: If you have additional questions for Shaun, please post them in the comments below and we will ask him to come back and answer as many as he can. Shaun, a lot of entrepreneurs are ecstatic to find a path to success and never think to give back, so I want to be the first to thank you for giving back some of your knowledge along your company's path to success. Thank you for coming on the Domain Sherpa Show and thanks for being what we call a Domain Sherpa.

Shaun: Thank you very much, Michael.

Michael: We wish you continued success. Thank you all for watching. We'll see you next time.

Watch the full video at:

<http://www.domainsherpa.com/shaun-mcgowan-carloans-interview/>