

### Interview with Andrew Rosener, CEO of Media Options

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Here's your program.

Michael: Hey everyone, my name is Michael Cyger. I'm the publisher of DomainSherpa.com, the Domain Name Authority and the place where

successful domain investors come to tell their stories and share their experiences.

Hundreds of millions of domain names have been sold in the past and every year, millions continue to be sold and resold. And I have yet to find a way to accurately and consistently value domain names, but hopefully, that's going to change today.

Joining me is Andrew Rosener, CEO of Media Options, a premium domain name brokerage and online media consulting firm. Andrew has become one of the domain industry's top premium domain name brokers in just a few years. And as you'll hear in this interview, he has a process for valuing generic domain names that he's going to share with us. Andrew, welcome to the show.

Andrew: Thank you Michael.

Michael: So Andrew, as a newbie to the domain name industry. I'm the newbie, I find it totally frustrating that I can't get 2 people within the industry to tell me what a domain name is worth and be within 10-20% of each other. And the people who are willing to give evaluation can not or will not justify their reasoning, which is why when we spoke a couple of weeks back, I was so excited to hear that you would share your methodology. So, let's dive into it. So, from what I understand, there are 2 general types of domain names, brandable domain names and generic keyword domain names. Which does your valuation process apply to?

Andrew: I would say that of my evaluation, my valuation methods definitely only apply to generic domain names, domain names which, you know, let's say exact match keywords, domain names that have contain keywords in the correct order, which people are typing directly into their search engine whether it's Google or Yahoo! or what it might be. These are the keywords that people [Audio skip 2:00] and [Audio skip 2:05] important factor in the valuation of domain name is that determines your market. The number of people which are typing in those keywords every month tells you there are that many people that you can potentially capture for what you're doing, whether it's a product or service or whether you're just trying to provide

information. Those are the number one people you can get on your website for what you want them for.

Michael: Okay, so we're not talking about brandable domain names like Flickr or Delicious, the way it used to be spelled, or Google, before they became, you know, megatropolis. We're talking about words that people type in to their search engine and are looking for some sort of answers about.

Andrew: Yes, no, no, no, brandable domain names are essentially, there is no way to value a brandable domain name. Then it comes back to the old saying of it's worth when somebody is willing to pay for it. You know, that fits to also if you take a good keyword and you put I or E in front of it. Well, I like those kind of names and I own some, certainly they have value but I don't think there's anybody that can tell you that, you know iCloud was worth \$4.5 million which is what Apple just paid for it. But obviously it was worth \$4.5 million to Apple, you know, it probably would have been worth in the range \$5,000-\$10,000 for me. But, yes, like exact match keywords, generic domain names, I think that there is a methodology for valuing them. And there certainly is going to be debate about those valuations and my valuation method is not going to apply to everybody and just because that's what I say it's worth doesn't mean that's what you need to sell it at or that's what to be buying it at but we need something, right? You know where they expedite...The sales of domain names that people want to sell. We need to have a valuation method.

Michael: Exactly. And as we've seen we've published an article on Monday or last Monday about online valuation tools and, you know, it just got torn and there was a lot of controversy about how they value and you know it breaks down at the edges when you have domains that have traffic or when you have domains that are premium domains or just generic keyword domains. So, you know, there are a lot of areas where valuation prophecies break down. I appreciate you coming on because we'll not only get to hear what your process is but then we'll also get to ask you about those edges. Where do things break down? Where do you need to actually have some intuition and some experience in the industry to be able to add some value to the valuation process? So, let's actually get into it. Let's talk initially only about .com domains. I'm going to come back after we get through the process

and ask you about other TLDs and ccTLDs, but let's just only talk about .com domain names. What is your process to value generic keyword domain names?

Andrew: So, the first factor which I take into account, which I just mentioned is the amount of exact match keyword search volume. And the tool that I use for finding that is the Google AdWords keyword tool and you could easily Google that and bring it up and go there. One problem that I find a lot of people have is once you get on to the Google AdWords keyword tool, you can't just type in the keywords and away you go. Down on the left hand side, if you scroll down, there are three different selections. There's phrase, broad and exact and broad and phrase for my purpose is have zero purpose, zero use, all I care about is the exact match. And what that means is, it's, those keywords and only those keywords that people typing in to Google to search for Google and all of their parts for most keywords. Now I want to know how many people are typing those keywords in.

Michael: So, I just went on the Google AdWords keyword tool, Andrew and I typed in your name. And then in the half way down on the left hand column, it says "Match Types" and I unselected broad, which was the default and I selected exact, which puts brackets around it.

Andrew: Exactly.

Michael: So I can see that your name, Andrew Rosener is searched 36 times global monthly searches. So, 36 times—

Andrew: 36 times, I never looked that up, so...

Michael: On the average, you're being searched.

Andrew: 36, come on, that needs to get up. Maybe after this interview, we'll get it up to a hundred.

Michael: I'm sure it will. Okay, so that's the first thing you do. You go to Google AdWords keyword tool. You and I'll have a link to it in the, on this

page when this interview goes live. You type in your keyword phrase. You select exact. You unselect broad. And then what do you do?

Andrew: So then you, you know, hit search or whatever. And it'll pull up your keywords and it'll tell you how many global exact match searches there are and how many local exact match searches are, local meaning US. You can also select it, the default is usually for English only and United States but you can adjust that as well. And of course that depends on your keywords, I mean, if you're searching for instance, I was looking up the keyword, what was it this morning, Rome, I think. It was the, you know, the city in Italy. And when I'm searching for Rome, I mean, I'm not necessarily interested in only what people within United States are searching for. I'm looking for global. So, in that case I'll be looking at the global exact match if I'm looking for something in the insurance space or, you know, car insurance, for instance. Then I'm really only concerned with United States because the only, the leads which I can sell to insurance companies are going to be US only. That would only be...

Michael: So, if I was going to buy carinsurance.de. I was going to buy the URL in Germany. I would go type in car insurance as two separate words and then select instead the location United States maybe I'd select the location Germany to see how many searches are being nice?

Andrew: Yes.

Michael: Okay.

Andrew: You're right.

Michael: I get it.

Andrew: I do that often, like if I'm looking for, you know, sort of short domains like two or three letter .de domains. You know, I don't care about the people in the US are searching for X Y Z but I do want to see how many people within Germany are searching for X Y Z.

Michael: Right.

Andrew: Yes.

Michael: Okay, makes perfect sense.

Andrew: So, but the defaults are for the USA and for our purposes here let's talk about local exact match searches within United States English language only.

Michael: Okay.

Andrew: So, we get that number and in general, let's say that I'm looking to buy a domain, you know, let's say somebody sends me a list of domains and they say, "Hey, let me know which of these domains you think you might be able to sell." When I'm judging the viability of a domain name for selling purposes, I'll go through that list, I'll check the exact match searches and, you know, basically anything with over a thousand exact match searches, you know, tells me it's got some worthiness. Now there are people that are interested in names that have 300 or 200 or you know, there are people that are interested in names that have none, but for our purposes here, we're talking about the generic exact match keyword domains. And I am looking for names, you know, that have at least a thousand people per month typing those keywords in Google.

And then, you know, that number can stretch upwards, I think the highest I've seen is somewhere around 11 million exact match. Hold on. Thought this was off. Anyways, so the next factor that we take into account, once we've that exact match search volume is the CTC level. What are advertisers paying for you [Audio skip 10:30] you know, in the sponsored links and you know, you can basically formulate what it cost them every month in order to hold that spot, assuming that they have an unlimited budget with Google, I mean, if you want to maintain that top spot throughout the month what would it cost you?

Michael: Okay.

Andrew: And essentially then we take into account, you know, the statistics such as, okay, if you're in the number 1 spot, how much of the search traffic can you, you know, would you expect to reasonably get? And that comes out to something around 85, people have these variable numbers out there that you'll find, but somewhere between 75% and 90% of the traffic, if you're in the number one spot is going to click on your link.

Now if you're a sponsored link that number goes down dramatically, but for our purposes, we're talking about exact match keyword domains. And one of the purposes of buying that domain is for strategic advantage in your search engine ranking. And so, for our purposes, the reason we will buy that domain is to become number one in Google. And if we become number 1 in Google, how much traffic can we expect, how much would it cost otherwise to buy that spot.

And we got to do an apples to apples comparison of what does it cost to buy that spot with Google AdWords versus buying the domain name and so we use the CPC level. So, let's just say it's a dollar. Let's say the CPC is \$1. And let's say we've chosen a domain name, I have no idea, but let's say we found that there is 8,000 exact match searches per month.

Michael: And that's global or local?

Andrew: Local. We're going to talk local.

Michael: Okay, so United States.

Andrew: Yes, United States.

Michael: Or however you have the setting set on the global on—

Andrew: Just to keep it not confusing let's just only talk local search, US only, English language, okay?

Michael: Perfect.

Andrew: So, let's say, 8,500 exact match searches per month. And we can reasonably expect to get, let's say 80% of that traffic if we were the number one spot, okay times .8.

Michael: Okay.

Andrew: So, you can expect 6,800. Now, this doesn't include repeat traffic. This doesn't include direct navigation. This is just from the search engines we can expect to get 6,800 unique visitors per month, okay?

If we were paying Google a dollar per click to get that person on our website, that would cost us \$6,800 per month in a normal business valuation. You know, let's look at a 24 to 36 month multiple, you know, I would say that the retail value of that domain name is around \$80,000.

Michael: Okay, and you multiply the \$6,800 per month times what number to come to the 80,000?

Andrew: That's 24 months.

Michael: 24, okay.

Andrew: I considered it multiple. So, over a 2 period, it would cost the company around \$80,000 to own that spot, to pay Google every month to own that spot.

And I think that a 24 month multiple of what it's costing them to own that spot is a fair valuation of the domain name which can help them achieve that and it won't help them achieve that for 24 months, it'll help them achieve that permanently.

Michael: Yes.

Andrew: [Audio skip 14:15] and that's essentially an ideal valuation, right?

Michael: Right.



Andrew: So, I always basically state there's you know, maybe a 30% less, 30% more flexibility and the 30% is just a, it's an ambiguous number but yes, it's a third. It's somewhere in that level.

Michael: Okay, but that's good. That gives us, you know, a range in some...

Andrew: It gives us a, it gives you a starting point.

Michael: Exactly, exactly.

Andrew: Right? So then there's so many other smaller variables aside from the, I think that those are the two major factors, those are the two key factors here.

Michael: That defines the magnitude and then...

Andrew: Yes.

Michael: You're saying that there are some other factors that come into play which may move it up and down?

Andrew: Yes, absolutely.

Michael: And what would those factor be?

Andrew: Such as is it two words or three words. Is it, you know, the shorter, the better. If it's a really short domain, it sort of increases the brand value. It increases your likelihood of typing to traffic. It increases your likelihood of decreasing typos. It increases your likelihood of you know, word of mouth traffic. So, having a shorter domain name obviously increases the value of that domain name.

You're talking about one word it's certainly not in two words that, you know, given the apples to apples statistics, same amount of search volume, same amount of, you know, CPC level is the same.

Okay, other factors are, you know, obviously if it's got a hyphen, you know, take it way down, you know, maybe 5 to 10% of the non-hyphenated version.

Michael: Wow, 5 to 10% of the non, okay.

Andrew: Yes, yes, that's what I found, I mean, I, you know in, again, 5 to 10%, I want to say it's an ambiguous number but based on domains that I've sold that's about what it works out to.

Michael: Okay, and what about cost per click? You used an example of a dollar, what if it was, you know, some legal health issue, like cancer causing carcinogens and people were paying \$50 a click through on Google.

Andrew: Yes, I mean, that makes that an incredibly valuable domain name. This is where it gets tricky, is you can't say, "Alright, well we've got that same 88, you know, 8,000 exact match searches per month but now it's a \$50 CPC and so that domain is worth \$400,000." But it's not far off, I mean, you know we can take into account, I'm trying to think what domain name is it. I've got a lot of examples of, you know, lead generation domains that I've sold with the higher CPCs, I'm just trying to of a name. Unfortunately most of those sales are under NDA, so I'm trying to think of one that's not.

Michael: How about Auto Insurance? Auto Insurance is one that you've sold before. It's been on DN Journals—

Andrew: Yes, yes, it's just, it's not a .com and you wanted to talk—

Michael: Oh right, you're right.

Andrew: Auto Insurance is not a .com.

Michael: How about Home Staging?

Andrew: That's a good example.

Michael: Okay, so let me type it in here, Home Staging. I'm doing an exact search. I'm doing a search and Home Staging has local monthly searches to

the United States 5,400 and then the average estimated CPC is \$3.48 currently, Andrew.

Andrew: Okay.

Michael: So, let's run your formula through on this. So you do 5,400 and then you multiple by say .8 or 80% of, it's just a rough number. You said it could be anywhere from 75 to 90% if—

Andrew: Yes.

Michael: If you're taking advantage of all that traffic. And then you multiply that by \$3.48 and—

Andrew: Yes.

Michael: You have a calculator there, what did you come up with?

Andrew: That comes out about \$15,000.

Michael: \$15,000. Okay, and then you said, you know, that's for one month if you were to pay for the top position, you're able to take advantage of HomeStaging.com—

Andrew: Yes.

Michael: So, you might multiply that by 24 months, you said earlier.

Andrew: Yes.

Michael: So, 15,000 times 24 months and my math isn't that good. What does it come up to?

Andrew: About \$353,000 or \$360,000.

Michael: \$360,000. Okay now, through the miracle of open disclosure and being very grateful that you have been open, you have told DN Journal or some place that I found that you sold this domain for \$36,500.

Andrew: 10% of, and again, when the appraisal that we're working on right now, that we're talking about is a retail appraisal. This is what I think the maximum value is to an end user. Most of the sales that are happening in this industry are not to end users, as was the case in this situation where the domain sold to right, I think this is okay to say, but let's start left of the dot not right of the dot, that's my convergence in [Inaudible 19:40].

Michael: So, you sold not to an end user but to another domain investor, so you're saying you didn't get full retail, which is what your formula calculates, you got some sort of wholesale value?

Andrew: Exactly.

Michael: Okay, and if you would have been able to find a retail, you know an end user who really wanted leads from HomeStaging.com and they were spending, you know a good amount of money on Google every month for this keyword term, you might have been able to get closer to the full retail value.

Andrew: Yes, I mean on this particular name I would have, again, I would probably have said that the—an end user would likely have paid around 150. I would say that's probably what that name is worth to an end user or more specifically what they would likely pay.

But we did approach quite a few end users in the space, you know, that industry itself is a relatively new industry and it is growing rapidly, but the people were just simply were not open to making such a large expenditure. But somebody like left of the dot who has a model for monetizing those leads in a different way that most people do saw the valued proposition there and luckily for them, they, I think they got a terrific deal. I think they honestly bought that at, you know somewhere between 10 and 25% of what its real value is.

Michael: Alright. Hey, you know, I was just watching, listening to an interview with the owner of I think it's Cat Five Commerce, I could be incorrect. He is the gentleman that just bought Running—

Andrew: That just bought Running Shoes.

Michael: Right, RunningShoes.com, do you mind if we run through that example real fast?

Andrew: Sure.

Michael: Okay, so I'm going to Google AdWords keyword tool, typing in running shoes. I'm going to hit search. We're going to look at the United States again. I assume that this is going to be a lot bigger than Home Staging.

Andrew: Yes, and I'm guessing it's a lot more than 5,500—

Michael: Yes, so we're looking at 60,500, local monthly searches and I have location set to United States.

Andrew: I would really guess it would be more than that but—

Michael: I know, so 60,500 and then it's got a CPC of \$2.22. Now, in this interview it's interesting because he said he bought it because they, RunningShoes.com was either at the top of Google or was in the number one position. And when I - Right before this interview, I went and checked it out just for my own knowledge and it was I believe in the 4th position. I'm sure it varies and Google's tweaking their algorithm all the time. So, we would take 60,500 multiply it by .8 or 80% if we were to get the full value. And then multiple that by \$2.22 and that would be the one month value of it. 60,500 times .8 times \$2.22 and I came up to \$170,448. So, \$170,000, now if we were to multiply that by 24 months, it comes up to—

Andrew: Two and a half million.

Michael: Two and a half million. And they got it for \$700,000.

Andrew: \$700,000 I think, right?

Michael: Yes, exactly. So, how would you reason back if we were to you know, do an autopsy on this purchase and work our way backwards to try and figure out if \$700,000 was high or low or just right. How would you think about it?

Andrew: So, here's the tricky thing with our industry, is right, like, I don't know what the history of RunningShoes.com is. I don't know if it's the original owner. I don't know what the owner paid. But if I paid \$10,000 for domain name and somebody comes to me and says I'll pay you \$500,000, regardless of the calculations that we're doing today, I'm going to turn and I'm going to say, "that sounds pretty good." So, being that Cat Five's an end user and from what I've read about [Audio skip 23:58], I think they got a great price. I think that far excess of a million dollars and probably is closer to what we just saw, two million, two and a half million dollars.

Michael: I'm sorry, we froze up for just a second there Andrew, you said that you think that the value probably is in excess of a million dollars?

Andrew: Yes.

Michael: And maybe closer to two and a half million but the end user Cat Five got a great deal by buying it for 700,000?

Andrew: I think they got a good deal, I mean, you know, I think in this situation everybody got a good deal. I mean I'm sure the seller was extremely happy with that sale. You know, there's not that many people in this industry who are able to hold out for the full value of their domain names. I'm sure it was very hard to say no to \$200,000. I'm sure it was very hard to say no to \$400,000. I'm sure it was really hard to say no to \$600,000. And eventually he caved in at \$700,000. You know, so, again, we come back to that I think that the foundation for establishing a value for domain name can be done in the way we're doing it and—

Michael: Okay, and how do you decide 24 months is the right multiple for that formula? You know why not 12 months, if you're talking about a one year pay backer?

Andrew: Well, [Inaudible 25:31] valuation, if you're going to buy something, you're going to buy based on around 24, 36 months. If you're buying a traffic portfolio or revenue portfolio of domain names, they're selling anywhere from 18 to 36 months. And so 24 months I think was just, you know a number that somewhere fits in there between the standards valuation and you know domain portfolio valuation.

Michael: Yes. Okay, so, this entire valuation process, Andrew, it assumes that the person buying that domain is going to develop it out, is that correct?

Andrew: Yes, this is based on the ultimate [Audio skip 26:15] of that domain name. Again, remember, we're basing our traffic numbers based on you being in the number spot in Google. So, if you don't achieve that, then this domain becomes significantly less valuable to you.

I mean if you look at the top 5 spots in Google, I don't remember off hand but it's like, you know, I think you can, let's say you can get 80% of the traffic if you're on the number one spot. You can get 60% of the traffic if you're in the number two spot. You can expect 40% of the traffic if you're for the number three spot. After that, you know, it goes down into the low four digits and single digits.

Michael: Yes. So, the people that Cat Five that bought RunningShoes.com, they bought from Brick and Mortar Running Shoe Store based in my home state of Washington from what I understand. So, they might have assumed that they wouldn't ever be able to get to the number one position because they just don't, you know, for whatever reason. So, they may assign a smaller multiple, instead of 80%, they might have said, you know, 20, 40% something like that.

Andrew: Yes.

Michael: Okay, so that's how this formula can sort of be adjusted and reasoned through either way.

Andrew: Yes, so I mean, I haven't even gone about doing this but I mean, let's say, so I think you said was 60 [Audio skip 27:30] thousand searches a month and let's use your numbers, then we, again, these are pie in the sky. But it's just a way of debating this, right? So, let's say that like, let's say we use a 20 to 40%. It's probably the traffic that they were expecting because they weren't in the first position.

So, let's look at the value to that company, if you're getting let's say 30%, that's between 20 and 40. And it's 60,000 - 60,000 exact match searches times 30% times 2.22 times 24 months, which is at \$959,000.

Michael: And that's pretty darn close to 700.

Andrew: Yes.

Michael: Yes. Okay, alright, so, does this formula work for all values of the traffic numbers that we get from the Google AdWords keyword tool for example? Will it work if the searches are a thousand or the searches are a hundred thousand from your experience?

Andrew: Yes, I mean the more searches you have for a domain name, the more value that domain has, I mean that sort of my mantra that I, you know, we operate a domain investment newsletter. You know, we're, two to three times a week, we feature somewhere between 20 and 40 domains for sale. And for that newsletter, I received somewhere between 5,000, probably around 5,000 domain submissions per week.

Michael: Wow.

Andrew: And out of that, I would honestly say 90% of those submissions are let's just, the lower end of the value range, to be nice about it. But for me to, you know, my response to people is essentially, I'm looking for domains with exact match keywords, with high amounts of exact match search volume. And people say, well, what are the numbers that you're looking for and I



simple say the more exact match searches, the more value your domain has, and I truly believe that. And there's people that don't believe that but I mean, I've made a tremendous amount of sales and I could truly say 80 - 90% of the domain sales, the valuation that the buyer paid in the end was overwhelmingly based on the amount of search for that domain name, for those keywords in the domain name. Overwhelming!

And in my opinion, that's an increasing trend, not one that's falling off or not one that's stable. I'm seeing more and more and more buyers are becoming more intelligent about SEO, about how the search engine algorithms work, about the advantages of having the exact match keywords in your domain name be it .com, .net, .org, doesn't really matter, might affect the value but it doesn't affect your ability to rank highly in the search engines.

You know, given an apple to apples SEO strategy and more and more the valuations that buyers willing to put on a domain name is based on the search find. And that's why you're seeing names like AutoInsurance.org where people are their eyes are popping out going how do you sell a .org domain name for a half a million dollars? Well, look at the search volume for auto insurance. It's massive. It's millions per month. And you know, those leads are paying \$50-\$75-\$100, CPC is like, I don't off hand buy somewhere between \$20 and \$35. You know, at the end of the day I think it's cheap to be honest. I think that they are cheap.

Michael: Okay, let's go, let's actually talk about Auto Insurance since you just brought it up. If I do a search on Auto Insurance, I can see that there are 110,000 local monthly searches. And so, if I plug in a 110,000 and the CPC is \$25.96. And for those viewers that are watching I'm working on a spreadsheet and I'm actually going to give this spreadsheet after, when this interview goes live, so that you will be able to look at the numbers. So, 110,000 Andrew as you said, it's millions per month, \$25.96. The 24 month valuation, if somebody were able to get to the top spot of Auto Insurance with AutoInsurance.org, which is a domain name that you sold just last month, in April 2011, the 24 month value is \$54 million.

Andrew: Yes.

Michael: It's enormous. So—

Andrew: Enormous.

Michael: Now, your actual sale price was \$440,000.

Andrew: But remember, we're talking about the .org and not the .com domain, right?

Michael: So, how do you value a .org instead of a .com when we both know a .org could be in the number one spot, maybe easier than a .com.

Andrew: However, with the .org, you lose some of that brand value, you're going to lose some of your traffic to the .com, you're going to lose some of your repeat traffic. You're going to lose some of that brand equity. So, that's why the .com is worth so much more, is because the .com is the brand.

Michael: Right.

Andrew: Or the .org the .net are just as good when it comes to search engine optimization. So, if the domain is being used for an SEO strategy then you know—

Michael: The .org might be a better choice or a more cost effective choice.

Andrew: Exactly, exactly, well, if it's purely an SEO play, you're much better off to buy a .org or a .net.

Michael: Right.

Andrew: You know, if you're looking to build a brand around your website, then you know, you may want to consider spending up for the .com, but in the case of Auto Insurance it's going to cost you.

Michael: Right. So, how do you value the .org? It's clearly a factor less than the .com, your formula works for the .com but it includes that brand and

selling to an end user, full retail value as we said. What's the factor for a .org, is it 1/10 or—

Andrew: Yes, I mean in general, people tend to say that .net is worth around 10% and the .org is worth around 5 to 10% and I find that to be true. In my personal opinion, I'm a huge fan of .org more so than .net. I think that .org has a home, you know, it's got its own brand, and .net as well in certain cases. For instance, we're selling Hosting.net at the moment and I think hosting is probably one of the top two - three keywords you could ever have with the .net extension, it's what it was made for.

In the case of geo domains, city state names, in the case of health care, in the case of travel in some instances, even in the case of insurance, you know, there's a trust factor involved with .org and you're providing people with information about Auto Insurance and I think the .org, you know, plays a strong role there.

Michael: Now, I don't remember seeing who you sold AutoInsurance.org to, was that made public?

Andrew: Yes, yes, it was, that's sold to 360 quote.

Michael: Okay, so that's a lead generation company?

Andrew: That's a lead generation company in the insurance space and among other spaces.

Michael: Okay, and so they're going to develop out a website on that domain name and then they're going to build quotes and—

Andrew: Yes, they'll build out a website, provide information about auto insurance and I mean basically, the ultimate goal is to get people to fill out a form which generates a lead saying, "Hey, I'm looking for auto insurance. This is where I live." I don't know what other information goes in there, but maybe there's a credit score, maybe there's, you know, some other personal information. Based on the information they put into that form, you know, that

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can differentiate the value of that lead. And those leads can be sold to various aggregators or directly to insurance companies.

Michael: Okay. So, at Domain Fests back in February, HomeAppraiser.com sold.

Andrew: Yes.

Michael: Now, if I'm actually an end user and I'm contacted by a domain investor such as yourself and you didn't own Home Appraiser, I assume, but if I was contacted by a domain investor and I'm a home appraiser and I pay a lot of money on Google for the top paid search listing and somebody says, "Would you like to buy Home Appraiser?" I actually then need to change the URL of my website, I maybe don't need to change the name of my business but at least the URL of my website, right? And then do some rebranding.

Andrew: Yes.

Michael: So, that's going to have a negative, you know, connotation or a negative impact on me as a small business owner.

Andrew: Yes, I think so.

Michael: Okay. But if you're a lead generation company and you're looking to get more leads then AutoInsurance.org would be a great way to bring in more leads and develop that topic.

Andrew: Absolutely, absolutely.

Michael: Okay, alright, so auto insurance—

Andrew: And more and more—

Michael: Yes.

Andrew: Particularly in most these lead generation basis whether it's insurance or education or health and medical or mortgages, finance, banking,

more and more, those names are not selling to end users. Those names are selling to I guess the best equivalent to people, company to people recognize is Quinstery [spelling 37:33] I mean, they're famous for buying Insurance.com and InsuranceQuotes.com and CarInsurance.com for something to the tune of \$36,000,000, this year. These are lead generation companies and more and more, you know, people come in and say, "Oh, sell my name, I've got" I don't know, I'm just going to pull one out of the air MedicalInsurance.org. Okay, and they say, "sell this domain name to Blue Cross Blue Shield, you know their medical insurance company name definitely want to own this," and I say that, "well, not necessarily," Blue Cross Blue Shield has a brand but the clients don't come to them directly, they come through insurance agencies or lead generation companies. And so, it's really the intermediary's call it brokers that these names have the real value to. They know how to monetize them properly and so they actually have more value to those guys than they do to a Blue Cross Blue Shield, a progressive, a dyco and State Farm. These guys don't know how to do the online marketing properly to monetize that domain, to make it most effective for them.

Michael: Right. So, that's maybe where some domain investors, some maybe newbie or newer domain investors might be making mistakes. They own a domain like house insurance and then they go directly to Geico or to PemCo or somebody to try and sell it, thinking that insurance company would want to have this, but really they're focused on their brand. They need to go to the intermediaries that whose sole purpose it is to generate leads for those companies.

Andrew: Yes, and you'll find that those intermediaries understand the value of these domain names for a more, you know, these are SEO experts, that's what they do, that's what you know, call it lead generation but they are, they're search engine optimization experts. And they understand the value of these domains far more than the end user does.

Michael: Alright. So, I'm going to run through a few more examples Andrew of domains that I've seen come and go and then see if they were priced correctly —.

Andrew: Oh, I'm going to just grab that sheet that you had—

Michael: Alright, that sounds good. I'm going to do, alright, you know, the first one I'm going to do, I went to Domain Fest. I thought it was a great option, but some of the domains didn't sell.

Andrew: Yes.

Michael: One of each was comic book. Now, I grew up reading comic books all the time. I used to collect them. In college, I needed beer money so I sold all my comic book collections, which still I'm kicking myself for. So, let's take a look at ComicBook.com, it's the singular, not the plural.

Andrew: Yes the hyphenated version.

Michael: If I go on the Google AdWords... I'm sorry, say it again?

Andrew: I think I actually own the hyphen version of Comic Book.

Michael: Oh, do you?

Andrew: I think so, I don't know.

Michael: Alright. So, when would I ever want to look at the global searches versus just the United States searches? Would I ever do that?

Andrew: Who's your audience? Are you selling comic books to United States or are you selling comic books to the, you know, throughout the world.

Michael: Yes.

Andrew: But you also need to take into considerations, it's not just about who you're, if you're the buyer, you're going to be try to value what is this domain name to you? But if you're a seller, you're going to be saying what is the domain name period or what's the value of that domain name period. And to the seller, it's probably on a global basis and to the buyer, if he's selling within United States, his value was based on local search, right?

Michael: Right, right. Okay, so let's just assume that it's global. I don't know if comic books are the same all over the world, but let's say it is. So, comic books were searched globally 14,800 times and the average cost per click is \$0.61. So, it's gone up a little bit since the spreadsheet.

Andrew: Since you send me the spreadsheet, yes.

Michael: So, I'm going to update it. So, I'm going to tell you Andrew that 14,000 times \$0.61 times .8 if you were to get to the top position for the comic book, has a 24 month value of \$173,000. Now, at Domain Fest it did not sell because the reserve was \$250,000.

Andrew: Yes.

Michael: Was it overpriced?

Andrew: The reserve was too high. The reserve was high.

Michael: Now, If I've got a great domain name like comic book. Say that one more time. I'm sorry, I was talking over you.

Andrew: No, it's okay. As was the case with many of the domain names in the auction I found. And I'll be honest a big reason of why I wanted to do this interview and why I think it's important is that it's important for domain owners to understand what is the value of their domain names and I, you want to be careful here. I don't want to tell people, "Hey, your domain is not what you think it is, it's not worth what you think it is". Because the beauty of capitalism, the beauty of private properties, it's yours. And it's worth whatever, you know, if you don't if it's not worth selling it for \$100,000 then don't.

And that's the beauty of it. I'm a capitalist through and through. I love private property. It's what makes the world what it is today.

Michael: I'm in full agreement, but if you're going to hold an auction and you don't want to look like a fool for not selling any domains, you're going to want to take the domains that are properly valued.

Andrew: Well, yes, and the obis is not only on the auction company although they should be, you know, they need good domains. They need headliner domains. So, you know, it's not only on them. Well, I guess my - because I run into this with my news letter often and this is something that I help people all the time. And sometimes it causes problems - sometimes people take it the wrong way. But there are two types of domain owners. There are domain owners that want to sell their domains. And there are owners that don't want to sell their domains. And there's nothing in the middle, okay? If you want to sell your domain name, then you need to price it at a price, which is reasonable. You need to price it at or below market price.

This is if you want to proactively set out your domain. If you want to enlist my services or any other broker for that matter or put it into an auction, then you need to [Audio skip 44:00] value and price it accordingly, if you want to sell your domain names. If you're not willing to price your domain name at that level that the market stipulates based on some formula like what we're talking about here today or if it's a brandable domain name, you know, there's other ways of judging the value.

But if you're not willing to price it somewhere close to that then you fall in the other category of somebody who doesn't want to sell their domain name. So, then don't and that's fine, you know, it's—if you don't want to sell your domain name I don't want to tell you to.

But if you want to sell it then you know, you need to keep our advice, my advice or whoever the other broker is because this is something that all of us got into in the brokerage business is we sell names. I made my money when I sell a domain name. I made no money if I waste my time marketing a domain name which is not going to sell because it's not priced to sell.

Michael: Right.



Andrew: And listen, once in a while you hit that needle in the hay stack and you hit the home run and it sells for far more than it's worth and I'm not always right. But I need a system and so does everybody else in order to take, you know, to judge where can your time be best spent, what names are going to sell, what they should be priced at in order to sell and in order to provide good advice, people who've come to us wanting to sell their names. And so, yes, again, it, that's why so many names in the auction didn't sell because you had people who don't want to sell their domain names, putting their names in an auction.

Michael: Yes. Okay, another example from Domain Fest was HouseInsurance.com. And I ran some stats a couple of weeks ago, so they may have shifted or, you know, even the numbers that we talked about today are going to shift from the time somebody watches this video, but it was 40,500 global traffic at \$10 a click through, which put a 24 month value on the domain HouseInsurance.com using your formula at roughly \$7.8 million. The reserve was set at 500,000.

Andrew: Yes.

Michael: Was that—

Andrew: In the case of House Insurance, again, it's a lead generation name that is only good for the US, so you have to look at the local monthly searches and I don't know what that is off hand.

Michael: Which will probably bring it down by a factor, so let's—

Andrew: Yes, fairly significantly.

Michael: Yes.

Andrew: Probably to the tune of something like 40 to 60%, I would guess, the local search would be less.

Michael: Alright, I'm running it, just so we are able to talk more concretely about this. House Insurance has, you're right, 4,400. So, if we put 4,400 in the 24 month value then becomes \$850,000.

Andrew: Yes.

Michael: And the reserve was 500,000. Might that have been properly priced but just not sell?

Andrew: It's not that far off.

Michael: Yes. If one of those lead generation companies happen to be in the audience and picked it up for 500,000—

Andrew: Exactly.

Michael: Or online for the auction.

Andrew: But you know, yes, again, this is [Audio skip 47:47] is not perfect because, okay, in order to get that domain name to be number one in Google, okay, you would have to probably spend something to the tune of 10,000 to 15,000 maybe even 18,000 to 20,000 dollars per month in SEO. And that would probably be a 6 to 12 month process and you'd be spending somewhere in that \$10,000 to \$20,000 range every month for those 12 months.

Michael: Okay.

Andrew: Beyond that you'd have to continually spend 5,000 to \$10,000 a month to maintain that position, simply because insurance is such a competitive space.

So, you need to discount the value of the domain name purely as it stands alone because of the added expenditure of the SEO in such a competitive vertical. So, I don't want to retract or go back on the formulation that we've been discussing this whole time, but again, this is a situation where there are other variables that come in to play which affect that valuation.

I wouldn't put the value of house insurance just because I've actually worked on this name quite a bit and I can't go to too much more detail on that. But I put the actual value of, you know, to a lead generation company of house insurance, you know, somewhere around 30% less than what they had to reserve at.

Michael: Okay, alright. I know you have to run to another engagement Andrew, so I'm going to run through a few more examples with you if that's cool.

Andrew: Terrific.

Michael: Alright. So, let's see here, a couple of weeks ago was another auction called Domain Madness. It happens every year. I want to pick a domain that doesn't have as much traffic. We've been talking about Auto Insurance and Home Staging and House Insurance, these have, you know, lots of traffic. Let's look at one that doesn't have a lot of traffic.

Andrew: To search, that's of search. You used traffic in search. We're talking about search.

Michael: Exactly, I'm sorry, I meant searched traffic, searched traffic. So, let's pick, here's one that did sell, let's look at GasDeals.com, with gas, you know, above \$4 a gallon now within the United States or much of the United States.

Let's go look at GasDeals.com. So, I'm going to go in, I'm going to type in gas deals just to get an exact search in the United States and some updated information here. And so gas deals local monthly searches so the United States 73, so, I'm going to type in 73 and the estimated CPC is \$0.81, which would put a 24 month value at \$1,135.

Andrew: Yes.

Michael: The actual sale price was \$1,605, pretty darn close to what the estimated value using your formula is.

Andrew: Yes, but again, as much I'd like say, "Oh, wow, that was spot on for my formula," GasDeals.com is more of what I - it's a front of mind expression or a phrase. But it's more of a brandable domain name rather than the exact match keyword domain. And frankly at 1,600 bucks, I think that was a great deal, somebody got a killer deal.

Michael: Yes.

Andrew: The whole daily deal market has heated up, you know, the group on copy cats are exploding daily, there's tons of, you know, buy outs and acquisitions and frankly we've sold a few domain names in that space recently. For numbers far in excess of what I thought those domains were actually worth, simply because this space is hot right now. So, again, I think GasDeals.com it fall into the brandable domain category. I wish I had a formula for saying this is what that name is worth, you know in the brandable space, but I don't. But I can say that, yes, I mean GasDeals.com 1,600 bucks, no brainer.

Michael: Okay, so you, I actually thought that that was a keyword generic one, but you thought it was brandable, which I can see now. If it was gas discounts, do you think that that would be better as a generic keyword domain name?

Andrew: I mean, I have to use some keyword research—

Michael: Okay.

Andrew: As it applies to that vertical, the gasoline pricing vertical.

Michael: Got you.

Andrew: We'd have to look at some keyword research tools and say what are the keywords that [Audio skip 52:37] Google AdWords keyword tool for that exact purpose. I don't know if you had it up in front of you, but if you type in gas, you can sort by exact match search. You can sort—

Michael: Yes. So, I'm going to type in gas and then do I want to make it a broad match to look at everything related to gas?

Andrew: You can keep it exact but up in the top under where you type in the keywords—

Michael: Yes.

Andrew: There's a little checkbox somewhere, again, that says like include related terms or something to that extent, I don't have it in front of me.

Michael: Yes, I am let's see here, advanced options, include—

Andrew: I think you go into advanced options, I think it's right underneath where you type the keywords in, or to the right side of that.

Michael: Yes. I don't see it, I see include adult ideas.

Andrew: Hang on, wait a second.

Michael: Alright, well, let's just do the search. And then if I sort it by local monthly searches just on gas, I can see—

Andrew: Well, one of the terms in the highest search.

Michael: Something doesn't seem to be working here. Let me resubmit this here, Gas Prices.

Andrew: So, yes. GasPrices.com, I would say that is an exact match keyword domain.

Michael: Okay, or Cheap Gas. Gas Prices has a 135,000 searches per month, Cheap Gas has 22,000. So those are good examples of and why GasDeals.com might be more of a brandable.

Andrew: Yes.

Michael: I got it. Alright. How about, let's look at one called Athletic Clubs, this was one that I was looking at. Because I love gyms and athletic clubs where I can play racquet ball and go swimming and I thought I should buy this one and develop out a directory because then I can get free access to any athletic club I want around the world, because I say I run AthleticClubs.com. So, I did some searching on this, 260 searches per month, \$0.57 click through rate, which puts the 24 month value at about \$2,800. The reserve at Domain Madness was \$5,000. Reserve was overpriced would you say?

Andrew: What was the search again?

Michael: 260.

Andrew: 260 not 260 and something.

Michael: Just 260.

Andrew: Yes, overpriced.

Michael: Yes and I, you know, when I was doing a little bit of research on this, I figured out that gyms is actually a more popular search phrase. People think of the gym or they—

Andrew: What's this, for athletic club?

Michael: Gyms is searched 74,000 times per month—

Andrew: Yes, what about athletic clubs, the plural?

Michael: The plural athletic clubs, I'm just resorting right here, is oops.

Andrew: Alright, I'm going to throw out a little tidbit and this is actually an extremely valuable, I don't want to say secret, because most of the guys are in the SEO business or, you know, are well aware of this. But when you're buying a domain name, always see the, okay, Google [Audio skip 56:01] has changed the landscape of SEO. It's changed the landscape of what domain names are attractive. Do you want the singular or do you want the plural? It

used to be, you wanted the one that had the most search. A good example of that is ReclinerSofas.com, which I recently bought in an expired domain auction. And this is a perfect example because it's a mistake that some domainers make. I'm going to say, okay, so, both domains expired, ReclinerSofa.com and ReclinerSofas.com.

Okay, I decided that I was going to go after ReclinerSofas.com only. I went after the singular as well because it's always nice to have both. But only to a certain level where I say, "Okay, this is a nice add on but beyond this price, it's not worth it to me." But ReclinerSofas.com, I want it, that's the one that Google pushes. And when I say Google pushes, when you go to Google and you start typing in Recliner and you put in S, the first thing that's going to pop up is ReclinerSofas not ReclinerSofa.

And so, you want the exact match keyword domain, then is the first option that Google puts up for the keywords that you're looking for. So, even though if you go to the Google AdWords keyword tool, there's actually more search volume not significantly more but there is more search volume for Recliner Sofa and an extremely maybe the most well known domainer in the whole space is the person who I was competing for, for those, both of those domain names. He chose to go after the singular more and my guess is because it has more search volume. I might be wrong in his motivations but my guess would be that he went after ReclinerSofa.com because it had more search. I went after ReclinerSofas.com because that's the keyword that Google pushes. It doesn't push singular, it pushes the plural and when you are typing in Google recliner sof whatever, you type the S. I don't know what the statistic is because it keeps changing because more and more people are adapting and adopting Google instant suggestions—

But ultimately all people or much vast majority of people will be using those suggestions, those Google instant suggestions. And you want to be ranking for the one that Google pushes, the one that Google suggest, they keywords that Google suggest. And in this case they suggest the plural, ReclinerSofas, which is why I decided to go after the sofas, even though I could have gone after the singular as well.

And I think that that's a common mistake that I see often when people are submitting domain to me, they say, "Well, but look," and I say, "Well, no". In this case, I think you should have singular or in this case you should have the plural. And it can always differentiate, it's not that you always want the plural or you always want the singular. It used to be that in ecommerce you only wanted the plural. Well, now, that landscape is changing. And now, you want what Google tells you you want basically.

Michael: Right.

Andrew: You know, unfortunately that's the case.

Michael: Right. Alright, so Recliner Sofas, thousand searches per month, \$2 a search, puts you at \$38,000 for a 24 month value. Did you pay anywhere close to 38,000?

Andrew: Thank God, no.

Michael: Can I ask what you ended up paying for it?

Andrew: I don't remember off hand, but I think it was something to the tune of \$2,000 or \$3,000.

Michael: Alright. So, a good deal compared to the formulaic valuation where you going to try and sell that domain.

Andrew: I have no idea, I mean, at this point I'm not actively selling the domains. To be honest I'm more of a buyer than I am a seller, in the current market I think, you know, it's a tough market, it's a buyers market for sure. You know, I looked at some of these names, ultimately I don't want to be brokering domains forever. I do it because it creates excellent cash flow for me and make acquisitions for myself. You know, I didn't get into the domain game in '95 or '97 or '99, so or at least not aggressively. And, you know, so I use domain brokerage as a way to create cash flow to make acquisitions to myself, which I can later develop or sell to, you know, at the highest value I can get. But everybody is in different positions and some people are sitting



on portfolios that they use the sales of those domain names as their cash flow and that's what I'm here to help with.

So, yes, I mean, you know, ReclinerSofas.com is not a name I'm particularly attached to and certainly if an offer came along I'd sell it. And maybe down the road at some point I'll proactively try to sell it or maybe develop it into, you know, some type of ecommerce, I mean, it doesn't take a lot of sofa sales to, you know, if you get a 10% commission on selling a \$3,000, you sell 10 sofas and you've got in your \$3,000 back.

Michael: Right, right. Alright, so going back to your example where—

Andrew: Yes.

Michael: The Google instant is actually suggesting it and we're talking about sofa, reclining sofas, sofa recliners.

Andrew: Reclining sofas.

Michael: Reclining sofas. I typed in, I went to Google, I typed athletic C L U and it comes back with and it realizes that my IP address is in the Seattle area, so it says, athletic club Seattle, athletic club Port Townsend, athletic clubs in Redmond, Washington, athletic club in Stanwood Washington, whole list of them down and then finally—

Andrew: Yes.

Michael: It says, athletic club, so clearly, Google is saying people are searching for athletic clubs in a city, in a local area or a city that they happen to be in, if they're traveling or what have you and they're going to recommend that. So, if I were to buy AthleticClubs.com, I'd want to build out some sort of SEO strategy that takes advantage of the city names and list the clubs or and maybe has a dedicated page that talks about the location, so that all of that information is search engine optimized.

Andrew: Mm-hmm.

Michael: Okay.

Andrew: Yes, now, so this is a tricky one, I mean, again, if you were going to buy AthleticClub.com that name blends itself towards an end user, one specific brand of athletic clubs wanting to own the brand and wanting to own the space and so they would buy AthleticClub.com. But the plural version in this case lends itself towards a directory like you said. If you've got AthleticClubs.com, you know, that you're saying, "Hey, we're going to show you all the athletic clubs."

So, the plural in the case of directories, it's pretty much always better to have the plural. You know, more example of name we're saying right now is Cardiologists, the plural .com, Cardiologists.com. And that makes itself terrifically to a directory of cardiologist, one of the highest paid medical professions out there. But Cardiologist.com lends itself, you know, to a specific cardiologist wanting to own that brand. Being the most famous cardiologist or maybe just an informational page about what a cardiologist does.

Michael: Got it. Alright, so I know we're pressed for time, Andrew. I've got a couple of more follow on questions if you have a couple more minutes.

Alright, so we've talked about, we talked about the formula, we talked about how the formula might up or down depending on the factors involved, how long it is, whether it's singular or plural. We talked .net, .org being 10% for the .net, maybe 5 to 10% for the .org. What about other TLDs like .info or .me or country codes like .ly or .de?

Andrew: Okay, .de I think you could separate out from that, you know Germany has highest entry of internet use worldwide, more so than United States.

Michael: Right.

Andrew: It's a booming economy online—

Michael: Okay, so let's separate that out because—

Andrew: I don't think .de is I mean in the same playing field as the .com, it's just that it's a smaller realm, it's one market, so you know, obviously you need to, you know, your market is smaller. .me, .ly, .info, .biz, these are all are totally different. I think that, I'll say this, my preference is for .com, .net, .org, I love all three. I buy all three. I sell all three. I have sold a handful of .me names. I personally really like the brandability of a .me domain, if the words, if the keyword fits to the .me extension, like Michael Berkins has recently acquired Love.me, what a brand, fantastic. If it's, you know, I don't know, TravelToIndia.me, you know, I see that as being the worthless domain name. .info, I spend a lot of time in Germany. My wife is German. I'm there three months a year. And .info is what I adopted. .biz, .info, you see it in use. In the US, you see it in US although not that commonly. And I think .info has some value but I couldn't tell you this is what I think the value is based on the .com valuation but it's considerably less.

Michael: Okay.

Andrew: Let's say 1 to 5%.

Michael: Alright. So, for example Share Filing is very popular in the United States. I recently saw in the newsletter of yours you had ShareFile.us, listed for \$99—

Andrew: Okay.

Michael: Where as using the formula put it around, you know, 8,000, \$10,000, I might have used the wrong numbers. Anyway, so put it at thousands of dollars—

Andrew: Yes.

Michael: You got \$99 because .us just isn't as popular.

Andrew: Yes, I mean, again, .us is also different. .us is a country code. Your market is now limited to the United States. What I found is that the only end user buyers or let's the most prominent end user buyers for the .us base and

Ron Jackson would be much more of an expert on the .us base than myself. I only own maybe five .us domain names. But predominantly what I'm saying for end user .us buyers is not US companies, not US entities. It's foreign corporations who are going to establish brand overseas and now want to target a US audience. And because of the way the search algorithms work, because their hosting is probably overseas, because, you know, maybe they're on a .de or .it extension. Now, they want to target the US market and it's very hard for them to rank for people searching for their product or service in the United States. So, .us extension provides a very good alternative to them, for them. They can buy, let's say if they're selling car parts, they could buy CarParts.us. Let's say it's an Italian manufacturer of car parts and they've got the European market locked down. Now, they want to come into the US market, they buy CarParts.us. They set up a hosting within the United States. They do some simple SEO. Ultimately they're going to start ranking really highly for people within the United States searching for car parts. So, it's a very effective strategy for localized SEO.

Michael: Makes sense.

Andrew: Yes.

Michael: Alright Andrew, you've sold names like AutoInsurance.org for \$440,000, Prince.com for \$225,000, AgeX.com \$125,000, Italy.net for \$52,000. Were all of those brokered domain names or did you own any of them out right?

Andrew: The ones that you've mentioned were all brokered.

Michael: Okay.

Andrew: I have sold significant number of my own domains but I tend to keep most of my own sales private.

Michael: Got it. And in those cases do you mainly find people buy your newsletter, people are signed up and watching what happens on your newsletter? Is that where you find majority of your leads?

Andrew: We have a, we're very lucky. We've got a lot of followers on our newsletter. We've got nearly 5,000 subscribers to our newsletter and we've had tremendous success and response to our newsletter. So, yes, a lot of leads have been generated through our newsletter, which led further negotiations and some times months of negotiation to close a deal on some of those domain names. But yes, I mean, a lot of the most of the six figure, seven figure deals that we've done did not come from the newsletter. I would say, you know, the majority of our four and five figure sales are for sure through the newsletter. In fact, we don't really broker names to end users or person, I don't personally broker any names that I don't feel comfortable that I could sell that name for at least \$50, \$75,000 unless it's a slam dunk, you know, if it's \$25,000 but I think it's a slam dunk, you know, just wants to get out of it. Then sure, you know, happy to do so. But yes, a lot of the lead, but a lot of leads and a lot of leads do come from our newsletter.

Michael: Got it. Alright, and your newsletter comes out a few times a week as you said. You usually got about 40 domain names in there. How many would you say are your own versus people emailing in and asking you to represent them?

Andrew: When we first start I'd say, you know, 30 to 50% of the domains were my own. Now, I rarely include any of my own domain names. I would say, you know, once a month I'll put in two to five domain names of my own. But rarely do I include any of my own domain names. At this point we actually have a pretty significant back log of domain names. They go into a folder where you send me an email, we decide to include your names in the newsletter. They go into a folder in my inbox. And the next time I'm putting together the newsletter, which is what I'm going to be doing a couple of hours from now, for tomorrow's newsletter. I'd go in there. I'd look at the last emails which I hadn't addressed yet. And start pulling those names and I've got a pretty big back log at the moment.

Michael: Great. And what's your commission for helping people sell their domain names?

Andrew: Our standard commission is 15%. And in general we require a 14 day exclusive to sell the domain name if we're going to run into our

newsletter. You know, I used to do it with a written agreement but it just became too much administrative work and frankly I'd rather deal with people that I can do business on a handshake at this point. So, if I, you know, if you give me reason not to be able to do business with you on a handshake, we'll probably not going to do any more business.

Michael: I think that sounds fair enough.

Andrew: Yes.

Michael: Alright, let's leave it with this. The phrase leaving money on the table I think is every domain investor's nightmare, right?

Andrew: Yes.

Michael: You got a domain name. You think it's a great domain name. You bought it maybe on a drop for a few hundred dollars and you think it's a \$20,000 domain. You sell it to somebody who shows interest. You negotiate them up for \$40,000. You sell it to another domain investor, a week later they turn around and sell it for like a hundred thousand dollars, you're kicking yourself. It happened to people that we know.

Andrew: Unfortunately, it happens to all of us. I mean—

Michael: Yes. What's the advice that you have to help other domain investors not leave money on the table?

Andrew: Do your research.

Michael: If they follow this formula, are they less likely to leave money on the table and to sell their domain names?

Andrew: Well, again, remember, the formula that we've talked about through this interview is for the optimal value, let's say the maximum value of that domain name to an end user who's going to use it to its fullest potential, get it ranking, number one in Google for the keyword term. Rarely are you going to see a domain name reach its fullest potential, okay. And this

market is in its infancy, so the formula that we presented here is for its maximum value to an end user.

Michael: Got it.

Andrew: So, I think that if you're selling your domain within the domain community, you need to recognize that and you need to say, "Okay, well, you're going to have to leave some money on the table for another domainer because"—

Michael: To be able to move it.

Andrew: Yes, yes, yes, yes, I mean I'm not going to buy a domain name from other domainer if I don't think that I, if I don't think that there's room for me to make money. Or even that, you know, if I don't think that if I need to liquidate that domain name. I can sell it to yet another domainer and at least break even or make a profit.

So, you need to recognize that and, you know, I would say that, you know, the top value of a domain name selling within the domain community is maybe 10% of that valuation and that's the top end. And I would say most domainers are looking to buy between 3 and 10% of that valuation. And I think that in a market like were in right now, I think maybe even 12 months is probably closer to what that valuation should be, not the 24 months.

Michael: Now, if you did the 12 month valuation, would you apply that factor of, you know, 3 to 10% as well?

Andrew: Yes, absolutely, absolutely.

Michael: Okay.

Andrew: Because we're all in the same market place. We're all under the same market conditions. And I think that, you know, money being tight right now. You know the world economy being what it is is what puts which you, is what, tells me that the valuation maybe closer to the 12 month valuation instead of the 24.

And then if I'm a domainer, yes, I want to buying, you know, at the most, 10% of that value, so that there's money on the table for me to make. Selling it to an end user or if I have to liquidate like I said, I can breakeven or make a little profit, selling it to another domainer who wants to sell it to the end user.

Michael: Makes perfect sense. Andrew, this has been a fantastic tutorial. I am very grateful for you sharing this information so that other people can look at it, can try it out, can discuss it, can talk about how they're modifying it or using it differently in other industries or verticals or niches. But at least having a discussion about what the maximum value somebody should expect in. What the factors that might reduce that value. And then what another domain investor might want to purchase it for, starts the ball rolling and has, you know, allows people to have a discussion and think more openly about it. So I appreciate all the time that you spent today and I know a lot of our watcher will as well.

Andrew: Absolutely yes, I mean, I do want to just emphasize it again, this is not a perfect formula, and I'm not trying to dictate that this is what domain names are worth because I've said so. But it is important like I said to have some system for establishing a mark, establishing a foundation for what is a domain name worth. And you know, I think that the future of this industry is really based on domain valuations, our ability to bring other services in this industry such as insurance, such as titles, such as you know some form of initial public authoring or stock exchange for domain names. These types of services are the future of domain names. These are the types of services that will increase, you know, exponentially, the value of domains by allowing banks to lend money against domain names. If you can bring credit into this market, you know, the sky is the limit for the value of these domain names. However, banks can't lend money against a domain because banks don't know how to value a domain.

So, we need to create building blocks for you know, establishing the foundation of how to value a domain name and I think that it's critical for the future of this industry and, you know, it is tough and there's a lot of gut feeling that goes into it and experience that goes into it from prior sales and looking at comps. They may not always align up with formula that we gone



through but I really do think that Number One: The amount of exact match search volume for the keywords in your domain name is critical. I really, truly believe that that is the foundation of the value of a domain name, a generic, exact match keyword domain name. And then you know, the higher your CPC or the lead value for that, those keywords, you know of course the value is only going to go up from there.

Michael: Fantastic. Where can people go if they want to learn more about your business, Andrew?

Andrew: Visit us at [MediaOptions.com](http://MediaOptions.com), sign up for our newsletter; you will not be disappointed, I hope.

Michael: I get your newsletter and I enjoy looking through the domains every single time I get it, so I'll vouch for that.

Andrew: Yes, I mean, I consider myself a value investor for domain names. And I think most of my readers are as well. And so we really try to focus on high quality domains names that we perceive value in. That we think if you believe, you know, if you, if this domain name is in a vertical that you're interested in, I'm trying to bring it to you at a price that I think is fair. I think that this is the fair value. And my readers should never be afraid to make an offer. Again, I think it's the buyer's market and I'm happy to fight for you and try to get a deal done. So, always feel free to make an offer even if it's low.

Michael: Okay.

Andrew: That's where negotiation starts.

Michael: Exactly.

Andrew: And the last thing is I do want to plug my new site, they were about launch, which is [SpearFishing.com](http://SpearFishing.com). It's going to be an enthusiast site, a social networking, ecommerce, news, events, everything related to the sport of spear fishing, which is a hobby of mine. And I'm very, very excited about the launch. Hopefully, it'll be launching within the next two to three weeks.

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And thanks to Tim Davids. I was just able to acquire the domain SpearGuns.com to go along with it to assist us in our ecommerce component to spear fishing. So, if you guys have any interest in fishing or spear fishing or free diving, I highly encourage you to visit SpearFishing.com and sign up, so we'll notify you when we launch.

Michael: Awesome. Yes, and I've seen the logo. I've seen you promoting it. It looks fantastic. I can't wait to see the site when it goes live and see how you're going to develop it out. And when you get that up and running I hope you'll come back and tell us about how you did that.

Andrew: Absolutely. Look forward to, pretty excited.

Michael: Alright. Andrew, thank you so much for your time. We really appreciate it.

Andrew: Thanks Michael. Take care.

Michael: Thank you all for watching. Bye.

**Watch the full video at:**

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