

.Club: 1 Million Registrations by Year 1, 5 Million by Year 5 - With Colin Campbell and Jeff Sass

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Today's guests think that vertical top-level domains will be big for many reasons. They are offering a top-level domain that is social, it is a potential to competitor sites like Meetup.com and Facebook, and the registry thinks it is going to sell millions of them, not just a few hundred thousand. If this sounds like an investment or a startup opportunity for you, stay tuned to learn more.

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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. We are going to dig into and learn about a new top-level domain that is social-based and has high aspirations for registrations during the first five years. According to their ICANN top-level domain application, the registry is targeting social clubs, sporting clubs, special interest/hobby clubs, country clubs, buying clubs, fraternities and sororities, personal clubs, professional clubs, school clubs, service clubs, and nightclubs. Joining us today from the .Club Registry is CEO, Colin Campbell, and Chief Marketing Officer, Jeff Sass. Colin and Jeff, welcome to the show.

Colin Campbell: Thank you for having us on.

Jeff Sass: Thanks Michael, pleasure to be here.

Michael: For anyone that has not met you two, let me give a quick bio. Colin Campbell, currently CEO of .Club, Co-Founded the registrar, Two Cows and Hostopia - a website hosting and service provider, now owned by the public company, Deluxe - the company that makes those checks. He has also held Director roles with the Canadian Internet Registry Association and the Canadian Association of Internet providers. Jeff Sass is a serial entrepreneur as well. He is an Advisor to several companies and Co-Founder of the Social Object Factory. He is CMO of .Club currently and recently served as Vice President and Chief Evangelist for mobile entertainment company, Mixer. How did I do gentlemen?

Colin: Sounds great.

Jeff: Fine.

Michael: All right. Colin, tell me one thing about Jeff that most people do not know, and please make it embarrassing.

Colin: He likes to party. At these ICANN events, he knows how to have some fun.

Michael: Excellent. Well, that is good to know, because I did not get to party with him at TRAFFIC. So, for the next event, I am going to make sure to find Jeff and party with him.

Jeff: Well, at TRAFFIC you should have found me because, at TRAFFIC, I was holding court for a while at the bar outside there. We had a little Bloody Mary club going on.

Michael: Nice.

Jeff: There was unlimited Bloody Mary's for a while.

Michael: All right. Well, we will need to figure out. Are you going to the NamesCon in January?

Jeff: Yeah.

Michael: All right, I will see you there. Jeff, tell me one thing about Colin that most people do not know. Maybe it is a secret talent or a superpower. What have you got?

Jeff: Well, with .Club domains, everything for us is about passion, and there are two things that Colin is passionate about that I am aware of. I am sure there are others, but one is his dogs.

Colin: Keep it clean.

Jeff: The breed is King Charles Spaniels. And the other is Coke Zero.

Michael: Coke Zero.

Jeff: Coke Zero.

Colin: I am addicted to Coke Zero. I admit it.

Michael: Constant supply. So, there is actually caffeine in Coke Zero. Is that correct?

Colin: There is. In fact, we modeled our logo - the colors - after the Coke Zero bottle. The red, black, and white.

Michael: All right. Well, it is engrained in people's minds, so why not? All right, so let's start.

Jeff: What about something about you, Michael?

Michael: Something about me?

Jeff: Yes.

Michael: Oh, no, no, no, it is not your show, gentlemen. All right, let's start with the mission of .Club and how it has not been served by the domain name industry so far.

Colin: Yeah, well, let me just kick it off, because I am a big believer in the whole verticalized gTLD space. I mean, at Hostopia, we did a study of the verticalized gTLDs. By the way, I am not as big of a proponent of the names that are similar to meaning to a .COM, for instance. .COM is a great TLD. I am a real big believer in those names that sort of compliment a .COM or even define something different than a .COM so someone would actually choose a verticalized TLD over a .COM. So, something like a .WIKI or even a .CLUB. The mission for us is really about helping small communities, clubs, University clubs - all those clubs that you mentioned - come together in an easy way online. So, finding a great brand to represent yourself online and market yourself online, and then have the software and other services to back that up. And we are actually working closely with the registrars, like GoDaddy and 101, and a number of them to promote the name and to make it very easy for communities to form around that brand.

Jeff: One of the things that is interesting about the introduction of new top-level domains is the opportunity to find a domain name that really has meaning. .COM is a great brand. There is no doubt about it. But it is a great brand because it was the first and it became the default, not because it actually means anything. With the new top-level domains, and in particular

with a name like Club, it actually adds meaning to whatever you put to the left of the dot. So, you put anything in front of .CLUB and immediately it means people coming together around a common interest or passion.

Anything. You put your name. Michael.club versus Michael.com.

Michael.com is a great name. Obviously, if you would have it, you would be happy, but it does not tell you anything about it. Michael.club tells you that it is about a community. It is about passion.

So, the opportunity to get new domain names that actually add meaning is really interesting, and it is going to be very interesting for smart marketers. You will see a lot more campaign-based domain names coming out because you could find something that really matches the intent and the interest of that campaign.

Michael: Now, most of the time, when I think of a club, I think of a not-for-profit. It is an organization. It is a group of individuals who have banded together to learn something or share time on a common interest like King George Spaniels. Was that the dog?

Colin: King Charles Spaniels.

Michael: King Charles Spaniels, not King George.

Jeff: Close enough.

Michael: And I do not think that they are in it for the money necessarily. Do you think that most of the registrations that will come via .CLUB will be similar?

Jeff: No, not at all actually. When you think of the word 'club', one of the things that is really important to recognize is club is a global brand. The word 'club' is spelled the same and actually means the same thing all over the world. Germany, the Netherlands, China, and Japan. You will go to China and you will see Chinese characters followed by 'club', and it has the same meaning. So, we are talking about a word that means something globally. And actually, when you look at the entertainment and sports world, especially outside the US, every sports team outside the US is a club. It is Manchester

United Football Club. These are all clubs all over the world. So, when you look at the clubs in associations, they use the name; they are very much for-profit organizations. Look at every golf and country club in the country. Look at every chess club. Look at every rotary club.

I mean there are literally millions of clubs and organizations that are not non-profit, that are for-profit, and that are big businesses. And there is a lot of opportunities for innovation and new companies to be formed around a .CLUB name because, again, as soon as you put 'club' at the end of it, it tells you that you are bringing a community together. So, whether it is Travel.club or Poker.club, or any of the numerous premium names that are going to be available, it means something. So, I think the opportunity for .CLUB is much, much, much larger than thinking of non-profit organizations. That is a teeny, teeny, teeny piece of the pie.

Michael: Sure. So, we have got hundreds of new top-level domains coming out over the next months and years. Top-level domains like .TATTOO and .SEXY and .XYZ - you name it. I had on, just a couple weeks ago, Ken Hansen, who has recently left NewStar to startup the .CO.COM top-level domain. And I asked him, "How did you verify that real customers will want to register the domain name?" When I think about that question from an entrepreneurial standpoint, I think: "Well, if I am going to build a service for a company, I want to make sure before I invest any time or money that I am going to have real customers that are willing to spend real money for that product or service."

With yours, the .CLUB top-level domain, I can see the connection. There is a lot of people out there that have clubs. There are millions of clubs registered, as you have mentioned. Did you actually go out and verify that people will spend money, or is it just enough to go do market research and find out how many clubs there are and estimate that some percentage of them will want a .CLUB top-level domain?

Colin: Right. Well, first of all, when we started studying this one, we researched the number of clubs in the world. There are 37 thousand rotary clubs, to give you an example. There are approximately between 10 and 20 million, around the world, traditional style clubs, and then add to that. You

also have the University clubs, the academic clubs, the high school clubs. Obviously it goes well beyond just our initial analysis. In fact, if you do a route zone analysis, you will find that there are 489 thousand clubs with the word 'club' to left of the dot in .COM, .NET, and .ORG. So, I mean that was one reason why we were confident in investing a lot of money in this domain name.

The other thing: I mean the reality is the market is beginning to speak. It is beginning to give us some signs. I know there has been a lot of expression of interest by a number of companies. The reality is in almost every company that has done an expression of interest or preregistration - I know there are sort of unique preregistrations we will call them. But the reality is we have been featured in the Top 10 list or the Most Popular list of almost every company that has done these preregistrations. We are lucky. I will tell you that, because in the next six months .CLUB will be launching. It is coming to market. We were successful in winning in auction and there are a lot of other TLDs in that top market. If you look at, for instance, the United Domains' Top 40, there is only one generic that will launch in the first half of 2014 and that is .CLUB.

The .SHOP, the .WEB, and all of these others are caught in this contention. They are caught in the auction. We, early on, decided to go to a private auction with Donuts and Merchant Law. We were able to raise 8.2 million dollars. We can say that, and today we have invested more than five million dollars for that auction and for the marketing, and the legal, and the application fee.

Jeff: To get to where we are.

Colin: Yeah, to get to where we are today. So, the good thing here is that we are out of the gate. We are ready to go and we are working very closely with the registrars to make certain that we launch in a big way.

Michael: Great.

Jeff: The other thing, Michael, is interesting too, and I think it is interesting to your audience too - to domain investors in particular. In the case of .CLUB, it

is not necessarily in competition with .COM. It is not necessarily a case of either or. We actually see many opportunities where a .CLUB name is very complimentary to a .COM, and particularly in the retail market. In the retail market, you have many retailers, including big brands, use some form of club for their loyalty and affinity programs. And there is an opportunity to use a .CLUB name to point to that. So, instead of it being a subdomain of their .COM, their .COM is their storefront - it is their corporate site -, but their community is their .CLUB. Their community is their .CLUB address. So, it is not a matter of either or. They work together very well, especially in the retail market.

Colin: Just take wine. Wine.club. When you search wine clubs on the Internet, there are thousands of wine clubs.

Michael: Right.

Colin: So, the company that owns Wine.club are going to have the logical authority to rule the space. Whoever has that domain, that is a phenomenal name to promote a wine club.

Michael: Well, I want to ask you more about that - Wine.club versus maybe a WineClub.com - and get your thoughts about that. But let me ask you a few questions about the auction and your investors, and the registry in general. How many investors are there in the .CLUB top-level domain?

Colin: 27 investors. The majority of the stock is owned by myself, but we have a very diverse group of investors from even well known domainer, Ken Lawson. I do not know if you know Ken Lawson. He owns Pizza.com and a number of other domains. It was a funny situation actually, because 30 days prior to the auction, I began to realize: "This thing is going to sell for a little more than I initially had thought," and so we filed a Reg D filing to raise the 8.2 million. The seven million dollars was follow-on. To raise the seven million dollars, I could not use a broker to raise the money. I had to literally pick up the phone and call contacts - people who I knew in the industry who would be interested in it. And just using my LinkedIn contacts and whatnot, I was able to put together the 26 investors in about 15 days.

Michael: Wow.

Colin: And then we were ready for the auction. It was an interesting, very stressful period of time.

Michael: I bet. Now, did you bring in any investors from outside the domain name industry, Colin?

Colin: Well, my mom. She invested.

Michael: She does not count. She is related to you.

Colin: She counts. She came along for Hostopia and now she is coming along for .Club.

Michael: Good for mom. Hopefully third time is going to pay off like the first two.

Colin: That is right.

Michael: All right, so you have got 27 investors, mainly from the domain name industry. You beat out Donuts and Merchant Law Group for the .CLUB top-level domain. The final auction price I could not find online. Is that public information?

Jeff: No, it is not.

Michael: Okay, but you mentioned five million dollars spent on the auction, the lawyers, and the marketing to date. So, the auction is assumed to be less than five million dollars since lawyers do not work for free.

Colin: That is right. You can even assess that.

Michael: And let's just use a round number - under five million dollars - paid at the auction. Does that mean that Donuts and Merchant Law Group split that amount?

Jeff: Yes, less the cost of running the auction, but yes, it was really interesting. So, it is a private auction between the three parties who had applications for .CLUB. And in this case, the winning applicant, which was us, pays the amount and that amount gets divvied up amongst the other participants. So, in our case, it was two other companies; in some auctions it could be more.

Michael: So I do not know the total amount. If it was four million dollars paid at the auction, that means that the other two parties, Donuts and Merchant Law Group, were not willing to spend more than what you were in the auction, and then they split that amount that you paid, minus the commission fees to the company running it.

Jeff: Right, that is correct.

Michael: I understand. And there was only three applications for .CLUB?

Jeff: That is correct. Yeah, we were very fortunate because when you look at some of the big players in the space now, you have companies like Google, which applied for over a hundred names, and Amazon, which applied for almost a hundred names. One of them applied for .TEAM and the other applied for .GROUP, and neither of them applied for .CLUB.

Colin: They just missed it.

Jeff: So we really dodged quite a bullet there.

Michael: Yeah, because Google coming in with their billions of dollars in the bank could have easily taken over the .CLUB.

Jeff: It is hard.

Colin: We would be the walking dead gTLD applicant if that was the case.

Michael: Well, you would have cash in your pocket, maybe not enough to pay back your investors.

Colin: Cannot beat Google and Amazon. That would be a tough one.

Michael: Yeah. So, let's talk about registrations. How many registrations do you anticipate having reserved at the end of the first year, second year, or third year?

Colin: Our target right now is five million names in five years, a million names in one year, and 300 to 400 thousand names on or about the week of GA.

Michael: GA is general availability.

Colin: General availability, yeah, which we estimate to be around mid to late April. The general availability date. The reality is we have put together some very competitive pricing in the industry. We do not have any of these different pricing schemes. We have one simple price. It is \$9.75 wholesale and we are offering it at registrars at 20% launch discount in the first year. So, it is very competitive pricing. The renewal pricing is also very competitive. It is the same price as GA. And even if you purchase a name at land rush, it is still the GA pricing. So, if you buy Wine.club for 100 thousand dollars, your renewal rate will be whatever rates that GoDaddy and 1and1 charge for those names.

Michael: I understand. All right, I watched a prior interview where you said the wholesale pricing to registrars was going to be \$7.80. Now you say \$9.75. Is that just adjustment, as you get ready for the launch?

Colin: Oh, yeah, that is correct. So, \$9.75 is the wholesale price. However, I mentioned earlier that we have a launch discount the first year. It will be a 20% discount, so the price will be \$7.80 for registrars in the first year, and then there will be volume tiers that they need to meet in subsequent years in order to keep that discount.

Michael: I understand. So, most registrars will probably mark it up 100%, so they may sell it for 18 or twenty dollars for a registration, but some of them may use the domains as loss leaders to try and get people to do hosting. Is that roughly what you see?

Jeff: Yeah, it is going to be up to the individual registrar, but it seems to be in the ballpark.

Michael: Okay. One million in the first year. That is a lot of registrations. How do you know that that is not an overly optimistic number to shoot for?

Colin: I think that the reality is it is a global brand. It means so many things to so many people. I hate to say we are a little bit lucky here in that we are the only top name to come to market, the top global branded TLD to come to market early now. You see companies like 101 that have spent more than 50 million euros and they feature us very prominently in their Most Popular list. You see companies like GoDaddy right now, which features four new TLDs coming out, and .CLUB is one of those TLDs. So, obviously we are working closely with the registrars. We have a great name, we are working closely with the registrars, and we have a great marketing budget. The money is not going to sit in the bank. We are going to be investing heavily in marketing and promoting this name.

Jeff: Yeah, and also, there is other market segments we did not even talk about that are huge. You mentioned, in your introduction, Michael, that this was a social domain name. And when you think of the social world we live in today, it has never been easier for people with common interests to come together. They come together on Facebook and they come together on Google, and Yahoo, and LinkedIn. These groups. There are over 600 million Facebook groups. Every one of those groups is really just a little club. And right now, their domain name, their identity, is Facebook.com/Groups/[NameOfGroup]. Even if a fraction of those groups just take a great .CLUB name and forward it to their Facebook page so that they have an identity that they own and that they can take away at some point if they want to leave Facebook. That is an extremely simple, invaluable solution that .CLUB is perfect for.

So, there is a really big market here. It is global. It goes from the obvious established clubs and organizations to retail loyalty and affinity programs to all these online groups I just spoke about to the whole sports and entertainment field. And then, at the bottom of the pyramid, really the

broadest group is passionate consumers. Colin has got his passion for the King Charles Spaniels, so he might want to have KingCharlesSpaniels.club to express that passion. Everyone has something they are passionate about and a .CLUB name is a great way to express that passion.

Colin: My daughter has already said she wants 221B.club.

Michael: 221B.

Colin: 221B - 221 Baker Street. SherlockHolmes.club. She wants a club with a blog and fan fiction, and all of that around Sherlock Holmes. And she is very big on this idea of launching 221B.club.

Michael: Now, have you held that back from registration? Is she guaranteed to get it?

Colin: Well, I do not know. We will see. She will have to compete with me.

Michael: We will see how much the offers come in for.

Jeff: Exactly. That will be another auction.

Michael: I think a lot of registries are planning on receiving a certain number of defensive registrations. It seems to me that there are some top-level domains that were only launched for defensive registrations. What percentage of your one million anticipated registrations during the first year do you anticipate will be defensive registrations?

Jeff: I do not know the percentage, Michael, but I would say that we expect to get a lot of defensive or protection registrations, and here is why. But I think there is an advantage that we have over the other ones. Typically, brands go after sort of gripe names and pornography, and things that will embarrass them. In the case of .CLUB, it is not an issue of embarrassment. It is an issue of owning and protecting your community. The .CLUB name represents your community, so brands want to own that community. Nike.club represents Nike's community. It is important for Nike to own and control it. They do not

want someone else controlling their community. And so, we think there is going to be a lot of brands who will want their .CLUB name for that reason.

Unlike the gripe addresses though, they can actually use that .CLUB name. Many of the names that they register for protection they will never use. They want to shove them in a closet and make sure no one touches them. In the case of .CLUB, not only do they get to protect their community, but now they have a name that they could actually put to good use.

Michael: Yeah. Hey, Jeff, I love your passion. I believe that you are tapping the desk when you talk. Are you doing that?

Jeff: Yeah, sorry.

Michael: All right, I cannot see your hands. No problem. I am just hearing it come through, so I just wanted to point it out. Let's talk about the schedule, because you guys are not one of the first domain names to launch. I think your order is like over a thousand, but you anticipate launching in early 2014. Can you walk me through the schedule of launch phases that entrepreneurs and investors should be aware of?

Colin: Yeah, sure. That is interesting because we have been lucky again with this. We signed our contract on November 8th. There has been about 150 companies so far roughly that have signed their ICANN contract. And then we were lucky because we got a fairly early PDT date. So, PDT is pre-delegation testing, which we started on November 25th. So, we are actually expecting delegation by the end of the year, and then going into sunrise in January. A lot of it, today, you start out with the number, and our number was 1,046, but the reality is a lot of the brands have been going a little slow here. Again, there are hundreds of names that are in contention. They have GAC advice. We do not have any GAC advice. We are a completely open name. There are no restrictions. To be quite frank, it is just that we have got a hell of a lot of luck on our side when it comes to getting to market.

Michael: Excellent.

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Jeff: And that is the other thing. Colin mentioned no restrictions. That is important to note too. A number of the new domains, especially the ones that are very verticalized, have special requirements. You have to validate that you are in a certain class of company in order to get that domain name, etc. .CLUB is not like that. It is completely open. You do not have to actually be a club. We are not validating anything. Anyone who wants a .CLUB name can get one for any use they want.

Michael: Excellent. Okay, so sunrise for those who have trademarks registered you said was January.

Colin: January to March. And then, mid-March, for a month, we will have a 30-day land rush period, and then a seven-day sort of breather, GA land rush period. And so, we are talking about really the end of April for general availability.

Michael: All right. We talked about the pricing structure. I looked at your website, DotClub.com, and it looks like you have almost every single major registrar in the world lined up to sell .CLUB top-level domains.

Colin: That is correct. In fact, we are going to Japan and China on January 3rd. So, it is going to be a week out in the East, because it is just a great word that works all over the world. And we are getting calls from countries, which, again, we never would have expected when we started out with this, but all over the world there is interest in .CLUB.

Jeff: Yeah. And just to clarify, those are all sites that are offering some type of preregistration or expressions of interest for .CLUB right now. And we are in the process of signing the registrar agreements right now.

Michael: Okay. And so, if I register a .CLUB, let's say, at GoDaddy, and after the first year I want to transfer it to another registrar, anybody that signs a registrar agreement with you, the registry, is open for me to transfer that domain to.

Colin: That is correct. Our backend is NewStar. It works very similar to a .COM or a .BIZ transfer.

Jeff: Yeah, it should be no different.

Michael: Okay, and I think a lot of people have questions about that - a lot of people outside the industry that do not understand these top-level domains. And if they register one, or even the top-level domains that are not "ICANN accredited" registries like .CO.COM. If only a certain number of registrar come onboard to sell those domain names, that limits the pool by which they can transfer the domain name to. Is that correct?

Colin: That is correct, and again, we are fortunate in that almost every major registrar is very excited about the prospect of launching .CLUB. So, we do not have that issue. I know some of the highly verticalized TLDs may have some of those issues, but that is not an issue for us.

Michael: Okay. What will be the auction process for premium registrations? So, for example, I assume that hundreds of people plus have gone to 1and1.com and registered Book.club or Poker.club. How will those premium domain names be handled?

Colin: We have what we call a land rush process. So, you might be familiar with it. It is a process whereby if two registrars - for instance, I know that 1and1 is taking unique registrations for their expressions of interest. GoDaddy will take unique expressions of interest or preregistrations. And they will come together and we have a relationship with Sedo, so Sedo will handle whether two companies come together and they bid on it or two individuals that Sedo will manage the auctions.

Jeff: Yeah, and Sedo will manage some premium name auctions as well. We are also working with Right of the Dot on some super premium names with Monte and Michael. I think Michael has appeared on Domain Sherpa a couple times.

Michael: Quite a few times. Michael is actually on the Domain Sherpa Review, which we conduct every Wednesday and airs every Thursday as well.

Jeff: Yeah.

Michael: And of course Monte has. So, Book.club. If I was not the first to get my unique preregistration in at land1 or at GoDaddy, am I out of the Book.club auction?

Colin: Not necessarily. There are a few thousand names that we are putting aside in what we call a premium name list. Those names will be available for Sedo and anyone will be able to bid on those names. The reality is though when you look at .CLUB, there are so many great domain names. We might book Wine.club in our premium name list, but RedWine.club might go into land rush. So, there is so many great names that can hit the market at land rush. It is an important point because, if you are not paying attention, there is a lot of domain names that are going to get taken up in land rush and general availability, quite frankly.

Jeff: Yeah, there is a lot of opportunities. I mean we believe that the domain investor is an important part of the whole ecosystem. That is why. We were at TRAFFIC. I said hello to you there. I think Michael and I were on a panel there. We will be at the conference in January in Vegas. We are supporting the domain investor side of the business as well because it is an important part of the overall ecosystem and I think there are some great opportunities with .CLUB names. As Colin mentioned, we do have a premium list, but there are so many great .CLUB names that a lot of good names will be available in land rush and in general availability for domain investors.

Colin: That was not always the case either. I mean I have to admit. In the '90s, when we were at Two Cows and a company called Internet Direct, we looked at domain investors almost like speculators, and we almost treated them like spammers and whatnot. So, I have come a long way.

Jeff: We have evolved.

Colin: Yeah, I have evolved and I have come a long way. I think it is very important for an ecosystem to be able to develop and a market to be able to develop. The reality is a lot of companies are going to love .CLUB, but it

might take time for them to realize that. And now that you have these domain investors, they can come in the middle and profit from it.

Michael: Now, I am the type of entrepreneur that looks at a domain name and thinks about different ideas and business models. And then if one of them is interesting enough, I will potentially make an investment. I am sure a lot of other people are that way as well, because there are different ways to try and solve a problem. How can I get access to the premium list of domain names that you are withholding for individual sale before the Sedo auction and general availability - names that I assume include Poker.club and Wine.club?

Colin: Yeah, we have not talked about publishing a list as of yet. I mean I think that is a great idea. I know obviously once we get through sunrise, I think sunrise sort of trumps any of the land rush at this point. So, once we get through that we will have a final list. I know Sedo will put that online and, again, certain select names, Monte and Michael from The Right of the Dot - we have hired them to help us as advisors. But we have also hired them to identify some of the best, we call them category killers, and working with them we are going to take those to market in a big way.

Michael: Okay. So, if anybody is interested in that list, go to RightoftheDot.com. Contact Monte Cahn or Michael Berkens and they can supply you that list.

Colin: Well, after sunrise. After sunrise they will have it, and then Sedo will have a portion of the names as well.

Michael: Okay, makes sense. So you already mentioned that if I buy a domain name, like Wine.club, and I pay premium amount - let's say a thousand or ten thousand, or a hundred thousand dollars, whatever that cost is - the renewal price will be whatever the registrar's renewal price will be, and I can transfer that from location to location. So, we are not going to have the issue where a .TV domain was registered for a thousand dollars and then that becomes their annual registration cost.

Jeff: Definitely not.

Michael: Okay. And will retail prices at the registrars be available before you start selling domain names?

Colin: We presume that the registrars like GoDaddy and 1and1 will actually, under the preregistration model, announce the prices. That is correct.

Jeff: Yeah.

Michael: Now, you mentioned that clearly selling domain names to clubs and entrepreneurs to get them built up and running so people can experience them and become familiar with the top-level domain is important. It is critical, as well as the investor and the speculators - those that are buying. Will you offer a founder's program, where individuals or groups are encouraged to build out websites?

Jeff: Yes, absolutely. Our founder's program of course is called The Founders Club. And we are talking to a number of brands and companies right now who are already interested in participating. And if anyone listening to this has a company where a .CLUB name makes sense and you want to be part of that Founder's Club program, just get in touch with me. Jeff@DotClub.com.

Michael: Okay, and how does that work? What benefits will you provide? How will the pricing work? All that stuff.

Jeff: So the pricing is really a combination. Each case is a little bit individual and it is a combination of the kind of exposure that we will get from the usage by the particular brand in combination with exposure that we will give them. As Colin mentioned, we have a pretty substantial marketing budget. We are going to be doing a lot of general awareness marketing. And the companies that are part of our Founder's Club program will benefit from a lot of that marketing. So, they will be featured in that marketing and we will be marketing them. And conversely, we will have the benefit of their usage and the exposure that we get of their using it. So, pricing is based on that combination. Obviously, the more exposure we are getting from them, the less they are going to be paying for it.

Michael: Sure, I understand, so that is a great benefit. So, I am not a King George Spaniel.

Colin: King Charles.

Michael: King Charles. I do not know what is going on with King George. I am not a big history fan. I am a Doberman lover. So, if I want to start Dobermans.club, I can contact you. You will provide additional marketing if I build out the website. Create some sort of registration. I want to make it an organization for Doberman lovers on training and the best toys that they love, and how to care for them and Doberman rescue, and all that sort of stuff. So, would I have to pay for the domain name? Would I be the registrant of the domain name? Would that stay under .CLUB? How does that work?

Colin: So, it depends on really the value. If it Wine.club, for instance, we know it is valuable. We believe it is in the hundreds of thousands, and so we would look at the value of the domain name. And if you said to us: "We are going to spend a million dollars in advertising Wine.club," we would look at that as part of the domain name. You might pay for the domain name, but we might kick in a few hundred thousand dollars for your advertising. So, there is some real hard advertising dollars that we are willing to put up for the right founders who can really promote the .CLUB domain.

Michael: All right, that makes sense. So, contact Jeff if you are interested in learning more about the founder's program. I assume that I would not be able to have a discussion with you about Dobermans.club until after sunrise.

Jeff: Well, we could certainly have a discussion about it, but ultimately it would not be able to be real until after sunrise to make sure that there was not a trademark holder that took that name.

Michael: All right. So let's talk about trademark holders. How are you helping trademark owners protect their intellectual property in your top-level domain? For example, if Safeway, the massive supermarket chain in the United States, maybe up in Canada as well, does not want to use Safeway.club, what can they do to prevent others from using it?

Colin: Well, it is funny you mention Safeway. Go ahead Jeff.

Jeff: Safeway has their club card. Safeway is someone who would be very interested in using .CLUB. But I mean the trademark holders - the system is setup very specifically through ICANN for trademark holders to register with the Trademark Clearinghouse. And that gives them not only the opportunity to participate in all the various sunrise periods, but it also gives them other protections in that there is a period of time by which registrars are given the information of their registered marks in the Clearinghouse and they have to notify them if someone tries to register their trademarked name that they have not purchased, and then they have the opportunity to contact that part and take whatever action they feel is necessary. But other than that, it is as it is now. People can file UDRPs later on if they think something is being used that should not be used, etc.

Michael: Yeah, so that is the process. If a small business owner like myself, for example, and there are millions of small business owners that own a trademark to their product or service, like I do for DomainSherpa. And if I do not want to pay my two thousand dollars to the Trademark Clearinghouse, because it really does not prevent anybody from registering it; it only notifies them and notifies me.

Jeff: Correct.

Michael: So, I, as a small business owner, do not see a lot of benefit to doing that. And if somebody actually does register DomainSherpa.club, for example, my next course of action is to monitor it, to send them a cease and desist from the using the domain name, as I would with any other top-level domain, and then go as far as to request a dispute resolution policy (UDRP) for that domain name.

Jeff: Yeah, it is not different than it would be with a .COM name.

Colin: Yeah, I think trademark holders have to pick and choose here. There are hundreds of TLDs, but the reality is there is only ten top ten TLDs. There is only twenty top twenty TLDs. That is one thing to look at. Another thing to look at: is it relevant to the trademark holder? In the case of Safeway, they

have a club membership, so obviously it is very relevant for them to have that. And for most brands it is relevant to have a TLD as well. If you have a wiki on your corporate site, you might want a .WIKI as well. So, it is relevant. I think the idea of trying to block gripe names and all these types of names is going to begin to go away because it is just too expensive and there is just no return on investment, whereas I think that names that can actually mean something and add to the value of your organization or company - I think they will be the ones that companies begin to focus more on as we go forward.

Jeff: Yeah.

Michael: What are your thoughts about customer adoption? In general, people do not like to change. And although we see technology advancing, Amazon just came out with their massive PR about the drones delivering packages and dropping it on your doorstep, and that is not going to happen for a few years because of certain legal ramifications, but they are starting the PR machine now and it is maybe going to take ten years before drones are actually delivering. What are your views on customer adoption? How long will it take a regular person, ignorant of the new TLDs coming out, to realize that you can have more than three letters right of the dot? That .CLUB is a top-level domain just like .COM, .NET, and .ORG.

Colin: I think that is a great question. I love that question because part of my zone of where I lived my whole life, when it comes to paradigm shifts, the rate from the start of the Internet to broadband, etc. And so, we have another paradigm happening here. All these new TLDs. I call it a discontinuous innovation because the reality is what we are asking is for six or seven billion people on the planet to change the way they think about naming on the Internet, which is really tough. It is really tough to do. So, I think the name, sort of the continuous innovation, the names that sort of fit within the standards are those names that are short and can very easily connect with an individual who, today, uses a .COM who might have heard of a .INFO, who might have heard of .CO, and you can stretch to go with .CLUB.

But you begin to run into a little bit more difficulty when you have longer TLDs. Even with Twitter, there are some issues around links if you have

more than four characters in the Twitter, and so there is a lot of technology. I know at the last ICANN conference there was a lot of discussion about IDNs, about longer TLDs, and working with technology providers to try to get them to change their systems, their eCommerce systems, but the reality is, today, short is something that consumers understand. The pricing models. Again, when you are charging a thousand dollars a name that is not necessarily something that people understand. They understand the .COM pricing model. So, I think for those TLDs that sort of match the pricing, that are short and have meaning, are memorable, etc. I think those TLDs are all what I call a continuous innovation.

It is easy to make a leap to those TLDs. To say that you will have eight characters to the right of the dot and three characters to the left is going to take time. I do believe over time, especially with the way the search engine works, that that will happen, but we could be five to ten years away from real change there, and with the International Domain Name System (INDs) as well. I think that could take some time as well to adapt.

Jeff: And you have a lot of new people coming to the Internet too, so it is not just about the existing market. In the existing market, you have got two types of people. You have people that have a great .COM name and people who do not have a great .COM name. So, the people who already have a great .COM name - that is going to remain extremely valuable, and our goal is not to get them to shift. No should or probably will give up a great .COM name. But people who do not have a great .COM name and are looking for a new name that has more meaning and has more relevance to their business or to their website, or whatever, may look to a new top-level domain name. They may look at the new strings because it gives them an opportunity to brand themselves better.

And the new people coming into the market - for them, it is just going into a store with more products on the shelf. They are coming in for the first time. If you are starting a new business and you are thinking about naming your business, now you have far more choices. So, if you cannot get that .COM you were hoping for, for your business, you actually have tremendous choice now to find the name that best expresses that new business or idea you have. So there is a lot of opportunity on both sides of that fence I think.

Michael: Yeah, that makes sense. Let's talk about marketing plans. There are a lot of companies that have ten, twenty, and thirty top-level domains that they are angling for and they want to get live, and they want to market and have be successful. It is hard for me to imagine how they would focus proper energies on each of those top-level domains. You are a registry. You have one top-level domain. You are going to be marketing .CLUB. You already mentioned that you are incentivizing registrars by offering a 20% launch discount off the wholesale price. You are doing co-marketing with registrars that you have already started with. You have a founder's program where you will kick in marketing dollars for partners that are developing websites that are going to spend money on marketing that you can help and amplify.

What other marketing initiatives are you going to launch that will help build the brand of .CLUB so investors, entrepreneurs, or just simple single registrants will find more comfort knowing that when they buy a .CLUB or register a .CLUB that other people are going to know about it?

Jeff: That is great and, Michael, you really hit the nail on the head in terms of what our secret weapon is, and our secret weapon is focus and the fact that we only have one domain name to focus on. So, we raised, as Colin said, 8.2 million dollars. We spent 5-something. We have got money leftover. We have got a seven-figure marketing budget ready, and all of that is focused on .CLUB. We do not have to wake up in the morning and say, "Okay, today, which of our children are we going to pay attention to?" We have a single-child home. So, we are very focused on that. We have money that we will be spending. We will be spending on general awareness. We will be doing digital campaigns. We are actually going to be doing some outdoor and print campaigns. A lot of this will start. Some things will be very targeted towards the trademark holders during sunrise, and then, as we get closer to and through GA, you will see more of the broader-based general awareness campaigns happening.

So, we will be supporting just .CLUB in general as well as doing some very specific stuff with our registrar partners. Also, when you talk about the different layers of that pyramid of opportunities for .CLUB, there is a lot of targeted things we can do in each of those areas. So, when you talk about

social, we will be doing a lot of social media marketing directed at those Facebook groups and those LinkedIn groups, etc. We will be doing things in some of these verticals. There are associations that cater to nightclubs and bars. There are associations that cater to sports teams and golf and country clubs. So, we will be doing marketing through those opportunities as well so we can hit each of those verticals. So there will be quite a bit of support. And as you pointed out, all of our support is going to one string. So, on a per-domain basis, we expect that .CLUB will probably have more spent on it than most other individual TLDs, because we do not have to share our resources.

Colin: Where that really comes through is PR, for instance. We have a full-time PR firm that is working with us every months. And just last week or the week before, Jeff was on All Things Considered on NPR. It is one nice program discussion about the whole gTLD space. We are getting calls every couple weeks from journalists as well. It is an interesting story and .CLUB is a first social TLD to come to market and people are beginning to wake up to this space. So, any TLD launching today has got to be thinking about the public relations (PR) around it.

Michael: That is smart that you hired a PR firm. What is the firm's name just for clarification?

Colin: Get The Scoop.

Michael: Get The Scoop, all right. Your registry owns DotClub.com, which you are currently using for the registry information page until .CLUB top-level domain is launched and in the route. Will you redirect your DotClub.com to a domain name on the .CLUB TLD at that point?

Colin: Yeah, that is correct. So, Nic.club will be the first name. We are expecting it to happen close to Christmas.

Michael: Right, makes sense. All right, I had question from a reader recently submitted. He asked, "New TLDs like .KIWI and .CLUB own the DotTLD.com domain name, but not TLD.com, like Kiwi.com or Club.com. Do you see the value of those domain names increasing as the new top-level domains become launched?"

Colin: Yeah, I think that is interesting you say that. So, just recently, a few days ago, we could NicClub.com. I think in the next three to four years that great .COM domain names that have club in it will actually go up in value. I think the longer tail, when you get into the CertainCountyNappaWineXYZ.com, I think those might go down in value because you can easily get a .CLUB, but the reality is the great .COM names will keep going up in value.

Michael: So, if somebody owns PokerClub.com or WineClub.com, if somebody actually develops Wine.club, you believe that will increase the value of the .COM equivalent.

Colin: I think in the short-term, although I think there is a paradigm shift happening here in the next few years that is going to change. People will become more accustomed to have more than .COM. Just the very fact if you step outside of the United States, like up in Canada when we launched .CA, it was all .COM in 1998. Today ten percent of the country's population has a .CA, so it is a very popular brand. So, there are other TLDs other than .COM out there in the marketplace, and we think .CLUB will be one of those TLDs that really gets into the psyche of people around the world as well.

Michael: All right. Is there anything else that you guys would like to leave investors and entrepreneurs with as wrap up this interview that I have not touched on yet?

Colin: I think it is going to be interesting. And I think that when you look at domain investing now, with all of these new TLDs, hundreds of new TLDs coming out and obviously thousands of names, and then a lot of them are good names and a lot of them are names that do not have meaning or competing with .COM, I think this is where the domain investor can really profit from because they can pick and choose the winners. And it is hard for an end registrant or an end user to try to pick and choose in an environment like this. This is a complicated launch. So, I think the things that domain investors would really consider looking at is: in the short-term at least, is it a continuous innovation? Is it something that the average consumer can easily make a leap to?

If they have to be told what the TLD means, I think it is going to be harder for that name to grab on. I think they have to look at the actual preregistrations. See what names are in the top ten and the top twenty lists. I think they have to look at whether or not it is a global brand. I think, quite frankly, they will have to focus. If this was one of three hundred names that was being launched right now, it is a different breed. It is still the same horse, but it is a different jockey, we will call it.

Jeff: Yeah, you want to know if the name is going to be supported too, because that is going to increase its value. But I also think, as I think domain investors probably know a lot better than I do, successful domains have been brandable domains. Things that are brandable increase their value. And I think the introduction of all these new top-level domains is all about branding. I mean let's face it. You do not need to know a URL to find something on the Internet anymore. There was a time where, if you did not know the very specific web address for some site, you could not find them. That is no longer the case.

So, getting a great domain name is not about getting a great physical address so someone can find you. It is about getting a great brand. It is about a name that is brandable that is easy for people to remember so that it becomes part of your brand. So, I think the domain investors have a lot of experience with that because those have been some of the more successful sales in the past. So, when you think about what domains are brandable, what will have that kind of meaning; those are the ones that are going to be valuable.

Michael: Yeah, makes sense. This is the point of the conversation where I ask the readers to contribute their comments and questions. And if they have any, they can post them. Below the video there is a comments sections. When questions are posted, I will ask Colin and Jeff to come back and answer as many as they can. If you enjoyed the conversation, if you learned something, please take a moment a post a thank you. Post you appreciate the fact that you two took time out of your busy schedule to come on here and share more information. I know that I have learned a lot about the .CLUB, what your mission is, and how you are going to go market. That is different than a lot of

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other top-level domains that are coming out in the market, so I say thank you first.

Colin Campbell, CEO of .CLUB. Jeff Sass, CMO of .CLUB. Thank you for coming on the Domain Sherpa Show, sharing your knowledge and information about the registry, and thanks for being Domain Sherpas.

Colin: Thank you.

Jeff: Thank you, Michael.

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

Watch the full video at:

<http://www.domainsherpa.com/campbell-sass-dotclub-interview/>