

Interview with David Castello, CCIN

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Michael Cyger: Hey everyone, my name is Michael Cyger. I'm the publisher of DomainSherpa.com, the Domain Name Authority and the place where you can learn how to become a successful domain name entrepreneur directly from the experts themselves.

About a month ago I interviewed Michael Castello, the founder and CEO of Castello Cities Internet Network. Michael walked us through the vision and execution of PalmSprings.com, the networks most successful geo domain and a single website that brings in about \$1,000,000 a year in revenue. Michael was quick to point out that he couldn't have done it alone. And that his brother, David Castello, was responsible for the editorial and advertising sales that David was the rainmaker. Today we are fortunate to have David Castello joining us. David is the Chief Operating Officer and Editor in Chief of Castello Cities Internet Network. David welcome to the show.

David: Great to be here.

Michael: David I like to start off the show with a little background on the guests. Since your brother Michael came on the show before you I think it is only fair to give you the last say with respect to the following question. When you two were growing up who used to whoop on whom? Did you used to beat up your brother or did he beat up you?

David: Well, even though Michael and I are only a year apart I was always a lot taller, so there was a height advantage but he could run quickly. I would always catch up with him.

Michael: Excellent, so only one year between you two and you two don't have any other brothers or sisters?

David: No, we had a little sister but she passed away actually before we were born. It is the reason our parents moved away from the Bronx in New York.

It was the cold weather. She died of pneumonia so it is the reason we moved to Florida.

Michael: I'm sorry to hear that. So you two were very close growing up? Did you have the same circle of friends?

David: Yes in some ways. It was always funny, Michael was known as the musical one and I was known as the scientific one. Parents and family always try to stereotype their kids, but we ended up being in a band together in our teens. So in that way (and moving to New York and then to Los Angeles) we played together for awhile.

Michael: Did you travel around with your band or was it a local band?

David: There were different bands. There was a great band called 'BPB', Bonny Parker, she still plays. She is a bass player in the inner city. We played a lot through the Midwest and the Northeast and then Michael and I moved to Los Angeles. We played mostly in the Los Angeles area. Then Michael stopped performing to produce which turned out to be fortuitous because he was doing production with computers instead of recording tape. And you can see how that segwayed to where we are now. I went into other bands that played in Europe and South America and now here I am up getting into another band. So it never leaves you.

Michael: And what do you play?

David: Drums and I get to manage. I always seem to do both.

Michael: Well we may actually hear some drumming. My next door neighbor is right outside my studio and he is an 11 or 12 year old and he has been getting on his drums out there. Hopefully he won't interrupt our show today. But back in April 1995 when Michael called you up and said he registered for free the domain name PalmSprings.com what were you thinking at the time?

David: He called to tell me that something...He goes "Did you hear what happened?" And I said, "Of course, there was the bombing in Oklahoma

City” because it was the same day in ’95 and I thought that was what he was calling me about. But he told me about registering PalmSprings.com. I had no idea what he was talking about. In fact I didn’t even know what email was until I parted with him in ’97. But I left the music business. Same as a lot of people do I got burnt out. That type of business can really do a number on you. And I just went back to Florida. I also love writing. I am a history writer. And I was working on my first manuscript and I was hanging out with my parents. My mother was telling me what Michael was doing and she kept telling me to take a look at it. Back then computers had absolutely negative allure for me and I did everything on typewriter. And like I said I didn’t know what email was.

I took a closer look and I started to see things that kept drawing me back. In retrospect my ignorance and my naivety played in our favor. I didn’t know what could be done and what couldn’t be done and I did something important that I think everyone entering this industry should always do I went with my gut. And I said these are the brands. I said if we owned (like we live in Boynton Beach – it is where we grew up in Boynton Beach, Florida) if we owned BoyntonBeach.com which we do then we own the world wide brand for Boynton Beach. If we owned Laguna Beach and Acapulco, which we do and Palm Springs then we own the world wide brands. Of course at the time that was consider very speculative thinking. To me it made perfect sense. And then it was just a matter of taking that theory and turning it into a very quick reality.

Michael: And having that vision early on was critical to the success of your network would you say?

David: Well what happened was I said you know Michael and I had performed together awhile and there were a lot of reasons and in fact was kind of cute. Our parents wanted to see us work together again. And I said okay I’ll take a closer look. And our Mother had run for Mayor a couple of times for Boynton Beach. We lived there a long time. So I went out and a lot of people know our family and I just went out to sign – I said I’ll look at this as research. So I went out to sign hotels and restaurants. And I was charging them \$100 a year, which breaks down to less than \$9 a month.

Michael: In Boynton Beach.

David: In Boynton Beach for boyntonbeach.com. We are talking the fall of 1997. Talking about September – October. And what happened was I saw something happen very quickly that pulled me into this. That was pretty much the stone age of local internet marketing, local businesses. Half of the businesses had websites. They may have been archaic and simple but they had websites. The other half didn't have websites. So what we did was when we signed someone for the \$100 fee we put them in a restaurant section and if they had a site we linked in the restaurant. If we didn't...I used to have a Rock N Roll magazine in Los Angeles. I know how to build a splash page. I said well let's give them something. So in my simple HTML...I was learning HTML and HTML at the time was hilarious. And I filled these little pages.

Well within about three to four weeks I noticed something. So I am making the same rounds and a lot of times I am seeing these same people. It is not a very big city, Boynton. And the people that I was linking to their site they were, "Well it was \$100 and it didn't work". But the people that I built my dopey little page were like "Hey we got some business". So I said that shouldn't really be because I don't know how to build a site. And then I remembered it's the old principle less is more which was contrary to a lot of how the internet works because you want more content, you want more this, which you do which in circumstances very important to give your site more credibility. But a human on the internet is seeing so many sites and so many things they really don't give you more than eight to ten seconds max of their time before you have to pull them in. And I was realizing that my little dopey splash page was giving them enough information to make the people to make the call, pick up the phone and make the reservation for the hotel or the restaurant. I was almost straight down the middle.

I said okay. I met with a couple of the web master by that point. I was doing my research and I came to the conclusion that they were going in the wrong direction. They believed that more is more is better. They were building sites to basically impress other web masters but weren't really converting revenue. So I said if I want to win design awards or if I want to make friends with a lot of web masters we could do one thing. But if I am trying to make money

from clients who are the ones that are going to pay me and then pay me on a long term basis I got to start doing my own thing. That is what happened.

At this point I was getting very excited. I turned to Michael and said “What is your most popular city name”, because we had the generic names that we have now like Whiskey and Sample and Rate Cost, but I already saw a way to monetize the city sites by what happened with little BoyntonBeach.com. And he said, “Well Palm Springs.” And I am thinking that that is on the other side of the country. One I don’t play golf. I like the ocean. I’ve going down a list of reasons I don’t want to go there. But what I am looking at is stats.

In September of ’97 the site was doing 60,000 uniques a month which was nothing to sneeze at back then. Mike had contact up. He was doing lists of hotels, lists of restaurants and it was content. So I really still didn’t want to do it. Our Mom was a brilliant entrepreneur she said I’ll do a bet with you, I’ll bet you a certain amount of money, it was a nice chunk to make you interested that if you fly out there for two days (because she has been in the real estate business for 35 years in Palm Beach County and she knows the value of leads) and you walk in and just talk to these people cold, which I will do, I’m not shy. I’ll walk into a dozen. Little did I know it was like walking into a lion’s den! I’d walk in and try and sell these people something. Ok how much do you expect me to get for this? It was an exclusive in most cases. And he is going to say like too much, \$1,250 a month. I’m thinking there is no way. That would be like \$100,000 a month now. It was ridiculous amount of money for that period of time.

At the same time Michael had listed five houses on there. One sold. And our Mother got a referral fee. So I went okay. So I flew out there December 14 and I walked in cold in all these places. And some were brutal. Some actually were interested because they said what is your site? PalmSprings.com. And they go well how did you get that? Why doesn’t the city have that? Which we can discuss later. It is fascinating. And so what happened is I went to a bunch of places and they were interested, different realtors, some of them who will remain nameless. But the one who had actually given my Mother the full fee I figured they were a shoe in. So I went in to talk to them. I actually talked to a realtor. And he said you know I think we want to do this and there was two managers there. And one said and one said yes come back tomorrow. I was

like “Wow”. So I come in the next day and the other manager comes in and he goes well we are not interested.

And I was really crestfallen and I asked why? And he goes if what you are saying is true we are going to have to hire a secretary to handle all those leads. And it is one of those times in your life where you sit there and you go...you have got this look on your face did I just hear what the guy said? So the other guy was really upset and says I know someone who has got money. He is powerful. He is a tough operating and he is in Palm Desert. My first question was where is Palm Desert? And he goes it is 13 miles down the 111. He is a big Remax guy out there. So I drove out there. And I walk into his office and first I told the secretary...she was expecting me because I had called ahead. And I walk in and he looks at his watch and goes you got 60 seconds. Go.

So I just went into it. And he stopped and he looked at me and he goes so you own PalmSprings.com. Just the words PalmSprings.com. Now remember this is back in '97 and people were getting branding. It wasn't an unknown frown on. They were getting it. And so what happened was he said to me “Come for a ride with me to the bank”. We got to his Porsche and went down El Paseo which is the Rodeo Drive in the desert and he looks at me and he goes, “so if I get this does anyone else have it?” And I go, “No you have an exclusive”. And he goes, “How long is the contract?” And I said, “One year”. And he goes, “No I want two years”. And I sat there going oh my God. I'm moving to Palm Springs. And now it has started. So it was 7/15/97 the day I was sucked in. And I hopped in the T-Bird and drove cross county and arrived in Palm Springs on February 28, 1998.

Here was my idea. If I could sign 90 businesses in 90 days we would have cash flow, the theory would work. I was willing to dedicate 3 months of my life to just walk into the line and stand in the line whether it was 15 times, 20 times a day. I actually signed 90 clients in 88 days. Which I don't think anyone has replicated. I wouldn't wish that on anyone. I was just brain dead after that point. Plus I didn't realize how brutal the summers were in Palm Springs. So we are going into the summer and I'm signing people into advertising. So it worked and that kick started what became the Castello's Internet Network, CCIN. And it had a really good run and still does.

Michael: That gives a fantastic overview of what we are going to be talking about today because I want to talk about how you were the rainmaker. You know Michael has said in the past that he created the Frankenstein and you gave it life. And so clearly you need revenue for any business to be vibrant, to be vital and that is what you gave to PalmSprings.com and other sites as well. But we are going to focus on PalmSprings.com for today because I have a bunch of questions, because what I would love to do is be able to say here is what Michael and David did for PalmSprings.com and if one of our audience would like to purchase their own city name or they want to go on vacation and they notice that somebody has the city name but isn't doing anything with it, this will give them an idea of how they can monetize the city name and what tactics have been successful for you.

David: There are two things that are necessary. One is going to sound really melodramatic but it is true. You have to really believe you own the brand. I can't stress that point. I believed it 100%. You couldn't shake me out of that tree. If you don't believe it 100% or if someone can talk you out of it you will not be able to sell. I am one of those people who cannot sell someone else unless I believe in it myself. Maybe in some ways that doesn't make me a good salesman, because a good salesman can sell anything. I can't. If I don't believe in something I can't sell it. And I think a lot of people fall under that umbrella and I believed it was the brand and I still do.

The other thing is you have to like people and want to go out there. You are not going to conquer any city and take money from traditional meetings and put it in your pocket behind your computer. It is not going to happen. So if you don't want to do those two...if you are not going to commit yourself to that you may want to consider something else. Sales sounds very glamorous like Michael and I did and it has been fun. It's been a real shock. We worked really, really hard to get here.

Michael: So when you started selling you said you had 60,000 visitors per month back in the '97 time period. Did you believe that you had the brand because of the domain name PalmSprings.com or did you believe you had the brand because you had 60,000 visitors per month (probably more than any other website serving Palm Springs) or was it some other reason?

David: That is a very good question and the answer to that is how I discovered...I will tell you how I discovered it on my own. A lot of things I believe intuitively turn out to be true. I have a luxury now where I have all this history and stats where I can back up what I am saying, but at the time I didn't. Back then you didn't have Google. You had Infoseek and you had excite and as I was getting more into this new industry I said Michael I want to see where those visitors are coming from. And I'd see on their Infoseek site Yahoo but I wouldn't see anything. And I called Michael and I said why did you send me an incomplete report? And he goes well I didn't. He said those other people are going straight to the name. I go they are going straight to the name? I said then we own the brand. And that is the whole point to this day.

You may have a local newspaper...like let's say the one in Palm Springs, The Desert Sun, published since 1927, a great newspaper. Two hundred miles outside of Palm Springs who knows that brand. No one, very few. So they always called totally search engine dependent. Brands are search engine independent. Yes we get great traffic from the search engines and we always want more but there is a vein and Palm Springs is about 25-30% which is a lot that to this day still comes through direct navigation. Some of it is version traffic, some of it is return traffic, but how hard does it have to be to remember the name Palm Springs, which is something Michael and I spoke about at the Daryl Interactive in New York at the Hiatt. We had all the newspaper heads there which is still our favorite conference. Where we said how can you let these brands get away. We actually wanted to ask them. It was great for us they let guys like us into this industry. But you are paying people like Madison Avenue a lot of money just to remember your name. If you have a name that is instantly memorable there is your advantage.

Michael: So you believe that you have got the data that 25 to 30% are typing in Palm Springs either because they know of it or because top of mind they want to do to that location.

David: It is a mixture of virgin traffic and return traffic.

Michael: So when building a website that sells advertising primarily you face the chicken and the egg dilemma with content and advertising. How much content do you build out before you first start selling advertising? What did you do with PalmSprings.com?

David: Well Michael already had content up. A lot of it was like a laundry list. He just put all the hotels on a list and all the restaurants on a list. It wasn't really practical but it was content. It got him on the edges, which is a great mix between that and our direct navigation. The rule of thumb for building anything is what the viewers are going to get out of it in the shortest amount of time. I envision who are on their lunch break with a turkey sandwich in one hand checking the internet and have like 20 minutes. So if they come to PalmSprings.com we put up the top 20 attractions that I felt was important. We have an accounts events editor which I thought was important. We have a great golf section. That is the indigenous sport with Palm Springs.

So you have to put enough there where it actually sells the area and puts it in its best light which gave us an advantage. We didn't have to report the news. This is for newspapers. They have to report the local robberies and rapes and murders and hurricanes. We are not going to do that. I mean we may have a news section someday in the future where I will discuss our expansion a little bit, but in the beginning you are really trying to put the city in its best light. Every city has its own attractions. I don't care how large or small. There is a reason why people live there and if you live there yourself you know those reasons. So it has really got to be a labor of love in a way and it has to communicate that kind of passion to the viewer. Now if you put that in synergy with the brand there you go.

Michael: So you did have a ton of content up on the website. Compared to current state, if I go to Google and I look up an index I can see 34,000 pages of content on PalmSprings.com. Do you have any guess how much content you had to begin with? Did you have all the bases covered? You had the hotels, you had the main attractions, you had the golfing, you had the real estate.

David: It was a laundry list. Michael just slapped on a whole laundry list. He did things more specifically. He put up a walk of stars and did 67 one by one

which took him a lot of work. Then he had jewels of the desert which later became the attractions. So there was things he did and he had a great golf section. So there was things that attracted Michael to Palm Springs that he was already hitting hard before I came on which gave it even more forward momentum.

Michael: So Michael really focused on the main attractions of PalmSprings.com and that got you off and running. That got you the 60,000 visitors per month and then you came on and were able to sell it and add more content and completely develop out the site.

David: I did something else. You do things for a reason. You look back and go wow that was a really good idea. Boynton Beach, that is the website that didn't have the businesses, that didn't have a website or I didn't like their website and I put up a splash page. We never charged for that splash page. What the splash page also gives us is free content. So we are building content for the advertiser. To this day even if they want to link to this site we get them a splash page and all changes and all content and all copy and all photo changes are free. Nobody does that.

Michael: They usually will charge for a little listing with a name and an address and maybe a category and if you want a splash page you pay \$5 a month or...

David: You pay way more. With a splash page you could pay \$200, \$300, \$400. And for changes they will ding you for that. But see they are making their money on the wrong end. To me that is the web master mentality. You want a change we will get to it in a week. We make changes in 24 hours. We are faster than anybody. That is not what you are paying us for. You are paying us for whatever real estate whether it is on the front page or whether it is on a category or whether it is an exclusive. That is what you are paying CCIN for. And we never lose sight of that. You are not paying us for changes. That is nickel and diming people to death. And we charge for the real estate. We get top dollar for it but we don't...And it is kind of refreshing to these people. Well I need these two photos changed. Okay it will be done in 24 hours no charge. And they are like really? It's a new experience for them.

Michael: How do you define what a splash page is?

David: It came from when I had that Rock N Roll magazine in Los Angeles. It was a page in a magazine - when you look at a page in a magazine that is a splash page to me.

Michael: So it is a dedicated page to that merchant.

David: Yes. Almost like a billboard. That is a really hit the viewer with a splash. Really make it exciting. If they have a special we will always have their content information. Have enough information on that page where if that is what a viewer is looking for then within eight to ten seconds you will reel them right in.

Michael: I got the focus for the splash page. Eight to ten seconds to get the feel for the entire business and they are either sucked in or they are on to something else.

David: Or they ping pong out of there. And you know what is funny I always said ten seconds. Well the University of Mexico it turns out that a survey - And in eight seconds people absorb 85% of a page. It doesn't really go much past that. So here is the problem. If you link to someone's site and they have the great intro page, they have got a great us page, they still haven't got the fillet mignon of the page people are going to ping pong out of there. The clock is ticking. So we put up a page with maybe a great photo and a 1,500 word description and it gets the viewer excited. It is a simple principle. It is amazing how many people do it.

Michael: So in terms of getting the business up and running you said you went out there in '97 you signed 90 businesses in 88 days, let's give the readers, the audience, a time scale. Do you remember what your revenues were for the first year or prior to the first year that you came on and then the first year and the second year of PalmSprings.com?

David: They were fairly drastic. Palm Springs in 1997 before I got involved made about \$300. 1998 we pulled in \$448,000.

Michael: \$448,000 from \$300.

David: Let me say I drove myself crazy and ragged. If you are willing to do that the brand will have your back. If you commit yourself, I always wanted to feel that I didn't fail for lack of trying and I think instead of giving 100% I gave 150%. But the money came in. And it was pretty startling.

Michael: So you went basically from zero up to 448 exponentially. And did it keep going exponentially or did it sort of...?

David: Here is the situation. It came to the point where I didn't sign up for this at the time, to have 100 employees. I didn't, that wasn't in the picture. And to this day we are still very small. We only have six people in the whole company. That is going to drastically change in the next six months which we will discuss later. We have held at this plateau for a long, long time. I mean we have had a very small company and the people are great but what you really need to do as newspapers have done is that things that traditional media has done which is great. They have the great sales staff. They do the cold calling, the street walking. You have got to hit them with a whole tidal wave. But like I said from the beginning no matter how hard I worked I always felt that that brand, that brand PalmSprings.com, had my back. One of the important things that ever happened to me, because a lot of times I'd be put on the spot and I wouldn't know how to answer and just say the first thing that came out of my mouth because I was speaking from my gut -Which is really what you need to do because if you over think something it can be disastrous in this business. Always so with your gut. If something does feel a little right don't do it. If it feels right give 110%.

There was a very important person in the golf industry. This was probably the fall of 1998 and I met her actually at a restaurant and I knew who she was. Her business was huge. And I said I'd like to talk to you about PalmSprings.com and the whole thing. She goes you know what why don't you come and give a presentation. Come this Tuesday or Wednesday. I forget what it was, like 2:00 in the afternoon. I go there and they lead me into this conference room and I nearly had a heart attack. Sitting at the table is a newspaper, the local magazine, radio and television with these huge four

color presentations. I'm walking in with my little dopey Mytech laptop which only had a 45 minute battery and I keep running home to re-juice it. And when I think about these things I must have really been crazy. But anyway what happens is we sit down at the table and I was last. And I'm sitting there and it was like waiting for an execution. They had four color things and here's how many million billion readers we have, here is how many million, billion listeners we have, we have been in here since 40/50 years and it gets to me. And they know who I am because I had already been a terror out there. I am taking money away from them. It's not like they added money to advertise on PalmSprings.com. Even back them for the smallest advertiser, for a little thing I was charging \$1,200 a year which adds up. You sign 200 of those that money is coming from somewhere because the market is not that big.

So it came to me and she goes "David why should I advertise with you?" And I just looked at her and I said, "Because we own the brand and no one else at this table does". You have never seen the blood run from so many people's faces at the same time. They didn't see it coming. They expected me to go toe to toe with them and say the business...and that is one thing that I learned and I advise to all of your viewers you have to separate yourself from the herd. If you are going to do what they are doing they are going to clobber you. You've got to hit them where they are not. And when I said that, they didn't see that coming. And I said with all due respect to everyone at this table but 200 miles from here who even knows their brands without having to search for it. And it was true. I walked out of there with a deal. And that was a very defining moment. I didn't know I was going to say that until literally ten seconds before I said it.

Michael: So when you walk in, let's take that one aside, you walk in and you sold 90 businesses in 88 days, you are walking from point to point to point, by the end of that day you have got your sales pitch down no doubt. You know when you walk in whether the merchant is going to have any interest at all or you are just wasting your time and you can cut your losses and go someplace else. But what is your typical sales pitch look like? Clearly you own the brand and nobody can argue with that. There is only one PalmSprings.com. But what other things do you say to a small merchant who

owns maybe the largest chachi shop in Palm Springs or a restaurant let's say where margins are pretty slim. What does your typical sales pitch look like?

David: Well there is one thing that is important and it is very important with the way Michael and I have done business. We are not a charity. Anyone who pays us makes a very good ROI. They say well I don't have the money and I say you can't afford not to pay us because the traffic we get no one else gets. So basically now we are talking about new found money which no business person ever passes up once you explain what you are doing. Explain in the beginning I did the list of possible objections, what you are supposed to do, I tossed that away so fast. Once you are out there on the front lines meeting these people I walk in and you want to say things that trigger a pleasant reaction. If you walk in and hit them with a sales pitch they are going to go into a reaction from being hit so many times before. And I wasn't going to be part of that.

I'd walk in and I would say "My name is David Castello and I'm the publisher of PalmSprings.com". I'd hand them a card. "We own the worldwide internet brand from Palm Springs. I'd like to promote your business". And that had a 50% success rate. Just saying that, which is very high. And sometimes I'd sign people with the first people that I talked to and I'd go home. Sometimes it would be the 15th person on a Sunday. And I'd be exhausted. But I made up my mind that I was going to do 90 in 90 and I cut it short by two days. But that was basically the strategy. And you would know you were doing well if they asked you a question besides what does it cost? What do you mean you own the brand? Some of them really want to know what you mean by that. It's a very arrogant thing to say. And either you are telling the truth or you are totally full of it. It is black or white.

Michael: And what would you say?

David: I'd explain to them how we own the brand. I'd explain the direct traffic we get. I'd ask them "Which site would you go to for Ford?" And they would say "Ford.com". "What site would you go to for IBM?" "IBM.com". "What site would you go to for Palm Springs?" And they start to get this goofy look and you realize you got them. And it was just a point of some of them want to throw a lot of money at you and here is something else we

became known for. We turned down a lot of advertisers. We had an alarm company that pays a fortune for the front page and I said we can't do that. I said I don't believe my demographics supports that and he turned to me and said you are the first person in 40 years that has every turned down my money out here. But that is our reputation.

We weren't there just to grab money. It is a lot harder to sell someone with a second year contract. We are doing a one year contract. It was unheard of. We are doing one year contracts. It is harder to sign them on the second year. So is everything you told them in the beginning, the majority of that better come true for them the first year or you can't sign the second year?

Michael: So I'm going to go into the tactics of how much you charge and how you renew then and things like that but your advertisers when they would walk in and you were giving this initial sales pitch it sounds like they care about the brand, they care about how many visitors you are getting and they care about how you can promote their business. They pretty much want to know those three things?

David: They care about what you supposedly can bring them that nobody else can in advertising. If you just start talking visitors the newspaper out there will blow us out of the water. The newspaper still does three to four times the visitors that we do but it is a different type of visitors. A lot of people are reading news.

Michael: They are getting the locals and you are bringing in the tourists.

David: We are. We are. Now the local thing has picked up a lot. We noticed it with our counter events. We are not going to be in any field listings but yes if you are dealing with a destination like a Laguna Beach or Acapulco or Palm Springs you are dealing with visitors. And yes they want to know who you are bringing in. How you can perfect their bottom line. I mean a lot of people who sell advertising have never had their own business and that is a problem. Michael and I own our own business. I'd paid a lot for advertising before. I was a promoter as well as being a performer. I was paying \$70,000 a week at one point for radio, TV, cable. I wanted the biggest bang for my buck. So I knew what it was like to be on that side of the fence so I know

what they are thinking even if it is a small level or a large level. I mean if they can't afford \$99 a month for what we can do for them even for a tiny place how much could that get you in print? Nothing!

Michael: Yes that is true. So you are looking at it as a comparison between print and what you are doing or between competing tourism website and what you are doing?

David: Print, is really where we have learned a lot of what we do. You can't forsake the past and embrace the future. There is a lot of things those guys did right. And they did it really well. So you have to learn from it and you have to mix it with what you are doing now. You have to dovetail the two together. And they were great. I mean they had a great ride with their rate sheets and those things are quickly fading because new guys like me and my brother, we were held a different accountability than what traditional media has been held to. We had to make our clients money. If you run a full page ad in a newspaper and you don't make money hey you will get some sympathy.

You come to us and say you are doing the front page of our site and paying us \$1,800 a year for a small little graphic and you said you are not making money we are going to be on you in two seconds to find out the reason why. And we will find out the reason why. We have never failed at it because we have too much traffic coming through. There is a weak link in the chain going to their site or how they are converting. We find it. We were held to a much higher accountability to break in. And to have people actually give you their money that they have been giving to traditional media. So which it didn't help traditional media once we proving how we were making our clients money and they turned to the newspapers and said wait a minute PalmSprings.com showed us...It is great you have the million, billion readers and viewers but how does that make us any money? They were forced to explain themselves in ways they never had to do in the past.

Michael: Alright, I want to come back to the current of Palm Springs but I want to work back in order of the history (since you are a big history guy). So let me go back and ask you some tactical questions about how you started off with Palm Springs. You moved to Palm Springs. You sold advertising on the site. Is it necessary to have a sales person live in the city you are selling as

opposed to being on the outskirts and traveling in on a daily basis to sell advertising?

David: Well it makes it a lot easier if someone is there. It makes it a lot easier. Now I'm speaking to you from my new office in Nashville, Tennessee. You know we own Nashville.com. Nashville has been up for awhile, it does decent revenue but nothing close to Palm Springs. Obviously with me living here that is going to change. What I tell every one of our reps is that in the beginning don't try to sell. It's almost offensive. Socialize, go to CVC lunches, go to Chamber mixers, socialize, hand them your card with a huge logo. They will ask you what does this mean. When they see you own the name a lot of people are going to react. A lot are going to go how did you get that? What does that mean? What does that do? They always ask the same question: What does PalmSprings.com do? And I say what do you think it does? It promotes Palm Springs. As so that's really important. It is important to have someone on the ground there.

However Yellow Pages with the smelly ads using phone calls they are riding a lot on their name because if you are trying for big money it really helps to sit down over a cup of coffee. And if I am asking someone to give me \$18,000 a year on a one year contract for a little tiny graphic, a 180 pixel graphic plus a splash page and a link. It helps to sit down and talk to them.

Michael: So when you first started off and you went from \$300 to \$440,000 what were you selling that added up to all those. Was it bringing on a ton of companies at \$99 a month or \$1,200 a year or was it...What was it?

David: I critically learned it's better to sell one big tuna than 10,000 guppies. There was a hotel advertiser who said what does it cost to be on the front page? At the time Michael (he has changed since then) felt that he didn't want advertisers on the front page. And I can understand that. He didn't want it...

Michael: Too salesy and not enough content.

David: Two kids later Mike doesn't have a problem with it. Okay? Mike saw the money come in and he said okay. That was it. Good thing about me and

Michael we can turn on a dime. We see a better reason we move on. Once I saw what they were paying on the front page we got them all on the front page.

Michael: When you started off what were you selling a front page graphic for?

David: A graphic about 180, the average size...well we haven't got an average size which is 180 x 150. It is the smaller one, probably 120 x 90. That was before the IAB came out. We said well lets standardize our sizes. Let's at least do something intandent (spelling 36:29) with the industry. But we put them there and we go to a splash page.

Michael: But what were you charging when you first started off David?

David: \$600 a month to be on the front page of PalmSprings.com.

Michael: So about \$7,000 a year roughly?

David: \$7,200 right. Now it is between \$1,250 and 1,500 a month to be on the front page for a hotel. But there is different areas. Sometimes we will do a top banner for \$3,000 a month. It depends. You can sponsor a category now for \$250 an month. And now the calendar of events which was the first thing we ever built strictly for content, not for monetization, we are now selling those show case slots for \$250 a month. We learned how to monetize that. That added a tremendous amount of current content and excitement to the site. Joanne Bergstrom is our editor actually handles four markets for us. She handles Laguna Beach, Palm Springs National and West Palm Beach. And does the calendar of events for us.

Michael: A lot of times the Chamber of Commerce will maintain a calendar of events. Do you find that you are duplicating their efforts?

David: Here is the thing. We do what is called editorial control. We pick which events we think are the most exciting. This is something that we have done. Remember when I said less is more? The analogy to this of is make believe you walk into a shop to buy a suit and guy comes up and says we

have 10,000 suits. Or if you walk into a shop with 10,000 suits and a guy looks at you and goes hey these three suits are best for you. That is really important to do that. People say no put up everything. I don't agree with that. Choose the events. It gives you editorial control. It fills a port. Content support, a lot of content support but what is important is a lot of relevant content and there is a difference.

Michael: Yes, definitely. So you have got all those small banners on the front page, you have got a large banner; you have got an exclusive contract with one real estate broker in the area. When you first started off the real estate broker wanted a two year contract and you gave him a one year contract with option to renew. Do you remember what he was paying the first year that he started off?

David: \$1,250 a month.

Michael: \$1,250 a month.

David: It has gotten much, much higher let's just say. Much higher! I pulled it back a little bit after the real estate crash because we are fair. When the real estate takes a dive you can't stay there. We pulled back a little bit. Regardless he is paying significantly more than he did in 1997/1998. And if you add what he has paid over the years it is way more than anyone thought that the name was worth by itself back then.

Michael: So who do you find normally buying the small little ads on the home page? Is it mainly hotels because they get their room nights and a higher amount, or do you find shops or clothing stores...?

David: It is mostly hotels because it is easier to prove revenue. A lot of them now are paying them for the traffic. This has changed a lot. We can thank Google for this. I mean this in a positive way. They are used to paying for Ad Words and if I show them traffic that we are getting that Bing, Yahoo and Google is not getting they can see it and they will pay us for that because even though we charge a lot when you break down what they are paying for those Ad Words we are still .30/.20 on a dollar. So they will pay it.

Michael: So you sometimes do a direct comparison between Google Ad Words. And you do a search on Palm Spring hotels and you look at what they are paying on an average cost per click and you know the volume that they are getting because you can use the Google Ad Word Keyword Tool and then you know your numbers. So it is apples to apples.

David: It even gets better. On Google they say the max that you can pay a month and we will see the traffic we are getting for that client will be tripled even what you can pay Google if you wanted to max them out. So there is different ways to go about it. But yet some still pay us directly. It depends. The large corporates just want the traffic. The Mom and Pops they want a proof of revenue. It's understandable. But now we have two models that work equally well.

Michael: So how do you prove revenue with those Mom and Pop's because they have got some minimum wage workers or they are working and they don't know to ask on the phone how did you hear about us?

David: It is really important that you ask this question because at certain times when I went to Palm Springs I thought I hit a wall, it's over. And this was one of them. I was there for three weeks, and I signed, they are now called The Viceroy, The Estrella. Built in the '30s, a beautiful hotel, one of those historical hotels. And the woman there was also the administrator for the Palm Springs Hotel Association. I thought oh my God the keys to the castle. Sign them on I'm going to have them all. It is going to be just a dance in the park. Well here is what happened.

I put them on and she calls me two weeks later. Hi, David this is so and so. What were we charging back then - \$100 a month for hotels, because I didn't charge anybody for the front page? I charged everybody \$100 back then whether you were an art gallery because I really didn't know. But once I started hanging out with people they would say oh we made \$30,000 last month. And I would say how much? So we started changing. I wouldn't react of course. What are we doing?

So she said we have to cancel and I said why? And she said well we are not making any money off of you and we really appreciate...and we started

going into the sympathy pitch. We really appreciate all you have done. I go stop, stop. Are you making money on the internet? Oh we are doing well. First red flag. And I said where is all the revenue coming from? She said Estrella.com. I said who told you that? She said our web master. Two red flags! And I said okay I'm going to give you something for free can I come by and see you? She goes well sure. I come by and I go look I'm going to prove to you that we are the majority of the revenue. And she is looking at me like I am nuts. And I said I am not going to charge you. I said how do you find out where the traffic is coming from besides your web master? She goes well we are very particular about our advertising and the owners have the receptionist (as you were just saying) ask how did you find out about us?

Now I already knew that didn't work and I'll tell you why. Because back then we had only about three or four sites up. And I made the mistake of putting our Palm Springs number on the bottom of PalmSprings.com. The phone is ringing 24/7 and mostly asking how is the weather? Which is the best golf course? Actually the weather was the number one comment. And I look outside and say it is sunny. And I said to them which site are you looking at? And they go Yahoo. I said no, no, no I said which of our sites? She said I'm sorry it's AOL. I go they don't know what they are looking at. So you can't ask them. So I said to her and I thought if I don't think of an answer to this I'm dead. She is the Administrator of the Hotel Association. So I'm at the edge of the cliff right now. And I said I'd like to put on there a 10% discount for mentioning PalmSprings.com. She said we don't pay commissions. I go we don't want commissions. I want to prove to you...because I explained to her I just told you the story that they know now. I am telling you the truth. I am totally full of it, I guarantee you I'm not full of it.

I said I will leave you on for free for one month. So she said okay. So I put on there "Mention PalmSprings.com for a 10% discount". I still have the email from her. She called me in less than a week. She goes I owe you a huge apology. She goes first of all we just fired our web master. I go why? She goes you are 98% of our revenue. We had a meeting planner and two weddings already booked and she mentioned this huge figure like \$5,000 in revenue. And this is going into the summer. And that was it. That was it. We did that for a long time. Now that still works and it works for the Mom and Pops. Corporates they just want the traffic.

Michael: Now does that work for hotels as well as gift shops as well as clothing stores in Palm Springs?

David: When you are dealing with smaller clients they are not going to pay the big money to be on the front page. They will pay the smaller amounts. And with them we can tell them on how much traffic their last page got. And to me if you are going even 100 requests a week, 400 a month for your page...and they have to request that page they can't just go to it. And we have a listing, we already have a 50 word description there is already enough information. We don't do the old trick of making everybody click over. See with all due respect to Google that is where they are really getting away with something and making a lot of money. When you advertise on Google you get a ten word description. You have to click over. So Google makes it, hey it is a business and they are making money but they are maximizing every person to click because in ten words you really can't say what you are all about. You can put a teaser as the most. On our listings we put about 25 to 50 words. If they then click over to the splash page you have such a high level of interest that you know the conversion levels that are there. The business owners when you explain it to them they get it.

Michael: So for the \$99 they weren't getting a listing on the home page and Michael had already built this listing of every single hotel and every single activity. What were they getting for their \$99?

David: That all had to come off.

Michael: Oh you pulled it off.

David: I had to pull it off. Michael had a laundry list of every restaurant, every hotel. I had to take them off.

Michael: To be listed with a listing you had to pay \$99.

David: Right but here is what we did. I could just take all those hotels off because Michael had already searched their rankings. That was still a majority of our traffic even though a huge chunk which is what advertisers

are paying us for is direct navigation and instant recall. What I do with the hotels, I'm thinking well what do I do? So I said aha I put on my editor's cap. So I put a list of, just by word of mouth, editor's pick of ten top hotels of Palm Springs. The phones started ringing the next day. Hotels are going why aren't we on there? And I go well I will come by and talk to you about it. So everybody I talked to I signed.

Michael: And suddenly the list became the top 11, top 12.

David: No the list... is happened so quickly I had to put up different categories. Luxury, Historic, Pet Friendly. I had to break down the categories. I was really in Super Sonic Sales m Mode. I realized that Michael and I had walked through a historical window and went in to maximize or we wouldn't be where we are sitting today. We had to give 150%. Today what we did could still be done but I would really recommend that people don't concentrate on more than one project. You can't do it. You can't do it. They have gotten to put it simply they have gotten smart. They came back at us. They paid for the SEO.

Michael: And it is funny that you mention that because if I do a search on Palm Springs visitpalm Springs.com comes up just as well as PalmSprings.com and when you started off they probably weren't around. The tourism department said hey we need to do something here.

David: We have always been in the front page. We have always been maybe top five, top six but like I said the next plateau that we are going to is kind of like we are going to take what they have done, what we have already had and we will both have a lightning in a bottle. I will mention a funny thing. I am very good friends with the people at the Chamber and the Visitor's Bureau and the CBI, it is called the CBA in that area, and I will tell you hey it is their marketing decision but so many cities are doing this word visit. Visit Palm Springs, visit Los Angeles and all it does is make the owners of PalmSprings.com and LosAngeles.com very happy.

If I could tell you how those ads sound on the radio. I'm driving in my car and the announcer goes 'remember where you find it visit PalmSprings.com'. Mike put an ad without telling me? He wouldn't do that. It was them saying

it. And this is Branding 101 and I'm thinking this is simple branding marketing. What are these people doing, but hey they have my approval for it.

Michael: I never thought of that. That is hilarious. So in terms of pricing when you started off the \$99 were you finding that the hotels were paying that as well as shops, as well as the coffee bars and the alcohol bars or did you only have success with the hotels? Clearly you had more because you made \$440,000.

David: My first clients were not hotels. They were art galleries and restaurants.

Michael: Art galleries and restaurants. So they would pay the \$99 per month to have a regular listing within PalmSprings.com?

David: Yes and what happened was...You have to realize how ignorant I was at the time. I'd never done this. I didn't realize that hotels were going to be our lion's share of our revenue. I didn't know. I just went out there and I socialized and just signed everybody. As stats started to come back to me by word of mouth or other ways I started whoa wait a minute. If somebody is making \$30,000 a month they can pay us \$1,500 a month. And they did.

Michael: Are there still industries that you don't go after because you know coffee shops just don't make any money and certain other activities just don't make enough money to support a directory listing?

David: That is all going to change. Where we are now is PalmSprings.com, a brand like that, or Nashville.com, or WestPalBeach.com just sign everybody. Everything with a pulse under that brand can benefit from that brand. Hence a unique power.

Michael: Let's talk there for a second. I'm going to ask you later on where you are going with your network in the future. But when you say that every business in the city should have a listing on PalmSprings.com are you going to list everybody for free and then change it so that you provide some additional benefit for a fee?

David: We are going to assign that. If you look at the whole scope we have had this big Ferrari basically on idle. We haven't pushed the accelerator. Not in all these years. The heavy lifting has basically been done by the intuitive power of the brand. We haven't really done a full court press. Now that is going to change. We will get into that more during this interview. That is really where we need to go. You can't have a middle ground. It has got to be all or idle. We have been essentially on idle.

Michael: It is funny that you say that. I'm going to see why \$1,000,000 in revenue on average over the past few years is idle for you and I'm going to ask you how you are going to put on the full court press. But let me ask you a few questions about the tactics. So you bring on these restaurants, you bring on these hotels, anybody else you can sign for \$99 a month. Did you ever get the sob story saying they couldn't pay \$99 but they would pay you \$49 or they would pay you \$20 a month? Would you ever adjust the pricing? Or did you try and play fair across the board?

David: No we never adjusted. Well the hotels immediately left the \$99 thing a long behind a time ago, nine years ago. But for anywhere else you couldn't get on for less than \$99 a month. Now that is probably going to change. I can't see a carpet cleaning business, maybe they could, we will see. It is important to get them all on board. We are going to be entering a new plateau for the Castello Brothers. It is really going to put us toe to toe with traditional media. We've just been pretty much chipping away at their base. But now we are going to go toe to toe with them. So there will be a lot of different plateaus and levels as far as pricing and some may go down to \$9 a month and some may go up to \$9,000 a month. It is going to expand in both directions.

Michael: So when you'd bring on a customer years ago – 97, 98, 99, you charged monthly. You'd say for \$99 you are going to get listed on PalmSprings.com the brand. We own the brand. Would you charge them actually monthly, send them invoices monthly, charge their credit card? Was it a yearly contract? How did the logistics around that...?

David: We only started using credit cards a few years ago.

Michael: So you would invoice them monthly?

David: No \$99 you would pay semi-annually. We are not going to chase down \$99 a month. You start getting 200 clients in a city it become a logistical nightmare. Hotels would pay us quarterly. If they wanted to pay a year in advance we took a month off and some took advantage of that.

Michael: They pay in advance. You charge for a quarter they pay in advance of the quarter.

David: You pay in advance. We get them up so quickly with the splash page and everything. They were up in 24 hours. We want to do things in a way that people weren't used to. So we wanted to make as many lasting impressions as possible.

Michael: And you would get them to sign the contracts saying you are in for a year none cancellable.

David: We with the hotels we would let them cancel after the first quarter. And very few took advantage of that. A lot of these corporates...The first thing that happens is their web master IT department starts yelling at them. Why are you paying for another website? Well these are the same dodos who let them pass on the brand. These are the same people when they were getting their domain name said oh the name doesn't matter.

The name matters. This is where we couldn't be more dynamically opposed. The name matters absolutely. To these people the name doesn't matter. You can SEO everything. Search engine in now their god. We come from a different world. We know the brand matters. It always has and it always will. So they are getting a lot of flack especially from their IT and webmasters. So we say okay we will give it 90 day out clause and when we prove either the traffic or the revenue they go okay we are going forward with this.

Michael: So you bring on new clients throughout the entire year for PalmSprings.com? You bring on new advertisers in January, February, March. They sign up for a year. And so that is a lot of logistical work. Is that

what your staff helps you with, getting the splash page up and running and a year form then contacting the customers again and asking them to renew?

David: Well our routes have to know dream weaver. We don't split up the signing and the...The template that I created for our splash pages are still pretty much used today. And so they do both. Now like I said in the future we may have a totally different division and go into the whole corporate thing which we will discuss but they whole thing about it is that it is really important to sign people in the off season. And I will tell you why. It is hard because they say they don't have the money. They also don't have the revenue. And if you generate any revenue they are going to see it right away. You are going to pop up on their radar right away. Sign them in the season well they are flooded anyway. So it is one thing to realize if you hit them in the off season they are going to notice you. That is really where you get your most loyalty.

Michael: That is a great tip. So who does the selling? You did the first 90 days. Did you do the first three years of selling for PalmSprings.com or did you hire sales reps to go out and try and close every business in Palm Springs?

David: We have only had two. Keith Buckley who is our Second Vice President. Natalie Lampert who was Vice President of City Development but she left the network in April and she moved to Austin, Texas. I have to tell you something that I realized that I haven't even mentioned yet. I pretty much went from February '98 to December '99 without a break. And on December 2, 1999 I made a decision. We would never solicit business again in Palm Springs. So since that date we do not solicit business. That is considered suicide in the advertising business world because I say where it was going. We had enough. Like I said we made enough money to keep going and churning and churning ahead but I realized at that point the toll it took on me. It really wiped me out physically. And a huge break once in awhile for a couple weeks, I mean I really needed to get my strength back because it really knocks you out. The internet is like the Howell 9000 computer in 2001. It just looks at you all day and never sleeps. So we hadn't really solicited so where we are going now we will start soliciting and the

numbers we did before will be minuscule compared to the revenue we are going to generate in the next two years.

Michael: You originally sold and then you didn't solicit because you had enough brand recognition within Palm Springs with all the merchants that if they were doing any online advertising they were probably calling you. And then you were trying to close them then.

David: Well we stopped soliciting hotels which was the highest of our revenue in December of '99. We would still talk to art galleries or whatever. And when Natalie came aboard she was talking to people in El Paseo and Palm Canyon. But the majority of the big players we felt if they didn't know who we were by then, I mean what were they, under a rock? By that time we felt we had the luxury of not being put in that position. They would call us and we would set up a meeting.

Michael: So today, what percentage of the local Palm Springs merchant community do you have listed on PalmSprings.com?

David: Very little.

Michael: Really? So you have got probably a good number of hotels and a good number of restaurants but if you look at the total quantity of businesses very little.

David: On PalmSprings.com we have a deal of open table now where we list them all and we have the advertisers on top. But this is all going to change very soon. I mean we are pretty much going to open the flood gates. Like I said we have been on idle. We are now going into an area where we are going to set up huge teams that are pretty much going to canvas these areas. And now we are going to pull all the revenue in. It will do what it is supposed to do. But if we want to get into that now I will.

Michael: Let's do that because I have been trying to go through from a historical perspective where you are. I think we have covered enough ground there on how you did the sales, how you have your sales force, how you like worked nonstop for over a year to close the business. Let's get into what your

full court press is. So we talked briefly before the interview. Things are changing with the Castello Cities Internet Network. So the first thing that is changing is the brand.

David: Yes it will probably start being called Castello Brothers. There will be a switch over to that. So we said thank you Ron Jackson. He gave us our first interview in December 2006 with DN Journal. He is a great guy and a great journalist. He started calling us the Castello Brothers. And the first thing that happened was a cyber squatter grabbed CastelloBrothers.com that day.

Michael: You shouldn't say a cyber squatter. You should say an entrepreneur who realized the value.

David: I'll tell you why he is a cyber squatter. And there is a big difference. A cyber squatter buys a name with only one reason: to hope that you have to buy it from him. Michael and I had never bought a domain name with the idea that somebody else would want to buy it from us. So when someone buys a name just because they feel that you now need it to me that is a cyber squatter. And that is exactly what he did. And we call this guy and say my god we have been accused of that but now we have somebody really doing it to us. He literally got the name that day the article came out. He lives in Staten Island, he wanted \$5,000. We negotiated him down to \$3,000. We said we wanted this logo and thank God we did. This was before Mike and I started speaking and doing all these conferences. Now we speak all over the world. And thank goodness we did. So we got it, but that to me is a cyber squatter. He had no reason to get that name except for the fact that he felt we would want it. We never bought PalmSprings.com because we wanted the city to buy it from us. We never did that. We bout names and we still do because we feel they have a desirability to develop and to build them into a mini or large businesses.

Michael: Okay so you have been on idle which I can't believe you would even say. Michael talked about the business of PalmSprings.com. It has been over \$1,000,000. We have talked about the staff on this show and Michael's show that you basically don't have a lot of staff. People can make their own conclusions about the profit of the business but it is large. That you have been

doing well. Any entrepreneur in America or around the world would thank their lucky stars to have the kind of fortune that you two have experienced over the past 15 years but you say that you have been on idle and that you are going to put the full court press in play. What does that mean?

David: Let me start by saying something else to viewers. This is something where we are going to be going now with Castello Brothers. This is something that we would have done gladly five/seven years ago. The problem was the industry and the financial world wasn't ready for it. Enough has gone on since then. When Mike and I would be speaking here in the States, we've spoke in Spain last year, we spoke in South America this year. We have started to notice a lot of people coming to conferences were investors, they weren't domainers. They were kind of sniffing around because the crash of 2000 literally got a lot of negative press. But you could tell it was a lot of bad business plans. Just terrible, it's ridiculous. But there has been a lot since then that has stayed solid. There is a lot of other people and we started gaining a lot of credibility. So I want to preface what I am going to say now by the fact that we would have done this five, six, seven years ago.

What has happened is that in the past three months we have been approached by some heavy hitters, investors from the financial world. And of course of NDA I won't discuss who they are or where they are. I will say that we are already on our going into our third presentation. And everyone has built it and it has been very clear the magnitude and scope involved with me and my brother. But it is really going to take it to where it is going. All I did with PalmSprings.com was I pretty much flexed my muscles in sales with the crew in that area. It's always been the majority of our revenue. Now if there were five David's in sales in our crew we would have it in Laguna Beach. We did make money for Laguna and West Palm and Acapulco and Nashville. But nothing like Palm Springs because really it is a lot of work. One thing that I want to say is sometimes I think wow why don't we just buy 500,000 names and park them? I mean Mike does great, Kevin does great. They are both great guys and we have talked a lot. But we really believe after 15 years that these mega brands are really going to cheapen destiny and we've laid the test work. That's really what we have done. Yes we set a precedence and we made a billion doing this and everybody's ears perk up. But to me it was very

logical. It was a lot of work with a great brand. There was no magic involved. At least not to me! It just all came together in a very logic fashion. But now there is going to be no...The parameter is going to go from here out to here. And when that happens we are talking a big situation.

I mean this is where not only our formidable geos, like where I am sitting now, what a huge brand. I mean right now it is making a grain of sand on the beach compared to what it is going to be making a year from now. But our big generics like Rate.com which is finance, Sample.com for test marketing, Cost.com compares a search engine, Bullion.com - gold is at an all time high. So these are generic brands as the same as our geos which are not going to be built out with staffs, SEO, editorial content and like I said sales teams, the full court press. That takes money. That takes investors. That takes a lot of things.

Michael and I we are really kind of percolating all these years. We have got a lot of good press but we have really been kind of building up to what we are going to do now. One quote that Michael always said when we speak: “We have been working 15 years just to get to where the next five years is going to be”. Well that is not coming true. And it is really going to show as well as what we got it is really tiny compared to where we are going because we have always spoke highly of these brands and really pushed them. And now people are really going to see the real mega power of what these things can do.

Michael: So a question that is related since you are talking about ramping up a new technology platform, maybe a new look and feel, a sales staff to go out and actively sell more. After I posted Michael’s show a viewer came on and posted the question, or the comment, that PalmSprings.com looked like it was built in the mid 1990s. It has a certain look and feel and it doesn’t have a lot of pizzazz that a lot of other websites do. I asked Michael about that and he said it sells. I can go to a third world country and speak to an audience at a conference there and I can bring up my website and it loads like that. Which a lot of these Ajaxy, (Inaudible 01:05:35) driven websites they take a long time to load, the ones that are graphic intensive. Things like that. Let me hear your view on form over content. And whether you think that will drive additional sales and increases in advertising revenue.

David: It will definitely create sales and advertising. To me I've always called PalmSprings.com the penny saver of websites. The Penny Saver, you know what it is. It is a local rag but it does well. That is all it is. It is 1.0, maybe it is .050. And it is simple. But I have always loved less is more. However we are now going into a much bigger area. You have advertising agencies. If they don't like that look they are not going to pay you. They don't care what new traffic it gets.

When you are talking, and this is why I love talking to business owners, when I say here is the new traffic, new found revenue, before you are finished they are pulling out the checkbook. When you are dealing with, and now we are going into the full area, this is the way the world works and to them a lot of them do just a book by its covers sorry to say. If they want that fantastic award winning look they are now going to have it at PalmSprings.com. They are now going to have it on Nashville.com, they are going to have it on all the other ones because that is what has to be done. They will increase revenue.

Now will it have as many advertisers that are on Palm Springs? No, it will have less paying a lot more but that is the way the world works. If you want to be on the front page of something that looks like a diamond they are going to pay diamond prices. What Michael is saying is correct but on the other hand it will increase sales because when you are sitting down it looks to a lot of people it is their first impression. So yes the graphic designers and the award winning designers will be coming in and we will be having meetings. In the music business this is called selling out. Yes we sold out, okay?

Michael: So I know you can't go into a lot of the details. Are you completely selling the assets, the generic and geo domains that you own? Or are you just selling a portion of that 100% equity that you currently own right now?

David: Well Michael and I, it will be called Castello Brothers and Michael and I will retain a certain amount. Of course there is the first level investment and then we are going for the old IPO. The first level of events is we will bring all these battleships all nice and polished and raise the revenue up to

really certain level, which we will do very quickly to make it much more attractive to IPO. The people that we are working with they are really good with what they do and they have really scrutinized Michael and I heavily. They have read probably every interview. And they will see this one. They know a lot about us. And what is important is they know what about us that we think is important. Now we know how we got here and if somebody else is cognizant of that it is much more interesting to us.

Michael: Now you mentioned IPO. You are actually going to build this business into hundreds of millions of dollars of revenue so you can go out and offer it publically to other investors?

David: That is right. I mean look at our portfolio. It is a destiny. Rate.com by itself can be a monster. It is not a hard look. And all we have done with the money we've made is show look just putt, putt, putt on idle look how much money we have pulled in with the brand. With the brand. We know that is like level one. We could take this to level 90. And it is a straight cut line for us, we see exactly how to do it.

Michael: Well I wish you all the luck in the world with that David. Based on your past success I have no doubt about the future. I want to leave our audience with an action plan of some sort so clearly you are in a unique position by having these tier one ultra premium domain names that you had the vision to purchase or acquire early in the days. What words of advice can you offer to an entrepreneur, a start up, a domain investor that wants to get into it today? That looks at what you have done at Palm Springs, or the potential at Nashville.com, knows that they are never going to afford one of these tier one premium domains. What would you offer to them would be a great path to take to get up and running with a reasonable investment and how they would go about building it out?

David: Well this is a great time to buy. I mean the market took another dive today. People are skittish, there is no liquidity out there, there is no money. So in fact just to get of the subject a little bit the only things I would invest in now would be either gold or domain names. At this point they only two things that are retaining their value. If I were new to the game there are some

great deals out there that you could get in the \$1,000 to \$2,000 range. Build it up. Learn. It is okay to make a mistake.

Michael: Are you talking about a generic or a geo domain for \$1,000 to \$2,000?

David: For me I would be going long tail geos. Those have their own market within a market. You can really capture up to see how it works. But really you have to buy a name that speaks to you. Under no circumstances buy a name because it is a catchy name. That contributed a lot to the crash of 2000. People were just getting catchy names, catchy ideas. Get something that is practical. From day one PalmSprings.com was practical. The bullion.com was a practical name. It was a practical way to monetize and build it up. So parley a \$1,000 name into a \$10,000 name into a \$100,000 name if you are meant to do this.

I am very pro .com. To me it is a gold standard. Yes you can make money in other TLDs and ccTLDs. We still almost 99.9% with .com. And I would if I was coming into the market right now. It's a gold standard. But you can build those up. You can learn how the market works. You can also learn what is (Inaudible 1:11:29). Some people don't like to sell. Some people can build a grand blog with an area of expertise. Whatever you do make sure you are passionate about that vertical, that market, or it will all become work. And if it becomes work you are in trouble quick. If you write a blog about something you are passionate about it is not work. You would have written it anyway. It is something you feel strongly about. So find a name that you feel really means something to you, that you are passionate about. Don't ever build a name because you think you will make money. There are guys who can do that and they do make money. But for every one that makes money I can name you 100 that lost their shirt. So go with what makes sense. Go with what you are passionate about and if you just get that with your initial inertia you are going to start to get a pulse. You will start to move. You will start to feel it. If it is what you are meant to do.

Michael: Alright, good advice. If you have a follow up question for David please post it in the comments below and I'll ask David to come back and answer as many as he can. David, Michael tells me he is not on Twitter. He

doesn't believe in social media. What do you do? Are you on any of the social media platforms?

David: Oh I'm on Facebook. I met my girlfriend on Facebook. So it's interesting I mean who cannot be blown away by Facebook? It is amazing but it is a mistake for anyone to trade their brand to be a sub-brand of another brand. This is all marketing 101. Yes the internet is the next successor to radio and television and cable. But you don't throw out the baby with the bathwater. There are things that have been done in the past 100 years in media marketing that you need to retain and put it with where we are going. You don't trade away your brand for a sub-brand.

Michael: I meant to ask you that. I'm sure that there are a lot of brands in Palm Springs. There is a local community. There are people who are on Facebook, 750,000,000. There are probably 1,000,000,000. I don't know. And they are all on Facebook and they say that they are going to Palm Springs and they go and they find a couple of businesses and they like them, why does a business need more than Facebook.com/PalmSpringsgolf if that was their name?

David: Because there is a lot of other ways to get traffic. I mean there is Facebook and practice a certain demographic, you say it's everybody but they also have a different mentality. I'm on Facebook every day. I have yet to ever, and I'm in advertising, I'm always curious, I have yet to click on link on the right side of the page. I don't really go there for that. I go there – it's social media. I go there to socialize. I'm not going there to plan my trip. Most of these pages for restaurants, they are fan club pages. I know I'm not going to get unbiased opinions on there.

And then there was someone who spoke for one of the luncheon. She was very pro social media. And I was sitting there not really paying attention and then she said something. And she said well so and so got 22,000 blah, blah, blah on Facebook which resulted in 26 clicks. I went what? And everybody thinks this is a great thing. That is horrible. I would be out of business if I relayed those stats. I would be tarred and feathered and they would be throwing staples and pencils at me.

Michael: They were probably happy because it was the first time they had used social media. And they thought it was a great success.

David: Well the problem is they are investing so much time in it. It is not just something they put on there. Every day they are on there and they are doing... That is time. Time is limited for all of us. Whatever you do with your time during the day you have got to make the most of it. And to me it's just doesn't work that way. I love Facebook for socializing. I really do. I'm connected with old friends, in the business, in the music world. I mean it is great. But as far as going what we have done for local businesses and we will continue to do in the next 15'20'30 years no.

Michael: David I know I've learned a ton during our talk today for the past hour or so. I thank you for coming on the show and sharing all your pearls of wisdom and I can't wait to see what phase two looks like for the Castello Brothers. Thank you for coming on the show.

David: Good being here. Thank you.

Michael: Thank you all for watching. Bye.

Watch the full video at:

<http://domainsherpa.com/david-castello-ccin-interview>