

PORTFOLIO FLIP: .IO DOMAINS RETURN 100% ROI WITH 23% SELL- THROUGH RATE - WITH MARK LEVINE



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Episode 358

On today's Profitable Flip show, we're going to learn how a newer individual investor purchased a series of .io domain names that – as a portfolio – have returned 100% return on his investment in about a year with a 23% sell-through rate. Stay tuned.

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

First, if you're buying or selling a domain name or portfolio and you want an estimate of it's value, Estibot.com is the place to go. Just like you'd visit Zillow.com to get an estimate of a house value, Estibot.com provides key information about the most important statistics so you can make an informed decision based on data.

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Michael Cyger: Hey, Sherpa Network, thank you so much for joining me today. My name is Michael Cyger, and I'm the publisher of DomainSherpa.com, the website where you can learn how to become a successful domain name investor and entrepreneur directly from the experts. This is the DomainSherpa show called "Profitable Flips." In this series, I invite domain name investors to share all the details of how they bought low and sold high. Today, I'm pleased to welcome Mark Levine, a domain name investor at DomainTheory, based in Minneapolis, Minnesota. Welcome to the show, Mark.

Mark Levine: Great to be here. I've waited a long time.

Michael: So usually when I have someone on Profitable Flips show, it's a single domain name. But you and I were chatting, and you took a portfolio of you, of your .io investment. And I thought it would be really interesting to do a show about your .io portfolio. Although you have other domain names, just looking at your .ios so we can learn what you learned in the process and what others can do to replicate successful steps while sidestepping some of the landmines that you may have discovered in the process. So let's set the stage and give some background to start, Mark. How many .io domains have you invested in during the last about one and a half years?

Mark: Probably a total of 35, 36. Not every one...you know, some of them were...I let go earlier on and I didn't have a great record of 'em, but probably around that, and I keep around 28 to 30 around.

Michael: Yeah. Okay, so you purchased a total of 35, 36, you've got 28, 30 right now in your portfolio. Including renewals you've paid, and you probably don't have that many renewals because it's a relatively newer portfolio. How much have you invested in your .io domain names to date?

Mark: So I think the real number is probably about \$3100, but I say it's about \$3300 to account for any names I might have bought at a hand rag and forgot about, or [inaudible 00:02:09].

Michael: All right. So what you know about is about \$3100?

Mark: Yeah, I mean the official number's 31, but I'm gonna give myself a \$200 cushion.

Michael: Sure, sure. And what's been your return on investment for these domain names that you've purchased?

Mark: So far, as of right now, \$7700.

Michael: Wow. \$7700. So you've got over \$3300 in profit. Or actually, is that profit or is that total sales?

Mark: No, that's profit. No, no, my total sales is \$7700, so my profit's \$3400.

Michael: \$3400. So over 100% return on your investment in that year and a half or so. And how many domain names have you sold during that time period?

Mark: Just .io?

Michael: Yeah.

Mark: So I sold 7 out of my...you know, really about 30. You know, I have to back out of this list the ones I sold. I have a list of every...

Mark: Seven divided by 30. So that's a 23% sell-through rate, when most investors across their entire portfolio would say their average is 2% to 3%. They'll sell 2% to 3% of their domain names per year. You've sold 23% of your .io domain names. So that's the...

Michael: Now, to be clear, I'm 2% to 3% with everything else.

Mark: Right, as are we all. Right? Like you buy so many .coms which are supposed to be the ones that sell the most, but you have a smaller portfolio of .ios and you have a great sell-through rate. So that's the story that I want people to hear about today, and I want to find out all the details that went into you getting 100% return on your investment, to getting a 23% sell-through rate, to making \$3,000 plus in profit. So we're gonna learn about all of that, but first I wanna take a step back and learn a little bit about you, Mark, and how you got into the industry and why you got into the industry. What do you do for a living, Mark?

Mark: Well, right now, I'm a domain investor full-time, and in fact, up until three months ago, I was not. I was a CEO of a book publishing company that I

founded 10 years ago and it sold on August 1st actually. And I'm pretty sure you might be the first person I texted where I said, "I'm now a full-time domain investor."

Michael: Yeah, and you know you came to DNSeattle in May of 2016, and that was, I think, the first time I met you in person. And we talked about publishing because I had a publishing company that I had had a successful exit as well, and we talked about that. And so tell me a little bit about building your publishing company. What was the name of it and what kind of publishing did you do?

Mark: My company was called Hillcrest Media, and we are primarily a self-publishing company. And I had gotten into that self-publishing space really as a result of another online company I owned that was called Click Industries that I sold in 2009. But that was a very early precursor to LegalZoom. So we did online business filings and one of the really big filings that we would do for people, at that time, was copywrite filings, and we were doing a ton of authors. And this was in the early 2000s. And at that time, I was really into those kind of info products, you know, where you can basically download a .pdf for \$50 and someone will tell you every secret and there'd be 8 bonuses. You know, I would think about it. I'm a smart guy, I'm not gonna get tricked, and I get to the end and I'd be like, "Oh my god, I wanna buy this." I really wanted to create a product that would do that, and just by happenstance, I decided, "Well, I'm gonna write a book on these self-publishing companies, and I'm just gonna tell like, here's what they do, and here are their fees, and here are their..." I just decided to do that and it wasn't based on any knowledge of necessarily where the industry was going, it was just like, you know, I have a lot of writers, I'm gonna make this a .pdf for \$20, I don't know even how to print a book, so I'm just gonna do this. I put it up, and not only was it a great add-on to my service, but the book itself took off.

I was selling 200, 300 a month just through my website, and it was just a .pdf. And again, you have to dial back the clock to 2004, and the world of self-publishing it was just starting. You know, back in 2004, if you went to Amazon and looked for books on self-publishing, you'd find a handful. If you go today,

it's an unlimited amount. So I wrote this book, called "The Fine Print of Self-Publishing," and that book just took off. I became a pretty well-known person in the industry, and a couple of years later, I actually was roller blading and got the idea in my head. I can't say it's what my company ended up being because what it became was something I could not envision. It grew much faster. We started out with two bookshelves, where you never anticipated we would have enough authors to fill those little IKEA [inaudible 00:07:48]. It was a great ride, it grew really quickly. At the end, I had 30 employees, published over 11,000 books.

Michael: So not only did you write the book on how to self-publish Hillcrest Media, this company you started actually helped authors publish their own books as well.

Mark: Yeah. Yes, and we did everything from the formatting, the design, the editing, marketing, distribution, all the warehousing, It was a pretty complicated and complex system that we built. And ultimately, that is what made somebody want to buy the company.

Michael: Yeah, that's fantastic. And how big was the company when you sold it? Are you at liberty to say?

Mark: Oh yeah, it was bought by a public company, so...even if I don't want to say, I guess you could find it out.

Michael: I could go look it up.

Mark: Yeah, so our sales, I don't know like the exact number, but I think in our last full year they were about \$5.1 million. And it had grown from...I started it with zero money. I put a little money into it from my other business, and that was at [inaudible 00:09:04].

Michael: Then you just bootstrapped it into a multi-million dollar company.

Mark: Yeah. Bootstrapped it, and bought a few good domains along the way.

Michael: Love that. And I wanna ask you about those domains, but first, here's my copy of the book. It's called "The Fine Print of Publishing." If you're thinking about self-publishing, this is the bible. Like, are you gonna continue to publish this going forward?

Mark: Well, that is a collector's item because part of my sales...

Michael: Check this out. Autographed by the author. That's why it's a collector's item. But why else is it?

Mark: Well, it's out of print, because that edition just came out in June, but one of the things that the buyer, you know was very attractive to them was this book has become such a well-known book that they wanted the rights to that book, so they are going to be putting out their own edition of the book. They have to put some stuff in there that's very separate from mine. There was some talk that maybe I would do it, but when you're out of the industry, it's really hard to stay current, and really I wanted to go and really get into domaining full-time. I love it.

Michael: Yeah, and I was going to ask you about that. So this book, you sold so many of these. Did it ever get to like, the Wall Street Journal bestseller, or the Amazon bestseller list or anything like that?

Mark: In Amazon, there was one time where in its category it was number one. It was number one because I was quoted in an article in the New York Times. It must have been 2012 about self-publishing. When that article came out, for that weekend, you know, for three or four days, there were a ton of sales.

Michael: Nice, you're an Amazon bestseller.

Mark: You know, for like a minute.

Michael: Yeah. So you built a multi-million-dollar company. You had your roots online, selling online, so you understood the power of domain names. You musta had some pretty good domain names with the business. What kinda domain names did you have?

Mark: I had about as good as you could have in the book publishing business. And I accumulated 'em over, you know, 10 years. But I'd say the most significant one, and like, you know that I own fiction.com, and I really did buy that because if you have a publishing company, that is a domain that you really need to have. I didn't know what I was gonna do with it, and in fact, I never did anything with it and still had it. But I thought it was such a valuable asset that either a potential buyer of the company would want it, or I would be able to do something with it later. But that's really not my most significant one. In terms of the operational part of the business, in 2012, I bought bookprinting.com. And we had a book printing division of our company, we called it Book Printing Revolution prior to that. And when I bought bookprinting.com, the type-in traffic alone from that domain was responsible for half the business. And this is a division that did \$1.3 million pretty regularly in and out every year, just book printing, not what came with the file. And our Google Ad spend was \$1500 a month and that was the only advertising we did.

Michael: That's amazing. I'm going to EstiBot right now to type in book printing, whoops, it's book printing. Because what EstiBot does is give you some old data that gives you an estimate, order of magnitude, of the type-in traffic per day. I wanna see...do you remember what your type-in traffic per day was on Book Printing?

Mark: I have no idea.

Michael: No. Yeah.

Mark: But you know, what...

Michael: But that's amazing that you had...actually, it shows zero. So I'm not sure if that's right.

Mark: From Salesforce, we knew where the ultimate sale was coming from, and it was pretty incredible. Honestly, we didn't have that data until pretty late in, so I bought it, it was more of a hunch. But I knew that having bookprinting.com in an area where there's a lot of people who come and go in book printing. You see guys pop up and they're selling and they're doing printing in China and then they disappear. I knew that that would have a lot of authority, and you know, it really helped us cut our expenses in book printing which is a low margin business. And I paid \$30,000 for the domain and I well-made back that money.

Michael: That's a great buy. So what else went with the business when you sold it? What other great domain names? Do you remember any others?

Mark: bookediting.com which I bought like a month before the sale. I thought I was gonna be able to keep it out, but you know, they wanted it. The company who bought me is really into domains. They're a pretty large public media company, but they really get domains, they understand domains, they appreciate domains. And actually, you know, you can cut this out later if you don't like it, but to digress, the whole reason this sale ever even happened was because of a domain name.

Michael: Really? Which one?

Mark: This is...I will never forget it, in ever. I was in Vegas, my parents 50th wedding anniversary, I'm walking into a show and on my phone, I got a notice that I had a minimum bid on GoDaddy for christianselfpublishing.com. And it was my minimum bid was \$8,000. I knew that it was set up for like three companies in the world to possibly bid on that name. Now I have this offer, I don't know who it is, so the next day, I'm still in Vegas, and I get a call. Now this, I guess, would say this is why you should keep your stuff public on Whols. I get a call from the guy who runs the division of the company that have now bought me and this was 2014. And said, "Hey, you know, I see that

you own this name." And I've known these guys, I've written about 'em in my book, and I knew them pretty well. He wanted to buy the name and he also wanted me to send him a list of all my other Christian publishing names. I only had a few at the time. So I went back to my room and started going on EstiBot and you know, looking up and looking at my keyword tracker, and registering every great name that I could that was still out there.

Michael: And registering domains that night. Like, Christian names.

Mark: I got back to my room, I get about 35 names, and they were pretty good. Great EstiBot values. So I send him the list and then radio silence. I think, oh no, this guy probably just figured out that I went and got a bunch of these name and am now trying to sell 'em. Two weeks later, I get a call from him, and he says, "Hey, before we start talking about these domains, let me ask you another question and if you don't want to engage, you just tell me." But he said, "You know, instead of just buying the domains, we'd like to buy the whole company." That was two years, and then two years later I sold him the company.

Michael: Wow, so it took two years to like, sell your company.

Mark: No, it took, well, they made an offer very quickly in 2014 for the company, but we got hung up over fiction.com. They wanted fiction.com included, and I was like, well, either you have to pay the market value or it's staying out. And we couldn't agree, and that kinda fell apart. Fast forward two years later, they were more concerned about growing their book publishing company and less concerned whether they owned fiction. And I was dying to be a full-time domainer, so it worked itself out.

Michael: So, you kept fiction.com, it didn't go with the sale?

Mark: No, I kept fiction.

Michael: What's the price that somebody'd have to pay today to buy that from you?

Mark: You know, I mean, it's hard to say. I paid a lot for it, so I can't necessarily say that I was that smart on the buy because I didn't buy it as a domain foot, I really wanted it as a useable asset. And you know, I'm in a different position now, so it would have to be a price that would make sense. Because I mean...

Michael: Well, of course. But are you like talking \$500,000, are you talking a million, or what do you think?

Mark: No. I'm a domain realist. If somebody shows up and said, "Here's \$150, \$175," I'm gonna think about it. I mean the EstiBot value's only \$275, so...

Michael: Nice. Did you keep any other domains like fiction.com in the book publishing, printing space that...

Mark: I mean, I do have some, not that are...

Michael: Nothing good like fiction.

Mark: I have some genres like historical fiction which is actually a pretty valuable name, historicalfiction.com. I own a lot of the different genres, but a lot of the real generic, high-value domains I was using, in our, you know. We used book editing as our book editing site, published.com, we had just started. I bought it in 2006. It was the oldest book directory on the internet, started in 1997 and didn't start re-developing it until last year. But that ended up going with them. So a lot of my good ones, a lot of those great ones are gone, but you know, there's other great names.

Michael: So, you understood the value of domain names from your publishing business. Why, when you sold your publishing business, did you decide to go full-time into domain name investing? What do you love about domain name investing so much?

Mark: I love that it is like taking the stock market and the most creative thing you can do, and trends, and pop culture, and mixing it all together. I mean, anybody who's in it knows that it can be very addicting, and you can pop out of bed and see something on TV and be like, "I gotta see if that name's available." It's, you know, the people I've met in the domain industry are some of the most creative, really forward-thinking people. Really on some great edges of technology. And, in terms of making a living, and after having coming from an environment where I was responsible for 30 employees and thousands of customers, you know, being responsible for, "Okay, is my phone working? Are my eyes good enough to read these GoDaddy auction site on my phone?" It's hard to beat.

Michael: It's a bit of a relief after all that, building the company up to such a point. So that's fantastic. And so was it public what the acquiring company paid for Hillcrest Media?

Mark: It was.

Michael: What was that?

Mark: \$3.5 million.

Michael: Woo, \$3.5 million. And were you the sole owner? Did you have other partners or investors?

Mark: I was sole owner.

Michael: Congratulations.

Mark: Yeah, no it was a nice sale. I was lucky enough to sell two companies in seven years, I mean.

Michael: Yeah, so what are you gonna do now that you got a few bucks in the bank?

Mark: I'm gonna be at NamesCon.

Michael: So you're going to Vegas is what you're telling me and we're gonna play craps together.

Mark: You might have to teach me. I'm not good at craps.

Michael: You got it. Domain Shane and I always hit the craps tables. We'll take you there. All right. So we're gonna talk about .ios today. Clearly you love your dot-coms as well with bookprinting.com, with fiction.com. What other TLDs do you invest in besides .io?

Mark: I've owned a couple of dot-presses, you know just being in...

Michael: How did you even know it was available?

Mark: It's really not a thing. You know, it's hard to find information on 'em. I owned a couple .medias, again, it's hard to find stuff on. My biggest one outside of .io is actually .xyz. But a lot of those were \$1 sale deals, but I've actually sold a couple and had great returns.

Michael: Really?

Mark: Yes, I sold one for \$400, one for \$800, you know, names that I got for \$1.

Michael: For \$1, yeah. Yeah.

Mark: Can't complain.

Michael: So you got a bunch of .xyz speculation, you've a few other miscellaneous New gTLDs, and then you have some dot-coms still? Are you investing in dot-coms?

Mark: Oh yeah, always.

Michael: Yeah, awesome. And do you typically...what would you say your focus is for domain name investing? Do you stay like dot-com, .io? Or are you looking at trends? What's your strategy for domain name investing?

Mark: Well, when I was in the publishing business, obviously a lot of it was publishing-based, or what I thought was publishing-based. But when you add keywords like, book or story into your search criteria, you end up with really a lot of brandable names that I've done pretty well with. Again, I make lists of keywords of ones I'm interested in, and maybe I have 20 top keywords and depending on if they start at the beginning or the end of a string, that's kind of my base. And then for my .io investing, I go to Park.io two or three times a week to see what's there. Hope you're not doing a show about .ios. You know, when you look at my list, and you look at that show you did on .io, you can see a spike in what I paid for names. I think you ran a show in the summer, and then...

Michael: Yeah, with Mike Carson.

Mark: Yeah, investment...

Michael: And let me tell you, sir, that whenever I go to Park.io because I love me my .io domain names as well. Whenever I go there and I see your name as one of the bidders, it's a little dagger in my heart because I won't bid against my friends. So, yeah. All right. So let's get back to the .io story. What are the .io domain names that you've sold? Can you read those off to me?

Mark: Yes. 130.io.

Michael: A numeric.

Mark: A numeric but I'd say that was, you know, somebody came in and took it off my hands for exactly what I paid for it right before it was gonna expire. That was a Chinese buyer, actually. I had to communicate directly, so that's

how I know. And that's an outlier, you know. I just threw that in there as an example of why I don't love these.

Michael: Yeah, so we're gonna talk about what's worked and what hasn't worked. Which ones have you sold, though?

Mark: skoop.io with a k. pressroom.io, lander.io, which is the one I tweeted about which I think ended up us having this discussion. Grassroots.io, and my favorite of 'em, timber.io.

Michael: Timber. T-I-M-B-E-R. Yeah. So when you look at the sales that you have, and you know, 130.io is sort of an outlier and we'll talk about which ones are outliers and what you've learned and are staying away from now. But, how have the buyers typically contacted you to buy the domain name? Are they all consistently coming in through Whols? Or is it a smattering of different marketing that you're using? How are they coming in?

Mark: Well, when I buy 'em on Park.io and most of my .ios I've bought there, they're automatically private. I think you can ask Mike Carson to not make them private, so when I buy a name there I just always just leave it on their landing page. They have a buy now feature, they only take 10%, so if you're getting someone to type it in, it's a great way to sell it. He handles the transaction himself and you know, it's great. Of the seven I sold, three sold through there.

Michael: Huh, so three of 'em were end users typing in the domain name directly, seeing it was for sale because it was a for sale lander, and then actually committing to buying it.

Mark: Yes.

Michael: Because you had a price set? Or because they just contacted you and asked you for the price?

Mark: I set a price on every one.

Michael: You do? All right. And then how about the other four?

Mark: Well, Timber, which was my highest io sale, that was actually on BrandBucket. I have a couple of other .ios now on BrandBucket as well. It seems like a .io and BrandBucket would be a natural mix so it's weird that you don't see more on there. And the other one was at Sedo.

Michael: At Sedo.

Mark: And one was private and one through GoDaddy.

Michael: So, a pretty good mix of different platforms coming in. People are finding 'em different ways. That's interesting, okay.

Mark: They're probably all end user sales. I mean, I don't think any domainer is paying \$2,000 for a .io.

Michael: Yeah, I'm looking at your spreadsheet that you sent me. So you've got sale prices, well, the 130.io you sold it for what you bought it for so that was about \$130. But then you've got sale prices of \$585, \$1100, \$1200, \$1200, \$1995, \$1500. So what can people take away from your pricing that's leading to a 23% sell-through rate?

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Michael: Yeah, I'm looking at your spreadsheet that you sent me. So you've got sale prices, well, the 130.io you sold it for what you bought it for so that was about \$130. But then you've got sale prices of \$585, \$1100, \$1200, \$1200, \$1995, \$1500. So what can people take away from your pricing that's leading to a 23% sell-through rate?

Mark: I think the sweet spot in pricing is, and again, you have to take some of the outliers out, you know seo.io and others.

Michael: I like that one, that's mine. What do you mean?

Mark: But you know, you gotta take those out because those are like beyond phenomenal and they would make the pricing a little different. I think that the sweet spot for these names is \$1200 to \$2000. And I typically, mostly do \$1200 to \$1500.

Michael: Yeah, so the highest one with BrandBucket, they priced it at \$1995.

Mark: Right. And when you back out their commission I knew that I would about \$1200, \$1300.

Michael: So if you put it on a buy it now page on Park.io with it's lower commission, it'd work out either way. Yeah, and do you go back and type in these domain names and see what's there? Are they established? Are they typically startup companies?

Mark: The one I just sold actually, and again, I don't know this guy personally, but just from Whois I was able to figure it out that he is a developer at Expedia.

Michael: Oh, interesting.

Mark: Lander.io. Timber.io is an actual, some kind of start-up company about data logging so it's kind of a cool name. But the other ones are not developed.

Michael: Yeah, you know, like most people, they buy a domain name and then they just don't get to developing it out or building it into a company yet. Looking at these domain name sales, taking out the numeric, what would you say is the common thread among these domain names that made them desirable to other companies?

Mark: Short, versatile, and brandable. And I know that those are all buzzwords like everybody in this industry uses, but there's a reason behind it. I think, you know, some of these are two-word names, like Press Room, obviously, but they have to be that brandable and that catchy, I think, to work as a .io. You know, like...

Michael: You know, typically I'll see one word. I agree with you, short and brandable. And typically, I'll see one word and if you ask me how to spell Skoop, I'm gonna spell it scoop.io. It's interesting that you sold the misspelling of it. Skoop with a k. Does that surprise you as well?

Mark: You know, when I go to look at Ron Jackson's domain names journal and you see things that sell, you wonder why didn't I own a name like that? You know, I wouldn't pay that for names. It's not that surprising. It's a small amount of money, relatively, for a domain, and I think a lot of these end user names in this price range are all impulse buys. A lot of 'em are impulse buys. I used to be, prior to my publishing business, I was in online business filings. I would always get a sense that people were like, they went to a barbecue and they got drunk with their brother-in-law, and they were like, "We're gonna do

this business." Then they go and incorporate it that day. They pay their \$500, \$600 and then nothing ever happens. I think there's a lot, even in the domain world, where people get this idea and they're like, "I have to have this name." And if you do it in a way that's not gonna make 'em have to split it on to two credit cards, you're more...

Michael: Yeah, I sold a domain name where a guy had to split it on two credit cards. That's a pain.

Mark: Yeah.

Michael: Yeah, I agree. All right. So of the other domain names that you own, which ones are the keepers based on what you've learned that have sold so far and why?

Mark: Of my .ios?

Michael: Yeah.

Mark: Walkabout.io, even though it's a two word, I really liked the term, the dot-com is a real site. The .net is being sold for \$11,000, so if somebody is looking for that as a domain, I'm gonna provide a great affordable option. I'm not gonna price that io anywhere near that .net. I'm still gonna price it where I would price it and hope to move it. Namaste, I mean that's just a great...

Michael: That's a great brand.

Mark: And all the dot-com, the .net, the .org, are all live and they're all different sites. I always look for that in .ios. If some company owns every extension but the io, I will not buy the io.

Michael: Why not?

Mark: Well, I don't want to have any trademark issue, and if they're using it for everything, the chance of one company coming and being able to not

only get such an obviously identifiable name and start using it without problem, you're probably not gonna have an end user that's gonna shell out money for that. So it's one area where even if it's close I'm not gonna do it. Backspin.io is great.

Michael: I don't even know what it'd be used for, but it's such a great word.

Mark: I didn't know either, but I knew that was really familiar to me, and there's old school hip hop station on XM that I listen to called Backspin that I just realized when I was in the car the other day. But, it's also backspin like with a ball, so you'll have sports and you have music. You know, again, I'm not pricing these names outrageously, so.

Michael: But do you see like, you know, typically I think of .ios as tech startups. They're trying to like build an online business and do you see sporting good companies using a domain like backspin.io?

Mark: No. But I think there's a lot of tech companies that are sports-related, music-related, you know, there are apps, you know, people obviously are... The io is connecting with businesses who are not dependent on type-in traffic because you're not really gonna get type-in traffic. But you could, certainly, get great search traffic. And I think a lot of these companies when they're buying a .io, and I think you've seen this before that if it works, they're gonna try to go get the dot-com eventually.

Michael: Yeah, definitely. They can get in with a great brand like namaste.io for \$1200, \$2000 and then if it works and they're building their company then, you know, hopefully, they can buy the dot-com someday. Yeah.

Mark: I mean, there's a lot on this list that I love as a domain.

Michael: Yeah, what else do you love? What are a couple more?

Mark: I love flipside.io.

Michael: Catch you on the flipside, yeah.

Mark: Yeah, I just got gavel.io which I think is...

Michael: Gavel?

Mark: Gavel. I mean, that was a \$25 name [inaudible 00:36:02].

Michael: I mean, click, click, click...

Mark: That one's cool, as in auction, as in legal. You know, that has a lot of versatility. Tuneup.io, is a great...

Michael: Yeah, I like tuneup. Because computers, servers, anything needs a tuneup, cleanup. And that was one that I wanted to buy and I saw you listed on it.

Mark: Right, I remember that.

Michael: Okay, so I understand what kinds of domain names you like: the tuneups, the namaste, they're short, they're brandable. They can be used in a few different areas. The versatility that you're talking about. Yeah, like timber.io, who would've known that it would be a data logging site, like totally taking an offline, real world, like logging, taking down trees, and then converging to an online equivalent of it.

Mark: It was a brilliant use of the word.

Michael: Great, great brand.

Mark: Yeah, and thrift price.

Michael: So of the domain names you own, which ones are losers that you'll definitely let expire at renewal, based on what you've learned so far, and why?

Mark: Any geo name, I don't have any now, but I had a few, they were all losers.

Michael: Yeah. Why?

Mark: I just think when you look at who's developing out these .io sites, there is no miamibeach.com and miamibeach.io, you know, you get someone typing in miamibeach.com and who is gonna type that in? But there's probably nobody who's gonna type in miamibeach.io and a geo can really only be used with something to do with that city. You know, it has very little use other than that.

Michael: Exactly. And you know, if I told my mom to type in whatever city she's living in .io, she'd be like, "What? Dot-com? .io.com?" The general population doesn't understand it. It definitely needs to be newer generation of people that understand technology are online and the .io is cool and hip right now.

Mark: But when I first started buying them, it was before io was really even out there as thing that tech companies liked. So I saw it as well, it's \$35, I can get miamibeach.io. You know, it was a \$35 bet that you wouldn't make today, and I think if someone went out and after seeing this show or doing their own research and bought those, they would not be stuck with them.

Michael: All right, so stay away from geos. What else should investors that are looking at ios stay away from?

Mark: Well, for me, the three number ios were terrible, and in fact, my most expensive .io purchase was 206.io which I was like, "You know, this is a Seattle area code, it's gotta have a tack." That was actually a Part.io auction, and not only have I not had any interest, but I've had it for two years and I'm probably gonna let it go. I'm probably gonna eat that \$300 and not keep it. My instinct would be, "Okay, I'm gonna go another year and see." But when

you even go to NameBio and you look at the number and you take out the 888.io and 77.io, and you take out those kind, there's not a lot, you know.

Michael: And the holding costs for .io are a lot higher than dot-com. What do you typically pay per year for a .io renewal?

Mark: At GoDaddy, you know, with whatever my account is, I pay, I guess it's \$35, \$36.

Michael: Yeah, \$35 and change or \$35.99. I think I pay that as well. Oftentimes, if I decide to keep a .io that I acquire on Park, I will transfer it over to GoDaddy at the end of the term, because Park charges a little bit more.

Mark: Park charges \$99.

Michael: Ninety-nine a year, yeah. Which is the minimum bid of you buying at auction as well.

Mark: Right, that guy created a phenomenal niche.

Michael: Yes, he has.

Mark: Another thing I wish I'd thought of.

Michael: Yeah. Okay, so don't invest in geos.io, don't invest in numerics, maybe if you can get like 8.io, or 77.io, yeah, but like, your three number numerics didn't pay off so anything longer, four numbers aren't gonna pay off either.

Mark: No, no. I mean, if you still have 206 and you have no interest, I think it's pretty tough. Like four-letter, like I have some four-letter ones like as an example, here now, I just happened to renew a couple of these but I was on the fence about them. But when I sold lander, I kind of was like, "Well, I'm gonna hedge this a little bit." Like I own C-O-V-R for cover. So that has some

hope, so I kept it for another year. But I've really had no luck with any kinda acronym either. But I own NYT.io, could stand for a lot of things but I think of New York Times, but it could be a lot of things. Again, that's a thing there's never any interest.

Michael: Yeah, yeah I agree, I never see any companies buying acronyms.io. All right, good things to stay away from. Given the fact that your sweet spot is \$1200 to \$2000 to sell to an end user, so that's the retail price, how much do you typically pay for your .ios? What's the max you're willing to go up to if you love a .io domain?

Mark: I mean, if I love one that's...I mean, typically I spend around no more than \$250, but I mean if you take out my one outlier, I've gone almost \$300 for 206, it's really been close except for a couple of buys here to about \$100. The ones I paid more for, tuneup.io, banter.io, the hack of the word ryde.io with a y. I think that has some brandability and I mighta got a little caught up in that auction. I kind of regret it a little bit now, looking at my list, but tuneup I paid \$231. I think that's a great...I'll make that back. And just because I pay that, I know some people are like, "Well, I need to get 10 times whatever I paid." But I think the market is where it is, and the market doesn't care what you paid for the name. That's not relevant to them.

Michael: Yeah, yeah. Definitely. When you acquire a new domain name, on say, Park.io, like you bought tuneup.io. What's your process for preparing that domain name for sale? Like what do you do once you own it to make sure that it's getting out to as many people as possible for a potential sale?

Mark: Well, if I buy it on Park, I just leave it there so I don't have to change the name servers. I don't put a buy now price on, and then immediately I'd list it for sale at Afternic, Sedo, GoDaddy. I mean, even though GoDaddy and Afternic are the same, I think you have to do it.

Michael: You list it at GoDaddy even though you're doing it on Afternic.

Mark: Yes. And the reason is, at GoDaddy, you can see the number of people who searched in the auction for the name, which it's important to me in renewal time. Because if nobody's looking for it, or no one's ever typed it in, then I'm less inclined to keep it. And also, I get the email from GoDaddy that says you've had a successful listing, and so I archive that and it allows me to, you know if I need to go back and check my system for organizing all this stuff is not yet the greatest, so that also helps. And then, you know, I'll put it on Uniregistry, FD, anywhere that I have and I try to list it and then do it right away so I don't forget.

Michael: Gotcha. Yeah, and so that's smart. So if you're buying it on Park, you leave it on Park because it's just easy, but you put in your buy it now. Then you go to Afternic, you put in your buy it now, you put it on Sedo, you put it in your buy it now. So you're getting not only those websites which are massive. Sedo gets a lot of international people, GoDaddy, Afternic is owned by GoDaddy and that primarily dominates America as well as the rest of the world. But then, like once you have your buy it now set, and you go to GoDaddy like a regular user does, and you type in, "Hey I wonder if tuneup.io is for sale?" And it comes back yes, your domain name is available, buy it before someone else, tuneup.io. It says, premium, it says buy it now price \$14.99. So that's the power of getting into these marketplaces.

Mark: Well, you might've just helped me a great deal there because I think that's at BrandBucket, so I probably have to remove them.

Michael: Sorry about that.

Mark: I forgot. I do BrandBucket, I wait to see if they accept before I list any name and then I use their acceptance or rejection as the call for me to then list the names.

Michael: Gotcha. And so BrandBucket's terms state that you can't list it for sale on other websites. So you're gonna leave it on BrandBucket and pull it down off of GoDaddy?

Mark: Yeah, I mean, I think BrandBucket, they bring a lot of good things to the table, and you know, I understand, that I'm paying more to do it there. But I'm much newer asset that companies like BrandBucket are helping to promote, certainly the tech companies.

Michael: How do you decide if one of your domain names should go onto BrandBucket versus all the other channels: Afternic, Sedo, you know, Buy It Now, Fd Lander, whatever the case may be?

Mark: Well I used to, until BrandBucket had their little scoring system, I would just think, well this might be brandable I'll just submit it. But then, that got me not a great score on my submissions. So, I stopped, and now what I do is I look at, do they have a lot of word domains that end in whatever my thing ends in? Like, ivo, or whatever, ly or like I just bought launchcrowd.com. I just got it yesterday or a couple of days ago. But I just submitted it to them a couple of days ago. And I hadn't submitted to them in a long time so I went and I looked up how of their domains start with the word launch, and how many end with the word crowd. Then I wanted to see how they were priced, because if you see a lot of their names that are well under \$1500 and less, \$1600 and less, I'm pretty sure that those are older names that they probably would not accept any more. That they're kind of out of favor, but when I went and looked at words like launch and crowd and you see that those prices are above \$3000. I mean, you see ones in the high twos and threes, to me that was sort of a sign that this has to be in favor now with BrandBucket. So I submitted it and I was right. Sometimes it's hard to figure out, you know, their logic on stuff, but...

Michael: Yeah, well I just got the BrandBucket newsletter the day that we're taping this, and I believe that they said their average sale price was at \$2700 and change. And that's taking out all the outliers above \$10,000 in sales. That shows there are some awesome good sales there. You know good sale prices.

Mark: Yeah, I think you have to be okay with what they do, and I think it does add value to the end user to some degree.

Michael: Yeah. So you said the sweet spot for you is \$1200 to \$2000. What's your process to actually set the retail price for your buy it now prices? How do you decide that?

Mark: Well, with these, .ios, some other dot-coms I might spend way more time pricing out, but I think, at least for me, the .ios, even though I like some names better than others, I think that to the general public, tuneup.io and namaste.io are the same. They're a weird extension, people don't really get it yet, and I think someone's only gonna buy a .io if they can't get something that they love better. So you can't price these things higher than you know...

Michael: What the alternative would be.

Mark: Yes, absolutely. No one's trading up to get a .io. I look at, unlike a dot-com where I might price it based on there's 50 businesses that use this portion of the name I just bought in their name. You know, in a .io that's not the case. I really wanna price them to sell. And I think that's why I've been able to sell this percentage, and even though it's a small group, I guess all my sales really were this year. 2016.

Michael: Yeah, so you know I like to say you're a relatively new investor. Clearly, you've been involved in publishing and you've been involved in domain names, you've understood the value of a high-value domain name, premium domain names in the past. So I don't want to shortchange you. But you've only been investing in domain names for little bit of time, which I wanna point out because a lot of people say, "Well if I would've gotten in in the 90s I could've made money." Or, "If would've gotten in in the 2000s I would've made money." You're a relatively newer investor, and you're making money with the domain names. Do you remember when .co used to be the hot extension for startups to choose?

Mark: Yes, and I think we can take a lot of lessons with .co. I mean, and we should apply those to .io, because .io is the hot extension now, but there will

be some other hot extension later. It's just a matter of, this is no knock against .io, but it's just a matter of something else is gonna be hot.

Michael: Like .ly used to be hot, and some companies still go with it, but now .io is the hot one.

Mark: Yeah, I mean, it's you know...

Michael: Would you say that it's important not to overinvest in .io even though they're selling right now?

Mark: Absolutely. I for sure would not overinvest. It's still a very speculative domain area and if I was a new investor, it's not where I would play at all.

Michael: Where would you play if you were a new investor getting in today?

Mark: I mean, I think brandable.coms. Today, right now. I mean, you have to take out a lot of the great names are gone and you're never gonna be able to get them, and so you have to be a forager now. And the real skill, I think, if I owned you know, sex.com, you don't have to be a rocket science to sell that name. But if you own pressroom.io, you know, you've gotta work hard.
[inaudible 00:52:23]

Michael: Yes you do, you gotta get it up where everybody can find it. So for 2017, are you planning to continue to invest in .io domains?

Mark: Yes. I mean, again, I don't know anything that anyone else doesn't know, but I think their shelf life is gonna continue. Certainly, and you see sites that not only use it but where the consumer is okay seeing it, it doesn't freak people out totally. Like I think it would freak my parents out, but it's a thing, and when I mention it to non-domain people, you know, when I told them that I was talking about this, they have some knowledge, you know, they've heard it, they've seen it. They might have seen a site that used it, an app that used it, so it's not totally unfamiliar. So my plan is to keep buying them. But again, now I have 1500 names, so this is a pretty small piece of it.

Michael: Very small piece of your portfolio. Yeah. And if somebody wants to go look at your portfolio of domain names, is there a place that they can go and check 'em out, Mark?

Mark: I would say look at my FD page.

Michael: And what's the URL?

Mark: DomainTheory.com. They can look it up there.

Michael: Okay, DomainTheory.com and check out those. If somebody who's listened to this show wants to contact you to network. Maybe they're going to NamesCon as well and they wanna get together with you, have a drink, chat about .ios or other investing. What's the best way for them to contact you?

Mark: Best way is mark@domaintheory.com.

Michael: Okay. Awesome. And you will be at NamesCon. Is this the first time or second time you've been to NamesCon?

Mark: Absolutely. Third time.

Michael: Third time. Nice.

Mark: Yeah, I was there when it was 300 people.

Michael: Yeah. Yeah, last year was a lot and this year it's gonna be like 1400 people coming up. That's a...

Mark: It's a great conference. You know, I learn a lot, you get to meet people, and also you're with people like yourself. People who are, in real life, you can't go around and just talk about domains.

Michael: You cannot. I always feel weird talking to like, my neighbors and stuff about domain names. While here, everybody's like us.

Mark: Although the general public loves hearing about it. They think it's the most fascinating thing. And nobody understands it, and it is amazing how a lot of people don't even know how to buy it. They don't even know how to go to GoDaddy and buy a name. And so people like us, we live in a domain bubble.

Michael: Yeah. Yeah, definitely. Well, it's a good...

Mark: Just like all the other bubbles we probably live in.

Michael: A good bubble to be in. All right, if you've watched this show and you have questions that I didn't ask, that didn't get answered, please post them in the comments below the video, and I'll ask Mark to come back and answer as many as he can. I also encourage you, if you're sitting behind your computer and you're watching this video, maybe you're listening to the audio on Stitcher or on Apple iTunes, and you really enjoyed it, come back to DomainSherpa, scroll down. Post a comment that just says, "Thanks, Mark, for sharing your information," or "I appreciate your telling your story about you know, the lessons that you've learned along the way." The most important part is just connecting and reaching out.

I'm gonna be the first to say thanks to Mark. Mark Levine, thanks for coming on the DomainSherpa show, sharing your story about investing in a bunch of .io domains and what you learned in the process. And thanks for being a DomainSherpa for others.

Mark: Thank you. It's a pleasure.

Michael: Thank you all for watching, we'll see ya next time.