Interview with Arif Şengören and Merve Engin, Nokta Domains

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Here's your program.

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 expert themselves. Today's guests are Arif Şengören and Merve Engin with Nokta Domains. Did I get those names correctly?

Nokta Domains: Perfect.

Michael: On July 2011, the sales team at Nokta Domains closed the highest domain name sale in Turkish history. UcakBileti.com—which means flight ticket in Turkish—sold for a quarter of a million US dollars. We're going to find out when and how they acquired it, how they valued it, how they marketed it and sold it for top dollar. Along the way, we'll also learn about some other transactions and where the Nokta Domains business is heading. Thank you for joining me today on the show.

Nokta Domains: Thank you for having us.

Michael: So where are you going us from today?

Nokta Domains: We are going you from headquarters office in Ankara the capital of Turkey.

Michael: And what time is it right now in Turkey?

Nokta Domains: It’s almost 8:00 p.m.

Michael: Well I appreciate you staying after, well you guys probably work all hours of the evening, right?

Nokta Domains: Yes, yes.
Michael: Thank you for staying late to do today’s show. How long have you both been working for Nokta Domains?

Nokta Domains: I have been working here for two years. Mine is almost a year. It will a year next month.

Michael: And how long has Nokta Domains been operating?

Nokta Domains: Nokta was founded in 2002 so we are almost in this business for ten years. And we also have more than 100,000 domain names in our portfolio.

Michael: And how many employees are there in your company?

Nokta Domains: Eight at least.

Michael: Eight employees. Before we get to the size of the portfolio which I want to ask you about, Nokta I searched on the internet and found that there are more companies, or more entities named Nokta. What does Nokta actually mean in English? It is a Turkish word I understand. What does it mean in English?

Nokta Domains: It is a Turkish word and it mean dot in English.

Michael: Dot so you are using the dot metaphor for an internet business?

Nokta Domains: Right.

Michael: And so let’s learn a little bit about your portfolio. I went to your website and you have quite an amazing portfolio. How many domains does Nokta Domains, the company, own?

Nokta Domains: We have approximately 810,000 domain names.

Michael: And how do they break out generally by TLD? Are they all .com or most of them .com?
Nokta Domains: Almost 65,000 are .coms. Between 30,000 and 35,000 are .co.uk and about 2,000 .co.za and some are .de and .ds and some .nets and .orgs. But most of our TLDs are .coms and .co.uks.

Michael: Okay, .org, .net, .es for Spain, .de for Germany. Did you say .co.za.

Nokta Domains: Yes South Africa.

Michael: And what is that extension?

Nokta Domains: Co.za.

Michael: Co.za, I understand. I wanted to specify for the transcriber. Well to be honest I didn’t understand which one it was but it helps for the transcription. So a lot are .coms, .co.uks. How come a majority aren’t .com.tr for Turkey? Or .tr for Turkey?

Nokta Domains: In Turkey it’s very hard to get .com.tr domain names. The people if they want the .com.tr names they have to be a company. You don’t have .com domain names in Turkey for .com.tr. You have to be a company. You have some legal issues. You can’t sell those domain names. That is why we prefer to use .coms.

Michael: So the registry in Turkey that assigns domain names – the .tr, the .com.tr – they won’t sell them to you as a broker to sell to other companies. You actually have to have a physical company doing work. So if I started say a bicycle company in Turkey and I manufacture bicycles could I buy bicycle.com.tr?

Nokta Domains: I don’t think you can buy bicycles.com.tr but you can have your company name. For example Biante you can buy Biante.com.tr. Bicycle is very generic one so I don’t think that anyone can have that name.

Michael: And for people that are living in Turkey if they were to go to their browser and type in a domain name because they wanted to find out about
bicycles would they type in Biantebicycles.com? Or would they type in Biantebicycles.com.tr?

Nokta Domains: They just generally Google the bicycles.

Michael: They go on Google and…

Nokta Domains: Yes.

Michael: Do you find that most companies in Turkey, most large companies that are maybe focused just on the nation of Turkey, will they buy their company name as a .com or as a .com.tr or will they typically buy both?

Nokta Domains: International ones typically buy both but Turkish organizational ones they buy .com.tr.

Michael: So on buses and other billboards you might just see .com.tr extension?

Nokta Domains: Yes, correct.

Michael: I went to the Nokta Domains website and I was looking at your fine portfolio and I was drooling over some of the domain names and I saw that you actually own 3,000,000 domains – or that you have 3,000,000 listed. What is the differential between owning 110,000 domains and having 3,000,000 listed? How is that possible?

Nokta Domains: Like I said before we own over 100,000 domain names but we also sell our partners domain names. Like Name Media and Frank Shilling. That is why we have 3,000,000 in dot to dot marketplace.

Michael: I understand. Are all the employees of Nokta Domains located in Turkey or do you have some in the U.K. and some in the U.S.?

Nokta Domains: We used to have an office in Burtolli but now we are in all Turkey.
Michael: And just to give our audience an idea of how big Nokta Domains is can you share the revenue of the company?

Nokta Domains: Yes of course. It’s is between $3,000,000 and $4,000,000 for a year.

Michael: Per year. Excellent. And is most of that revenue generated from domain name sales directly?

Nokta Domains: Yes most of the revenue comes from domain sales but we also have parking pages. We have been working with monetizes so some of our revenue comes from also ppcs.

Michael: Do you know what percentage generally comes from ppc? Pay Per Click advertising that is displayed upon your domain names?

Nokta Domains: I can say that is 30% comes from ppc and the other comes from domain sales.

Michael: So let’s get into when and how you sold the domain name. So in July you sold UcakBileti.com domain name. How did that sale come about?

Nokta Domains: It is a very long story. As the negotiation took eight months, more than eight months, we were negotiating with the buyer for eight months ago. And after lots of negotiations we finally sold the name in July.

Michael: So that was a really long process that you boiled down to one sentence. What we are going to do is dig into every part of that. But first let me ask you how did you first come to own UcakBileti.com?

Nokta Domains: It was acquired in 2001. It was a drop acquisition from hand registered. And I think the price was less than $100.

Michael: So somebody hand registered it to begin with. Then said this has no value. They let it drop and you acquired it off of the drop.

Nokta Domains: Yes, maybe they forgot to renew the domain.
Michael: So you acquired it off of the drop in 2001 and you held it for basically 10 years before you were able to sell it for $250,000.

Nokta Domains: Yes.

Michael: And during that 10 years did you receive very many inquires for the purchase of that domain name?

Nokta Domains: Yes we got lots of offers for this domain. Especially for the two years were increased for this domain.

Michael: Over the past two years from 2009 to 2011 you have seen an increase in the number of offers coming in for that domain?

Nokta Domains: Yes.

Michael: And so when you say you have received a lot of offers can you quantify that for us? Over the past two years how many offers did you roughly (and I know you would have to go back and look at the data) if you had to estimate how many offers per month did you receive on UcakBilet.com?

Nokta Domains: I guess it was more than 10.

Michael: Ten per month?

Nokta Domains: Yes.

Michael: And the offers would typically come in via email or they would come in via form on your website or how would that work?

Nokta Domains: Both of them. NoktaDomains.com published in 2009. We were receiving offers on our website but there were emails to contact us as well.
Michael: Given that you sold it for $250,000 you were probably receiving offers in the $1,000 to $100,000 range and you didn’t think that those were valuable enough?

Nokta Domains: Can I hear the question again?

Michael: Let me rephrase it so it is actually a better question. What magnitude of offers would you typically receive in the previous two years before you sold it?

Nokta Domains: It was rating from $100 to $200,000. And finally we got the final price, the sale price of this domain.

Michael: So you received offers for $50,000, for $100,000 and you would say it’s either not worth our time or you would try and negotiate with them and the negotiations would go nowhere.

Nokta Domains: Yes.

Michael: So the person that you actually sold it to, do you remember what their initial offer to you was?

Nokta Domains: Yes I remember. Eight months ago we were negotiating for other domains and during that negotiation they asked for UcakBilet.com and they shoot the first offer and it was $200,000.

Michael: Wow the first offer was $200,000.

Nokta Domains: Yes.

Michael: So you had to evaluate $200,000 versus all the other data that you had taken in over the past couple of years. The $100 offer, the $50,000 offer, the $2,000 offer. How did your team determine if $200,000 was enough or not enough to purchase the domain name?

Nokta Domains: We generally use two processes in evaluating our domain names. The first one is a more technical one. Our technical team use some
other team by using mission money. So we have fixed prices for every domain, for our domains. And after we get the price from this other team we review the prices with domain experts. As the trends are increasing there are some external issues with domain names. We could resize the domain again, the domain price again. So we finalized the price.

Michael: So it sounds like you have a valuation formula that determines a fixed price and then you have experts within your company that know the trends of the market and the industry expertise and what other domains are getting close to sale and then you can determine a sort of gut feel or expert opinion whether the computer algorithm has given you a good value, whether it is high or whether it is low, it is a starting point.

Nokta Domains: yes.

Michael: Do you know what your algorithm determined to be the fixed price of UcakBileti.com?

Nokta Domains: It was more than $200,000.

Michael: Because you negotiated up from there. So your algorithm that it was over $200,000. Do you remember an order of magnitude? Did it say that it was worth $500,000 or $300,000 of hand?

Nokta Domains: If the buyer comes with an offer that extends our fixed price and then the experts make a compilation, if it is close between so we will most of the time we will decide to sell the domain.

Michael: So we have a saying in the United States a bird in the hand is worth two in the bush. So if you can get pretty close to the order of magnitude of the domain you would rather sell it right then and there.

Nokta Domains: Yes.

Michael: This buyer, eight months prior to July 2011 had contacted you regarding another domain name, just out of the blue made you the offer for UcakBileti.com and made you an offer that was very high, very close to your
asking price and you negotiated back and forth and agreed to a $250,000 purchase price.

Nokta Domains: Yes.

Michael: Do you remember what your counter to $200,000 was?

Nokta Domains: Sorry?

Michael: When the buyer made you an offer for $200,000 you countered with another number. Maybe it was $250,000, maybe it was $350,000. And then you came to a final price. Do you remember what your counter offer was?

Nokta Domains: Yes we offered our final price. The domain sale price.

Michael: So you offered $250,000 as a counter offer and you said that is our final price and the buyer said okay.

Nokta Domains: In eight months he said okay.

Michael: Okay so you coming back and saying $250,000 it actually took a period of time for the buyer to agree to that.

Nokta Domains: Yes it took right on eight months. During that time we paid for an auction for this domain. We collaborated with Snap Names to prepare that auction. We contacted with lots of airline companies to run up the competition for that domain. And during the auction the buyer of this name also offered for this name but they couldn’t reach the reserve price so they couldn’t buy it. The auction was in May. Five months ago. So after the auction we contacted with the buyer again and then they contacted us to buy the name and they offered $150,000. This was their first offer. So they lowered their offer for this name. And the negotiation process started.

Michael: When they offered $150,000 did you come back and say it’s $250,000 just like we told you a few months ago? Or how did you respond?
Nokta Domains: We said our price is $250,000.

Michael: And how long transpired before the buyer agreed to that price?

Nokta Domains: Two months.

Michael: May to July then.

Nokta Domains: Yes.

Michael: I’m not sure how much information you can provide but are you able to talk about who the buyer was in general terms? Was it a flight company, is it a travel company?

Nokta Domains: They are sometimes company. They have lots of ecommerce websites. They sell some products on those websites. So they specialize on different categories. I mean they have some ecommerce for that websites, now they buy our airline domain name so they are specializing on all different categories.

Michael: Okay I understand. You sold it in July 2011. You started marketing it heavily eight months prior when you had this internet company approach you and said they wanted to buy it. You started negotiation and then you went to auction so you were trying to contact flight companies, airlines, to drive more interest in it. Prior to this company coming to you the first time and making you an offer did you actively market the domain or did it just sit in your portfolio waiting for interest to rise on it?

Nokta Domains: I think we perfect market the domain. The auction was a start up for this one. But besides the auction we contacted with the newspapers, the most important source social media companies, we published our news in most important blogs, so in overall the news really extended towards social media.

Michael: So when you did your marketing you said you reached out to newspapers. You mean newspapers primarily in Turkey?
Nokta Domains: Yes primarily in Turkey. Our auction news also took place on DomainNameUse.com and several others important domain blogs and websites.

Michael: And what were you specifically promoting? Were you promoting UcakBilet.com domain name auction that was coming up?

Nokta Domains: Yes the auction that was coming up.

Michael: Okay. So just tactics wise you went to some of the local newspapers in Turkey. I assume you went to the big cities like the city that you are located in and you contacted the largest newspaper there and you took out a placement ad saying UcakBilet.com auction is coming up. Here is the address if you want to go buy it?

Nokta Domains: Actually the auction news published on newspaper. We didn’t bought an ad on the newspaper. The news only published on the economy news, there is an auction.

Michael: There is an auction section within the newspaper and you listed it within the auction section?

Nokta Domains: Actually we contacted the newspapers and told them we are Noktadomains.com and we are sending these names to the auction. And here is the address of the auction if you publish this, if not it doesn’t matter. And some of them published it in the news.

Michael: And then you also mentioned that you went to social media companies. What kind of social media companies did you go to, to promote the fact that you had this domain auction coming up?

Nokta Domains: For example we used the social media, the end time users, and first time major social media websites. They published the most important news on their websites. So the news placed on the home page of these websites.
Michael: These are just websites that are run by a publisher like myself with DomainSherpa.com. But it was a social media specific topic and it’s turkey related right? So these are companies in Turkey that are publishing about social media topics. Is that what you mean?

Nokta Domains: Yes.

Michael: And reach a large audience and so your idea was that it would reach a large enough audience of people that are interested in social media that might want to buy flight tickets?

Nokta Domains: Yes in Western Turkey.

Michael: I understand. What would you say is the most successful marketing channel that you used to publicize that auction?

Nokta Domains: The social media was most important one. As once our news was published on these websites lots of internet users commented on this. For example they said I that this domain will not be sold or they said I think this domain is worth more than $1,000,000 so they had many thoughts during the process.

Michael: Sure just by driving attention to it and saying they are crazy, it’s not worth that much money, or saying you’re crazy it’s worth twice as much. And so it really got people discussing it and looking at the domain.

Nokta Domains: Yes. Social media works.

Michael: Is Facebook big in Turkey?

Nokta Domains: Yes very big.

Michael: Did you place any ads on Facebook to try and reach that large audience?
Nokta Domains: No we didn’t publish any ads on Facebook but we used the Facebook page of social media companies. We published the news on their Facebook pages.

Michael: And do you know roughly how much you spent on marketing that domain name auction for sale? I’m trying to give people an idea that if they own a domain name that is worth say $100,000 how much might they expect to spend or how much have other people spent in relation to the sale price in order to drive more people to the auction. So I’d like to learn based on a $250,000 sale, do you know how much you spent on marketing your auction?

Nokta Domains: We didn’t spend anything.

Michael: You didn’t spend anything!

Nokta Domains: We just spent the renewal fee of the domain.

Michael: So you reached out to these newspapers and social media companies and you said we have got an auction coming up, here are the details, if you would like to promote it feel free? And some people did.

Nokta Domains: Yes that is true. That is the best way.

Michael: I went to the Google Ad Words Keyword Tool and I types in Ucak Bileti and then I changed the location from the United States to Turkey and I wanted to see how many exact match searches per month come to that keyword phrase and then I wanted to find out what the average cost per click was. What I found was there was only 5,400 exact match searches when I did this a few days ago. And that the average cost per click to be listed sort of in the top of Google Ad Words was .26. And that struck me as a little odd. If I use the Rosener equation, Andrew Rosener came on the show and he talked about his equation for evaluating generic .com domain names and I plugged in those formulas and it comes back with a value of about $6,000. What am I missing? How can I determine the price to be $6,000 but you sold it for $250,000 and got an offer of $200,000 in the past?
Nokta Domains: There is a little trick on this. We use some special factors in UcakBileti.com. And it really differs once you search on Google and once you type in UcakBileti.com on the address line. Let me show what is the special character. So here is the special character for that.

Michael: Okay the c has a little squiggle coming off the bottom of it.

Nokta Domains: Yes. In Turkey we generally search on Google with this special character and the exact Google search model for this modem to media. But if you search with none special one the exact search for you is 5,000.

Michael: 5,400. So when you are in Turkey and you want to search for flight tickets and you go to your keyword do you have that c character with the little squiggle coming off of it on your keyboard.

Nokta Domains: Yes exactly.

Michael: How many keys do you have on your keyboard?

Nokta Domains: I think it is 29.

Michael: So Turkish people know that when they go to Google they need to search with a special character to find what they are looking for?

Nokta Domains: Yes. Exactly.

Michael: If you are typing the Turkish word in English.

Nokta Domains: Is it possible for you to type search phrases in Turkish?

Nokta Domains: Yes you can type search phrases in Turkish also. Okay I think we agreed.

Michael: So if I understand what you are saying correctly most users in Turkey will go to Google, they will type in their search phrase using some
special characters but when they type in a domain name they type the domain name without the special characters?

Nokta Domains: Yes. Exactly! Actually that special character below the Turkish language, that is on there.

Michael: Is it even possible for me to reserve Ucak Bileti with the c having the special character or is it not possible for me to reserve that domain name?

Nokta Domains: You can reserve it if it is not registered.

Michael: And which has more value: the Ucak Bileti with the special character as the c or the Ucak Bileti with the regular c in the English language?

Nokta Domains: The regular c is more preferable. It has more value.

Michael: Why is that? Why would users search using a special character but the domain name without the special character has more value?

Nokta Domains: I think the reason is as we talk to people we know the intonation of keywords. We know for example if you type the special keywords on the address line there are some ident characters so we know that is not preferable. It is not commercial. So as a website only we prefer the non-special characters. As we know that is more commercial and more brandable for our websites.

Michael: I understand and if I bought UcakBileti.com (and maybe you don’t know much about search engine optimization or maybe you do) without the special characters in the domain name would I want to optimize my website with the special characters in order to appear higher in Google?

Nokta Domains: With the special characters. Interesting huh?

Michael: Very interesting. Eight months ago you received an offer for $200,000. You tried to negotiate to $250,000, the buyer would not come up to $250,000. Then you went out and you went to auction. You did a lot of
marketing prior to the auction didn’t meet your reserve price which was $250,000?

Nokta Domains: Yes.

Michael: And then the buyer then came back to you and said your auction didn’t happen. Clearly your domain name doesn’t have the value you are looking for. I’ll offer you $150,000 now. And you said no why $250,000 will buy the domain name.

Nokta Domains: Yes.

Michael: And then the buyer said okay.

Nokta Domains: Yes.

Michael: That goes to show that persistence sometimes pays off. So I want to turn my attention to another domain name. Arif and I did a chat session, sort of a pre-interview a few days ago and I was looking through the NoktaDomains.com website and all the premium domains and like most other domain developers will see a domain name and all these ideas will float through our head really fast about how we can use that. How we can build this technology. I saw PriceAlert.com listed on there and I said Arif how much is that domain. He said well we would have to run it through our algorithm and determine the price but it is probably (and I can’t remember what you said Arif) did you say it was…

Nokta Domains: It was five figures.

Michael: I think you told me it was a five figure domain name.

Nokta Domains: Yes.

Michael: And then Price Alert is a great domain. I looked at it and I personally have had a lot of experiences where I want to buy a flight ticket (not in Turkey but I’d like to come to Turkey) and I want to be notified when that flight ticket drops in price and then I will go purchase it. Or maybe a toy
for my kids, or a bicycle, or what have you. you could think about the whole Amazon.com catalog and say itemize the catalog, tell me what the current price is, spider, tell me when it drops more that 10% and I want to get an email. That would be a service that I would love and you could just have affiliate links. So there is a free idea for anybody that wants to buy PriceAlert.com from you.

Nokta Domains: Great idea.

Michael: In today’s TobyClements.com daily newsletter I saw PriceAlert.com listed.

Nokta Domains: That is true.

Michael: When I asked you previously how much it was it is listed on the website as make offer but in TobyClements.com in Toby’s newsletter it is listed with a price of $58,000.

Nokta Domains: Yes that is true.

Michael: My first question to you is why sell the domain name through somebody else’s newsletter?

Nokta Domains: We are sharing our metric between us. We sell some of our partner’s domain names. For example Toby Clements sells our domain names. It is business, it is normal.

Michael: It is business. So you are not taking it personally that his newsletter is larger or smaller or different or the same as yours. You are just saying that if I can sell this domain name I want to be in front of as many potential buyers as possible.

Nokta Domains: Yes that is true.

Michael: And when you have a partnership between domain name brokers, yourselves and Toby Clements for example, or other domain name brokers is it a standard commission rate?
Nokta Domains: Yes that is true. We have standard commissions with all of our partners. With Mane Media, with Frank Shilling, with Toby Clements but it depends…they are different. The commissions are different.

Michael: So when I interviewed Toby and I asked him how much it would cost me to list a domain name through his newsletter and have him sell it he said it was 15%. So it may or may not be 15% between you and Toby depending on your relationship but it is probably on that order of magnitude?

Nokta Domains: Yes that is true.

Michael: And why set a price in Toby Clements newsletter and not set that price on your website?

Nokta Domains: Generally make offer domains are more available than fixed price domain names but sometimes if you fix price your domain name (for example PriceAlert.com) or is can be other domain name sometimes you can find the right customer, end user customer. And then it can be gone. Sometimes it works. You can say that it is something like marketing strategy.

Michael: So sometimes pricing it works and sometimes pricing it doesn’t work. Is that what you are saying Arif?

Nokta Domains: So-so I can say that.

Michael: I thought I read someplace, and I can’t remember if there was any data, but I thought that setting a price on your (you know I think it was Sedo that was promoting their marketplace) and I think they said that domains that had a price received more offers and more valid offers than domains that have a make offer, or don’t set a price on it.

Nokta Domains: That doesn’t work on NoktaDomains.com.

Michael: I does not?
Nokta Domains: No because we have two domain sales in our marketplace. One of them is fixed price. So you go to our marketplace, pick your domain name, if it is fixed price you just pay for the domain name and get it to you. The second one is make offers. We are negotiating with our customers and if we meet in the middle or the price we like on the domain name then it goes. But I think the pricing between $500 to $4,000 that works. You can sell more domain names with this range. But for more valuable domain names I think it is better to use make offers models. That is my opinion actually.

Michael: When somebody makes you an offer you will actually come back with an offer that is very close to the final price that you are willing to sell it for.

Nokta Domains: Sometimes it is close to my final price, sometimes it is not. It also depends on the buyer you know. If buyer comes with high offer then I can rearrange my final offer. But sometimes buyers come with $100 and then what you are saying is true. Price administrations.

For UcakBileti.com for example we set up our final price.

Michael: Right because you knew that was a serious buyer. They offered you a very high price and you realized that is was probably coming in with your final offer would probably produce the best result.

Nokta Domains: It mostly depends on buyers. The buyer’s attitude.

Michael: Let me ask you this do most of the negotiations happen over email?

Nokta Domains: No we negotiate over NoktaDomains.com most generally.

Michael: So you use the offer system on your website in order to accept an offer?

Nokta Domains: Yes.
Michael: So if I want to buy Price Alert I need to sign into your website, create and account, sign into your website and make an offer?

Nokta Domains: Yes, that is true.

Michael: Okay so it is basically electronic communication between me and the sales team at Nokta Domains?

Nokta Domains: Yes, sure.

Michael: So it is very similar to email where it is removed and it may take some time to go back and forth but…

Nokta Domains: Yes that is the reason that Nokta Domains published, that is why we published our websites.

Michael: I understand. When somebody makes an offer to you, you know that they have some information in the Nokta Domains website. So for example I probably need an email to sign up for an account. Do you require certain information in order for people to make offers? For example do you require me to put in my name, do you require me to put in other information besides my name and my email address?

Nokta Domains: Signing up for our marketplace is very simple. You can put your name, surname and email address is enough. But you can sometimes people type in their name wrong. The most important thing is email address because our counter offers, the transfer process goes to that email.

Michael: And if I am contacting you from an internet company that buys domain names and builds them out as marketplaces and I don’t want you to know that that is the kind of domain name that I want. Can I sign up with an alias and a different email address so that you can’t look me up?

Nokta Domains: Yes of course. If you can use that email that is enough.

Michael: Is that a better tactic for not revealing information about yourself if you are a buyer?
Nokta Domains: It can be a better tactic for buyers but it doesn’t matter for us because all the operations are working with NoktaDomains.com so we make contact first and we transfer the domain names inside the websites. We get the payments inside the website. It’s better to buyers to type their names, surnames, and email address too. Also we don’t want to bother our customers to feel some unnecessary information. It’s more time consuming if you give lots of information to register, to have an account. I think it is easier.

Michael: Yes, definitely. Did the buyer of UcakBiletı.com pay cash for the entire domain name or was it financed over time?

Nokta Domains: They paid in cash. It was second transfer I think.

Michael: Do you sometimes finance domain names that are high value?

Nokta Domains: Not now. We are thinking of this. I think for example for Turkish domain names, their prices are very high these days. But I think their prices are high as the Turkish market is improving these days. I mean there are no so many Turkish domain names sales previously which NoktaDomains.com is the start up for this. So the prices are generally higher. We can make some financing options for customers in order to have some opportunity for them.

Michael: The German .de is probably the most widely traded ccTLD. Back in 2009 Shopping.de sold for $2,850,000 setting a new bar. Does the sale of UcakBiletı.com set a new bar for domain names in Turkey or do you think that other Turkish domains will sell for more soon?

Nokta Domains: UcakBiletı.com is the most expensive sales here in Turkey. But there are some good names. Some of them in our portfolio, some of them in some people’s portfolio, but I don’t think the next sale will become in a year. It will take quite a time I think.

Michael: So you believe there will be a higher sale than UcakBiletı.com but it will take over a year to get it?
Nokta Domains: Yes, yes.

Michael: I’ve read that you have sold other domain names for very high value. UcakBileti.com is definitely not the highest you have sold. You have sold TripleCreditReport.com for $260,000, FreeCreditReport.co.uk for $300,000, CookingGames.com for $350,000. Are there any other recent sales that you have made that are very high value and how much did you sell those domains for?

Nokta Domains: We have some five figure sales recently. Some of them are somebody.co.uk for $30,000. One of the purchases was ---.com. It means condom.com for $30,000. Bubble.com means luggage, $25,000. ---.com means ---.com for $20,000. ChristianFundRaising.com $20,000. And the list goes on. Yes we have had some pretty good sales.

Michael: And those are all great domain names. Where did you get most of those domain names from? Did you acquire them years ago in the early 2000s when you were starting up Nokta Domains or did you acquire them recently within the past year or two?

Nokta Domains: Most of them we used drop catchers, like UcakBileti.com. But some of them are acquired with small users, some of them are unregistered, but I think most of our portfolio is drop catching and hand registers.

Michael: And most of your portfolio, in the case of UcakBileti.com you said it was a drop catcher but you drop caught it in 2001. So is most of the over 100,000 domain names that your company owns were most of them acquired in the early 2000s?

Nokta Domains: Yes.

Michael: Are you still doing drop catching and hand registering today?

Nokta Domains: Yes we are still doing both of them.
Michael: Is it fair to say that most of the drop catching and hand registering that you do today won’t have value for ten years?

Nokta Domains: I don’t think so. I think they will have a very big value in two or three years.

Michael: Two or three years.

Nokta Domains: Yes, business is not the same as well as 2001. Technology and domain business is growing very rapidly. The times are changing so quickly. For example Clouds is very trendy this year. It was a very quick change.

Michael: It was. You are right. If you look at the timeline of UcakBileti.com it rose sort of (I’m putting words based on what you have said) it rose slowly over eight years and rose more quickly over the past couple of years. What you are seeing now is domain names that you hand registered or drop caught now that are good domain names it may not take ten years for those to become valuable because the curve is rising so much faster now. It may only take two to three years for them to become valuable.

Nokta Domains: Yes, that is true.

Michael: And in the meantime you have the luxury of selling all these great domain names that you purchased ten years ago.

Nokta Domains: Yes, that is true.

Michael: Do you ever make purchases from third parties? Do you ever look at UcakBileti.co.uk and see that it is registered by an individual and then make them an offer from that domain name? Or do you mainly acquire domain names through drop catching and hand registering?

Nokta Domains: I did a search for UcakBileti.co.uk but we are acquiring from secondary markets but also from direct hand registers. We are spending very good money for acquisitions.
Michael: When you go to a secondary market and I assume you are talking about a marketplace like SnapNames or maybe NameJet or Go Daddy marketplace or one of those marketplaces? Do you use your internal proprietary evaluation formula to run those domain names through and determine your maximum price on that?

Nokta Domains: Yes, of course.

Michael: So basically you are paying fair market value or you are trying to get it for below fair market value so then you can hold it and wait for the value to rise and then sell it for a lot more.

Nokta Domains: Yes, that is completely true.

Michael: In terms of sales tactics. Clearly you are going back and forth via an electronic communication program at Nokta Domains that you have built. How do you talk somebody into a purchase if they are interested? Do you have certain tactics that you use to talk somebody up from $200,000 to $250,000 for a purchase price?

Nokta Domains: Of course we have some strategies. Sometimes we use Google News, sometimes we use TLD council of domain names, the commerciality. Of course commerciality is very important. The .com is really the name that we want. But actually we have really a lot less of inputs for our strategies. So it depends on the buyer. Sometimes search is known but the other things, I don’t know what goes higher then we use trends, we use Google Insights to make some relation in related domain names. But it depends on buyer, it depends on domain name, it depends on TLD, and it depends on our own evaluation.

Michael: So if you know that they buyer builds out marketplaces and sells third party products, maybe they take an affiliate revenue or something, then you want to focus on how much traffic they can get by buying this domain name. You want to talk about the search volumes and how it’s growing over time. Or you can go to Google.com/trends and you can look at airline ticket pricing or flight tickets and say look at the search volume, it is growing. And
that will give them more confidence that a purchase today will have more value.

Nokta Domains: Yes, that is true. And try to show that if you buy this name this will be a good purchase for your business. You will become comfortable. We are trying to promote more classifiable labels for the buyers. For example Google Ad Words Search Words for estimates. They are more convincing I think.

Michael: Can I get information from you on the parking of that domain? So for example Ucak Bileti was parked for the previous ten years can I ask you for the number of unique visitors per month and the revenue that has been generated? Do you provide any of that information to a buyer?

Nokta Domains: We generally not prefer the statistics but if the buyer is very serious to buy this name we provide the statistics.

Michael: So clearly knowing more about your buyer helps you in customizing the information that you provide to them to try and convince them. If I sign in with a name of privatebuyer@gmail.com you know nothing about me. Would you actually conduct negotiations with somebody that reveals nothing about themselves or do you consider that a waste of time and you say something to them?

Nokta Domains: No we don’t call any people a waste of time. We make counter offers for $100 or $1,000,000. That doesn’t matter.

Michael: Do you try and ask the buyer for information about how they might use it so that you can use that to help figure out sales tactics?

Nokta Domains: We tell the customers how to use the domain name. If it is traffic.com we would say this is like flightticket.com because you can fly commercials and so on. We tell the buyers domain strategies.

Michael: So maybe there was a strategy that they didn’t think about using and you told them something and that will give them more value. That might be an additional revenue source for them.
Nokta Domains: Yes.

Michael: Why did Nokta Domains decide to start their own marketplace rather than to continue other marketplaces that are established, have a large clientele, have traffic, spend a lot of money on marketing such as SnapNames or GoDaddy marketplace?

Nokta Domains: Our potential customers were trying to reach us. We are email address. We are also asking for some domain lists. So after a time this preparing takes too much time so we decided to list our names in our online marketplace so that potential buyers will have access to all the names. And later on it turned out to be a professional marketplace. And also I think Nokta Domains has one of the more readily able and genuine domain portfolio in the world. I think we are in the top five. So if somebody came to the marketplace where is it? Why don’t we do that with this quality portfolio?

Michael: I understand that. So if I want to market my domains on your marketplace can I list them for sale?

Nokta Domains: You will list them for sale in the beginning of 2011.

Michael: What Frank Shilling can list his domain names but I can’t?

Nokta Domains: You will be able to list your domain names in after three months.

Michael: In 2012 you will open up your marketplace and allow others to sell theirs through you. What else do you have brewing at Nokta Domains? What does the future hold for you besides opening up your marketplace to third parties?

Nokta Domains: We are now in the process of a promotion page of the domains.com. In that page buyers will have bought deals, deal deals, sweet deals and multiple deals. Like Amazon.com or like the other deal pages. After that in the beginning of 2012 like you said we are planning to open our
website to turn market sales and then I think in the second quarter we will open our auction platform.

Michael: Excellent, so instead of going to another company to conduct an auction you will conduct an auction and do your own marketing? So this domain name will sell within three days as long as the reserve price is met.

Nokta Domains: Yes, that is correct.

Michael: Fantastic. I like to wrap up interviews with an action plan that other sellers can go out and implement. If you had to provide one tactic from your sales experience that you would recommend to another domain investor to close a sale today what would that tactic be?

Nokta Domains: My tactic was using Google better I think.

Michael: In what way specifically?

Nokta Domains: Using Insights, Google Insights. Using Google Ad Words too. And using only Google shopping page will be very helpful.

Michael: So using data that Google has with their massive presence around the world to show the user that a domain name has value.

Nokta Domains: Yes.

Michael: Merve do you have a tactic also?

Nokta Domains: I sometimes prefer this one but sometimes this price, I think my price is the best price for the same and you will not get the offer to have this name. Sometimes this works as well. I think I’m trying to convince the buyer that the domain is really valuable and the price is better for this week. So this creates some competition for some domains.

Michael: Great, so you say this is my best and final price. That price is available through the rest of the week. You create a sense of urgency for the potential buyer and hopefully that will close the sale.
Nokta Domains: Yes, that is true. As the chances are increasing for domains as they receive lots of offers. So I try to give my best price for the buyers.

Michael: Great tactics. If you have a follow-up question for wither Arif or Merve, please post it in the comments below and we'll ask them to come back and answer as many of them as they can. If you want to follow Nokta Domains you can do so at NoktaDomains.com, they are on twitter.com at NoktaDomainscom. On you are also on Facebook is that correct?

Nokta Domains: Yes that is correct.

Michael: And at Facebook it is NoktaDomains.

Nokta Domains: Yes, that is true.

Michael: Arif and Merve thank you for taking the time to come on the show and thank you for being DomainSherpas and sharing your expertise with the audience.

Nokta Domains: Thank you for having us Michael. That was a great conversation.

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

Watch the full video at:
http://www.domainsherpa.com/nokta-domains-interview