The Woman Who Bought a Domain Name Instead of a House - With Rebekah Campbell

Watch the full video at:
http://www.domainsherpa.com/rebekah-campbell-posse-interview/

Three messages before today's interview educates and motivates you.

First, if you're a domain name investor, don't you have unique legal needs that require domain name technical know-how and industry experience? That's why you need David Weslow of Wiley Rein. Go search for David Weslow on DomainSherpa, watch his interview and you can see for yourself that he can clearly explain issues, can help you with buy/sell agreements, deal with website content issues and UDRP actions, and even help you write your website terms and conditions. David Weslow is the lawyer to call for Internet legal issues. See for yourself at NewMediaIP.com.

Second, managing multiple domain name marketplace and auction site accounts is a pain. Inevitably, you forget to sign into one and lose a great domain…or worse. Now imagine using a single, simple-to-use and comprehensive control panel to manage all your accounts. That's Protrada. You can setup search filters, analyze domains, automate bidding, list domains for sale, and buy domains across all major marketplaces. Protrada also has a new semantic engine that builds Google-friendly websites with rich content and network feeds. Sign up at Protrada.com to get 20 free credits and start building and monetizing your domains today.

Finally, if you have questions about domain names, where should you go to ask them? The answer is DNForum.com. Not only is DN Forum the largest domain name forum in the world, but it's the best. You can learn about domain names and the industry, buy and sell domain names, talk about domain name news, and meet other domainers just like yourself. Register for a free DN Forum account and begin advancing your skills and knowledge today. And when you do signup, send me a friend request so we can connect.

Here's your program.

Michael Cyger: Hey everyone. My name is Michael Cyger, and I'm the Publisher of DomainSherpa.com - the website where you come to learn how to become a successful domain name entrepreneur and investor directly from the experts.

We have all heard that domain names are referred to as online real estate. In fact, the analogy goes on referencing websites as web properties and Internet homes. So when it comes to investing, what is the difference between physical and virtual real estate? Or is there a difference?

Today we are joined by Rebekah Campbell, Founder and CEO at Posse.com. Rebekah has been referred to by the Sidney Morning Herald as "The woman who bought a domain name instead of a house."

Rebekah, welcome to the show.

Rebekah Campbell: Hi.

Michael: It is great to have you here. I appreciate, probably most importantly, right off the bat, that it is early for you in Australia. Thanks for getting up at 8AM and being in the office before everybody else came in.

Rebekah: No worries.

Michael: So I want to ask you a few questions just right off the bat about the purchase process and then, go back in time and learn more about your startup, its business model, and how it has changed over time. So, you purchased Posse.com instead of putting a down payment on a house. What was it that changed your mind from the housing market to a domain name?

Rebekah: Well, I did not really think about it in terms of the housing market or a domain name. I never was really that excited about the idea of buying a house. I was an entrepreneur and I was much more interested in kind of backing myself and my businesses rather than getting into something that was kind of boring, like everybody else. So I came up with the idea for what has now become Posse.com while I also had another business. A successful, kind of small business. And originally, it was a music idea, but I knew that it could

be something much bigger than music. And so, I wanted to choose a name that was word that kind of meant something and that also was fixable, and it sounded big. And I also wanted to choose a name that had two letters in it. Like, a double letter because I notice that most successful (Unclear 2:23.3) sites have double letters and that is just something that I thought would be cool.

Michael: Like which sides besides Google?

Rebekah: Google. Yahoo. Facebook.

Michael: Yeah.

Rebekah: Just some of the big ones.

Michael: Got it. So, what was the process that you went through to acquire Posse.com?

Rebekah: So, I was looking, for a while, for a name. I did not think of a name and then go and look for a domain name. I just started by looking at the domain names that were available first. So I spend a good couple of months trailing through domain name sale websites. And there were other sites that I used that kind of generated a whole lot of different names that were available. And so, I just spent a lot of time on the sites. I trailed through Sedo.com and there were a whole lot of sites that were not on auction, but were listed as available. And so, there is like hundreds of thousands of them. Well, must be hundreds of thousands of them because it took me a long time just trailing through name, after name, after name, after name. And then I found Posse.com and I was like, "Wow, that is a really cool name. I really like the word posse. I like that it means your group of friends, but it has history and it comes from Western. Like a gang that comes together to do something good." And also, there is kind of modern day, R&B, hip-hop kind of sense of your posse as being your group of friends. And I just thought that was such a cool name. And I could use that for many things. I just got very attached to it. And I sent an e-mail to the guy who owned it and offered him five thousand dollars. And he came back to me and he said, "I'll accept twenty thousand dollars." And so, I was like, at the moment, I am just kind of tinkering around

with this idea of starting a tech company, so twenty thousand dollars is a lot of money to spend on something that, at that time, I was not completely serious about. And so, I went back and said, "Okay. How about ten thousand dollars?" And he came back and said, "No, I'll take twenty." And then I did not do anything for a while. About a month went by, and I started pitching the idea to some potential investors.

Michael: The business idea, not the domain name.

Rebekah: No, the business idea. I started pitching the business idea. So I went out to Warner Music and I did a pitch to them, and I used the name Posse.com. I said, "We are going to call it Posse.com" and everybody was like, "How did you get that domain name? That is amazing." And I was like, "Well, I did not say that I had it yet." I did not take the investment before I had the name obviously, but I just kind of was just trailing it. And it just felt so good. I thought, "Wow, I have to get this name" and so, I went back and I offered fifteen thousand dollars. And then I got this terrible e-mail, which was from Sedo.com - not the guy - saying, "You have hit the reserve price on this domain name. Now it is going to go to public auction and, if you are the highest bidder in seven days time, you will get it for fifteen thousand dollars." So I was like, "Oh, no. Now everybody is going to see this name and, from what I have been seeing, for a real word, I think this is going to go for a lot more than fifteen thousand dollars."

Michael: Right. So you thought that fifteen thousand dollars could close the deal right there, but what the seller actually did was send it to auction and yours was the first bit at that price.

Rebekah: Yes, exactly. And so, then everybody was going to see it. So then I went on to the Sedo, kind of, live auction for a week. And nobody bid on it for the whole seven days until the last night the auction closed. In Australia it was the middle of the night, or it was 6AM in the morning that the auction closed. So I set my alarm for 3AM so I could wake up and see if anybody had outbid me because no one had outbid me yet. And I woke up at three and I checked the site, and someone had gone up to sixteen thousand dollars. I was like, "Oh no. Now it starts." So I went to $16,500. And then I went to sleep again, woke up an hour later, and they had outbid me again by five hundred

dollars. So I did the same thing. Went back to sleep, got up again, and then it was like just before six 'o clock and it said the other person had the highest bid. And so, I just kept bidding up in five hundred dollar increments. And it seemed like the site extended the auction by, it must have been about, either five or fifteen minutes, but it seemed like a long time it got extended every time somebody made a bid. So, this thing just kept on going and going, and going. And we got into smaller increments, but I just kept going. By that time, I was so tired, I was kind of delusional because I had been up all night, and I was just like, "Damn it, I'm going to get this." So I just kept bidding and then it got to twenty-eight thousand dollars and then it closed and I got it. And I remember just sitting there in my pajamas; and by this time, a friend had come over. And he was like, "What are you doing?" I'm like, "I just spent twenty-eight thousand dollars on a domain name." He was like, "Are you crazy?" I said, "I think I am crazy."

Michael: So did you have an upper bound? Did you have a certain amount of money that you were putting away for maybe a house someday and had a cap on it?

Rebekah: Yeah. I had been looking for a house. My mom had actually found me a house to buy. And I was pretty serious. I had not made an offer or anything, but I was pretty serious about buying a house. And my parents were excited about, finally, I got enough money to put a deposit in the next stage in life and get a house. And I had to call my mom that day and say, "Hey, I can't buy the house anymore."

Michael: So what did your mom say?

Rebekah: She was like, "What is a domain name?" She especially said, "Can you live a domain name?" and I said, "No, it's not like that. Kind of can live in it, but not like really. But you can put things in it."

Michael: So, has she forgiven you since then? Or is she still a bit miffed about the whole purchase?

Rebekah: Yeah. No, she is really excited about the business, so it is all good now.

Michael: Excellent.

Rebekah: She was not that mad at me. They know that I did things like this.

Michael: All right. So I have done this on almost every major purchase I have made in my life, whether it was a house or car, or a big domain name. After I made the purchase, I have always felt buyer's remorse. Did you feel it as soon as the auction had closed and you knew you bought it?

Rebekah: No, I did not actually. I did question whether I was crazy or not though, for that whole day. I remember that day quite clearly actually. I went out that night to a music award show and I was telling people I could not use my credit card because I had some part of the deposit on my credit card, so I had to explain to everybody all day. "I don't have any money. I just maxed our my credit card on the deposit on this thing." And they were like, "What is it?" And it was, "I bought this domain."

Michael: It is a great way to get your friends to buy the drinks when you go out.

Rebekah: Yeah, it was actually.

Michael: Twenty-eight thousand dollars on a single domain name. Have you ever purchased a domain name as much as that prior to or after that purchase?

Rebekah: No, I never purchase a domain name before.

Michael: You have never purchased a domain name before?

Rebekah: I mean only for my businesses, like just my own name. I have never went off and bought a name off somebody else that was good.

Michael: Wow. So, as an entrepreneur, what made you think that this was going to be a good investment when you had not even built up a business yet?

Rebekah: You know what? I already had a successful business before I did Posse. And I knew that if I actually took a leap and started this thing, that it was going to have to be really big. Otherwise, it was stupid for me to give up the business that I already had. So, there was no way that I was going to do this and do a kind of small business on the side and see how it went. So, I was like, "If I am going to do this, I am going to do this properly. And if I am going to do it properly, if I have the ambitions to do something, which is big, like Google or Facebook, it has got to have a really cool name, and it has got to have a name which is short so you can remember, and what perfectly is a word." And so, I just decided, right from the outset, that it was important that the name was really good.

Michael: All right. So let's take a step back and understand what Posse.com is so we can understand why you decided to spend your house down payment on a domain name. What were you doing just before you had the idea and went and pitched people on Posse.com?

Rebekah: So, I had a Band Management Company. I had one of Australia's largest Music Management Companies, so I managed a lot of successful Australian music artists.

Michael: And so, big names as well.

Rebekah: Yes, and big names over here, in Australia. And we had a lot of success in Europe and Japan. Not so much in America, unfortunately, but we did well around the world with a bunch of our artists. It was a lot of fun, but I was ready for the next thing.

Michael: Yeah. So how many years did you do Band Management?

Rebekah: I had that business for eight years.

Michael: Great. And how many artists or bands did you have under management?

Rebekah: Oh, we had eleven artists, and eight staff; and we had an office in London, and that was a really cool and fun little business. Especially because I was in my twenties at the time and it was just awesome.

Michael: Yeah. So what happened to that business, Rebekah?

Rebekah: I ended up breaking it up. So, as an Artist Management Company, you cannot, unfortunately, sell it because you are the personal representative (Unclear 11:39.2). So I helped find new Management for a bunch of the really successful artists; and I managed to negotiate some ongoing royalties as well, but it is unfortunate that that style of business is not the kind of business where you are really building an asset that you can sell, which is something that I want to do with my next business.

Michael: So, at what point in the eight years did you get the idea for Posse.com?

Rebekah: Well, I was running a tour for one of my bands actually. I mean our idea has evolved a lot since what it was originally. But I was doing a tour for a big band over here, called Evermore. And we put a tour on sale, and we would do maybe two or three thousand people a city. And you can tell pretty quickly how each show is going to go based on the first twenty-four hours or forty-eight hours of sales. And there was this one show in this town called Perth, which was a disaster. It just was not shifting. The tickets were not selling. And so, I found myself spending a whole lot of money on advertising; that was not working. And so, I was like, "How am I ever going to sell these tickets?" and I had this idea, which was the fans of Evermore are so crazy about them. I thought, "I bet if I can get tickets to them, they could take them to school and sell them to their friends." So we literally e-mailed the database in Perth and said, "Who wants to be an official promoter of Evermore? Or we will send you tickets and, if you can sell them to your friends, we will pay you a commission like a real promoter. If you sell more than ten tickets, you get to watch the show side of stage like a real promoter." And it was just crazy. These kids just went nuts, running around town, selling tickets. So, originally, the idea was to create a referral system for concert tickets. And enable people to kind of create playlists of their favorite artists;

and that playlist would promote all of the shows of those artists and link into the existing ticketing sites.

Michael: Sounds like a great idea. I know, when I was in college, I had my favorite bands. My same friends loved it. If I could sell them tickets and we could all go together, it is a fantastic event.

Rebekah: Yeah. So I mean that was the original idea. We launched that and we did pretty well with it. We did two million dollars of tickets in the first fourteen months or so.

Michael: Wow.

Rebekah: But there were challenges with the model, which is it relied on a whole lot of partnerships with ticketing sites. And it was clear that if we really wanted to grow this into the massive business that we wanted it to be, I mean massive technical overhead to do all these integrations. And the integrations and feeds kept breaking and we did not have a lot of control over the reporting that we were getting. And so, I had that challenge and, at the same time, I recognized a massive opportunity in retail because we had started doing nightclubs. And nightclubs were unticketed. And then I was like, "Well, if we can do nightclubs, we could do shop." So, I went out to a whole lot of retailers and started researching the retail market and found that retailers were not liking the daily deal model, but really wanted to grow their businesses. And so, I thought, "Wow, I could really use this similar idea. Take it to retail and build something that would be useful for both, retailers and for users." And so, I took that and then built the new model for Posse.

Michael: Got you. So, the original model was you were going to work with ticketing agencies or box offices and sell tickets on their behalf, but found that it was too difficult to form a lot of different relationships. So you basically created a backend for clubs to sell more tickets.

Rebekah: Yeah. It was just done through an iPhone app. It was just for door sales because clubs do not sell tickets.

Michael: Got you.

Rebekah: So that is why we could do clubs. And then, as soon as we were doing things that were not ticketed, that were door sales, then, well, if you can do door sales at clubs, you could do just restaurants, or anything. We opened it up.

Michael: Anything with a cover charge.

Rebekah: Yeah. I mean the whole business model is flipped completely now. It has still got a lot of cool ideas to it, but it is now a completely different application.

Michael: So, two million dollars in ticket sales in fourteen months. That sounds pretty successful to me for a startup.

Rebekah: Yeah, it was; and so it was challenging to convince the investors that we needed to change. I mean, in time, we will tell whether we made the right call or not, but it was pretty obvious. The entrepreneur living and breathing the business everyday, I could see the flaws in the model. And we had a hypothesis. Many parts of the hypothesis were true in terms of the behavioral ideas. They were just many technical challenges that there was no way of knowing until you did it.

Michael: So, at what point did you get venture capital funding for your business?

Rebekah: So, I put in a bunch of the early money myself and I got a couple of friends to put in money.

Michael: Okay. So let me back up then. So you had the idea for Posse after your business and then you decided that you were going to start it up. And so, you were going to put in money and then a couple of close friends were going to put in money.

Rebekah: Yeah. So, I put in about a hundred and twenty grand of my own, so that was pretty much all of my deposit for my house. The rest of it, I tipped into the business. And a couple of my friends put in probably about the same

amount. So I raised about two hundred and fifty thousand in the beginning. And that was enough to build a prototype of the first version of the site. And then I used that prototype to go and do a proper C-ground. And that process took me a whole year because I never done it before; I did not really have any contact. I had to learn everything from scratch. So I went out and I estimated that I actually, in that year, would of done at least four hundred pitches. I was pitching every day, multiple times to different people. At the beginning of it, I was really bad; by the end of it, I was pretty good.

Michael: So you put in two hundred and fifty thousand dollars of your money and a couple of close friends. Were the close friends working in the business also, or did they just know you and trust you enough that they wanted to be an early investor?

Rebekah: Yeah, they just knew me and trusted me enough that they wanted to be early investors.

Michael: Okay. So, with two hundred and fifty thousand dollars, did you go out and hire employees to work on it, or contractors to start building up the proof of concept?

Rebekah: I hired a couple of part-time contractors and I hired a outsource development team.

Michael: Okay.

Rebekah: But in hindsight, I would have done it a whole lot differently. I would have bootstrapped it much more in the beginning. But I just did not know anything about technology or how much it would cost. I probably would have found a Technical Co-Founder and worked with them to build the prototype and stuff. But I just did not know, so I made some mistakes in the early days, but hey, you pay the price of that.

Michael: Sure. And a lot of people are entrepreneurs, like yourself, watching the show and they have not gone through their process and have not learned the hard lessons either. So you are suggesting that you would have gone out and found a Technical Co-Founder that could have taken your vision and

actually developed the product rather than hiring an entire team - outsourced team - to do the technical development.

Rebekah: Well, I think there are pros and cons of doing it both ways. I think that getting a Technical Co-Founder could be great if you found the right person and you shared the vision, but it also could be a disaster. If I made my first development partners, or any of the early development partners, Co-Founder, I think that potentially would have been a disaster because I would have lost control over what the vision is. A business has got to have a vision (Unclear 19:20.1). And I think something that is quite dangerous, which I have seen with other friends who have had businesses who do have Co-Founders, is that Co-Founders disagree on the vision and then that can really cost the business a lot. Even though it was very hard for me working with outsourced developers at the beginning, hey, we are still here, so something has worked out right.

Michael: And you still own a hundred percent of it when you pay other people their full rate or whatever is negotiated in order to do the work on your behalf.

Rebekah: Yes and no. I mean you have more control, but any money that you spend is diluting you in equity because you are raising money and then you are spending that money. I spent way too much money on things and, because of that, I diluted myself, but hey.

Michael: All right. So you raised your two hundred and fifty thousand dollars. You hired your outsourcing team. As they were doing development, you went out and made your hundreds of pitches to try and raise your seed round of funding.

Rebekah: Yeah. So I closed 1.5 million, seed round, a year later. And that was from twenty-one different angel investors.

Michael: Wow.

Rebekah: And EMI Music or (Unclear 20:30.5). The record company. So it was very hard to pull that together and I would not necessarily recommend

doing it the way I did, but one thing that came out of it is I got some awesome investors who have been really helpful in building the business. I have a group of investors that came in over an incredibly high quality and have helped in many ways. And also, I learned so much through that process.

Michael: Definitely. And you probably refined your business model as you were going as well, listening to what everybody had to say about it - pros, cons, constructive.

Rebekah: Oh yeah. Of course, and especially if you have lots of different angel investors like that. They are all from different backgrounds and they all come at it with different questions and challenge you in different ways. So, yeah, it is actually quite useful.

Michael: Yeah.

Rebekah: It can be frustrating, but it is useful.

Michael: So, you said your seed round was about 1.5 million dollars?

Rebekah: Yes.

Michael: So, at this point, what were you telling investors you were going to use this 1.5 million dollars for?

Rebekah: So that was for the music site. That was before we really launched the music site. They helped us launch the music site.

Michael: Okay. And so, that is the music site being able to categorize your playlists and then be able to organize around that?

Rebekah: Yeah.

Michael: Okay. And so, by this point, you are at least fourteen months in. So, as you are making sales of those two million dollars in ticket sales in the first fourteen months, your investors are seeing that you are gaining traction and you are getting more sales.

Rebekah: Yes.

Michael: And then you closed your seed round.

Rebekah: No. We did not actually launch the site. So, we had a prototype, which was not really working. It was not growing ongoingly for the first year. We only launched the site properly after we closed the seed round.

Michael: Okay. Great.

Rebekah: And that is when we started selling tickets.

Michael: Oh okay. So you closed the seed round. You launched the site. Then you started selling tickets and you got two million dollars in sales.

Rebekah: Yes.

Michael: Okay. And how much profit did you generate off of two million dollars in sales?

Rebekah: Oh, very small. Our share of the ticket sales was small. The sales all ran through the existing ticketing sites and we took a commission.

Michael: Got you.

Rebekah: So, yeah, we were not profitable.

Michael: Okay. So you saw traction for the business model, but you were not profitable yet.

Rebekah: Yes.

Michael: So where did you go from there?

Rebekah: So, when we saw a lot of flaws in the business model, which mainly technical and mainly relied on was because of all of these different

integrations that we had to do. And also, there were other flaws in the business model to do with the amount kind of like when tickets went on sales; when people would spend their advertising money; and when that actual large chunk of the tickets sold. So there were a few different challenges with the business model. And it was clear that although it could have been a nice little business, it was never going to be the next Google or Facebook, or anything like that. And so, for me, and for the investors - the investors got into this because they wanted to take a punt on something that they thought could be massive - we had to really relook at the model and go, "Okay. Well, this could do okay, but it is not going to be. We are not all in this for that." And so, when we relooked at the model, we had discovered this opportunity in retail and we decided to go for it. And we took a lot of the learnings. Like I learned so much through doing the music site. There were many things that we did wrong just because I had not done it before. So, we did not spend nearly enough time talking to users at the beginning to really work out what was behind why they would share information about a show. Like why would they build a playlist? What were they actually doing it for? I came at it from the band side. So, this time, when we went to build the retail model, we spent so much time researching it at the beginning that when we actually started designing the model, we had a really clear idea of the principles behind why this was going to work. Like, psychographically, we had unlocked why it was going to be successful before we started it. So I think that was really important.

Michael: That makes perfect sense. So you listened to the customers; now you started to build a different business model. Now, you have, I think, collected about 2.25 million dollars in investment. Was that your last amount of investment taken in?

Rebekah: So, I raised just under 1.5 million dollars at the beginning of this year. And that was from mainly Silicon Valley Investors, and that was on the basis of the retail model.

Michael: Wow.

Rebekah: So I went back out at the end of last year because I knew we were going to need some more money this year and said, "This is what we found in

music. This is why it worked. This is why it did not work. And this is what we have learned from that process and we have now created this, which we think is really going to go." And the Silicon Valley Investors invested on a basis of the retail idea, not on the basis of the music idea. Although that they had liked to see that we had already built something, it worked, and we had learned a lot through that process. So our chances of succeeding with the retail model were much greater than if we were just coming in and saying we have got this idea.

Michael: Understood. So, Silicon Valley Investors put in another 1.5 million dollars. How big is the market in the retail space in order for them to say, "Yes, we are going to put in another 1.5 million dollars"?

Rebekah: It is huge. I mean it is much, much bigger than music. Can I explain to you how the retail model works?

Michael: Please.

Rebekah: So, basically what we are trying to do is and what we are doing is building a social search engine. So, say you are in a new city and you are looking for a restaurant, or a hotel, or a cafe, or a gym, or a yoga studio, or whatever. Generally, people would say they would, first of all, like to get a recommendation from a friend.

Michael: Definitely.

Rebekah: Usually they will ask someone who lives there or someone who they know has traveled there for the recommendation, if they know someone. If they cannot find someone, which is often the case, then they will look on Google. They will look on Yelp. They will look on Time Out or one of those review sites - Trip Advisor - for some kind of recommendation. But generally, that is only after asking a friend has failed. And so, we think that we can do something, which will work all the time for that first step in the recommendation process, which is asking a friend. We are doing social search. It is completely inefficient that everybody has all these favorite places. Something we found when we did our research this time is, if you ask people: "Tell me about some of your favorite places. Your favorite

restaurants, hotels, yoga studios, cafes, hair dresses, or anything you have discovered anywhere in the world", people can talk for an hour about all these places that they have discovered in their life. And it was clear that they had kind of collected the real world. Like make the real world into this little collection that love sharing is. And so, it just seemed crazy. Everyone has this collection, everyone wants to share their collection, and everybody wants to gets defined from each other's collections when they are looking somewhere, but there is no place for that. There is no way of actually searching socially, and so that is what we built. Another thing is, we kind of unlocked why people share. Whether it was about a band or a restaurant, or a yoga studio, or whatever, when you got really down to it with people, why people share is because of status. It is because they want to get recognition from their friends for having great taste, or having discovered something. And so, knowing that and knowing that people wanted to get these recommendations, the way we built the site is that, when you join, you get to build your own street. And your street is essentially the same kind of idea as the playlist, but it is a playlist of your favorite places. So, your street is made up of your favorite cafes, restaurants, bars, hotels, gyms, gift shops, book shops, fashion shops, and anywhere that you love anywhere in the world. Initially, you get five spots; the more you interact with the site, the more spots you get so you can build your street out. Soon you will be able to personalize the color and the layout. You can decide if it is a Lane Way or an Avenue, or Boulevard, or a Country Road, or whatever it is that you want and how you want it to look like. And if you have traveled. So, say you have been to New York and you wanted to add three New York places. You have been to Paris and you have had a couple of places in Paris. You will automatically get the landmarks behind those places on your street. So your street will be like a representation of you and kind of what great taste you have. Then, if you zoom out of your street, you have town; and a town is made up of all the streets of your Facebook friends. And soon you will also be able to follow other people. We have got a whole lot of celebrities starting streets. So you will be able to go on and see what your favorite celebrity has as their favorite places and add that to your town. Then you go and look at a famous actor or musician, or fashion designer, or chef and see all of their favorite restaurants and their favorite fashion stores, or whatever, and then add that to you town. And then, the really useful thing about it is that you can search it. So next time you are travelling somewhere and you want to find a hotel or restaurant, you just go

to Posse.com and you search restaurants in Santa Barbara, and it will bring up all of the favorite places of your friends and then it will show you the favorite places of your friends of friends and friends of friends of friends. And so, you will be able to see who loves what places and how you are connected to that person.

Michael: Great.

Rebekah: And because you only get a limited number of places on your street, it is all about your favorite places. It is all positive, so no one ever writes a negative review. You are not going to add something to your street and then say you do not like it. It is always positive. And the only places you add are the really awesome places. So, we looked at FourSquare a lot; and searching FourSquare really is not that useful because it just shows me where all my friends have been. Like I do not really care where they have been. I want to know where they love. If they only had five places to say what their best places are, I want to know those places.

Michael: That makes perfect sense. And I see the differentiation there between FourSquare and what you are building; and I also see the differentiation between an online directory for a city where it shows me every single restaurant in there and I have to weed through what is good and what is bad, what reviews have this and that, and I can just look at the reviews that have been positive.

Rebekah: Yeah. And you look at the review and they are showing from your friends. If you are (Unclear 31:38.8) suburbs somewhere and you do not want to see. Like I was in (Unclear 31:42.8) last weekend, which is this beautiful little holiday town by the beach just north of Brisbane in Australia. And I have been there a few times and I have always tried to find a nice restaurant. I know that there are some really nice restaurants, but they are hidden. All the kind of touristy restaurants are out in the front, so I end up going to these touristy restaurants. And if you search on Google, you will find all the touristy restaurants because they have managed to work out the algorithms or link their site so they go to the top of Google. But when I search Posse, I found these three restaurants listed; and I found them because one of the girls in our office has a friend who lives in (Unclear 32:17.7). And so, she had put

these sites on these restaurants as her favorite, so I could see that this girl called Renee who is a friend of Clarissa had put this Bistro C Restaurant as her favorite place in (Unclear 32:32.5) and then these other two restaurants and her reviews of them. And I tried them and they were the best places in (Unclear 32:36.9), so it totally works.

Michael: Excellent. So how many active users do you have in Posse.com right now?

Rebekah: So we only launched eight weeks ago and so we have about three thousand users and we have over five thousand shops that have been listed.

Michael: Wow. So how will you know if Posse.com is successful?

Rebekah: When there are lots of users and we are, I guess, making revenues. When people go to it first. It will be successful when we see people that are travelling go there first.

Michael: Yeah, definitely. Top of mind. And having a domain name named Posse.com allows you to have that top of mind recall. So, you talked about revenue and, I assume, profits as one of the success metrics for you. How is Posse.com monetizing the business of having reviews entered?

Rebekah: So, when you add your favorite places, those favorite places then get contacted. So, if they are not in our system yet, they will get contacted very shortly after and be told that one of their customers has added them as one of their favorite places in the world. At which point, the shop is always like, "Oh, that is really nice. That is really exciting." Then we ask if they want a list in our system. They send us their logo and photo, and we make them a hand drawn version of their shop for the shop.

Michael: Oh wow.

Rebekah: So they get a little beautiful hand drawn depiction of their shop, which gets listed. So when other people add them, they get this hand drawn version of the shop on their street. Then we start sending them reports every

time someone adds them as one of their favorite places. So, what is an example of place that you would add?

Michael: I would add a local coffee shop called Blackbird Bakery.

Rebekah: Okay. So, say you add Blackbird Bakery. Then they would get contacted within a week and they will get listed on our site. So, say your friend James, or anybody also adds Blackbird Bakery, then Blackbird Bakery gets an e-mail report showing them that someone has added them as one of their favorite places. They can see who the person is, what they have said about them, how many Facebook friends they have, and anything that their friends have said about them. They can then log into their dashboard. So, retailers all have their own dashboard where they can see all the people that have recommended them, what everyone said about them, and they can thank those customers. So, what we found from speaking to retailers is that word-of-mouth is their most important most effective form of marketing, but it is the thing they have the least control over and the least understanding of. So they know that word-of-mouth is really important, but they are like, "We do not know which customers are talking about us, or what they are saying, or if their our friends. We just hope that they are. We think that they are because more people are coming." But this actually gives them a dashboard where they can see exactly which customers are referring their friends, what they are saying about them, how influential they are, and they can recognize those customers by, through the system, sending them a message and they can send them a gift voucher.

Michael: Wow.

Rebekah: So, if James added them as one of his favorite places, they can send James a gift and say, "Hey James, thanks so much for promoting us. Next time you come in have a complimentary coffee and muffin on us." And they hit sit, and then James gets a notification from Posse saying, "Blackbird Bakery just sent you a gift." When he looks at his street, he sees this beautiful gift box sitting outside Blackbird Bakery. He clicks on it and it brings up a really nice note from the store and a gift voucher that he can use next time he goes in there. And it is just an awesome experience.

Michael: Excellent. So I would assume that you would want to try and optimize the process as much as possible, and automate the process. What happens when Blackbird Bakery, for instance, does not have an e-mail address because it is a local, small, Mom-and-Pop shop that is run by literally a mom and a pop?

Rebekah: Well, we find that there are such a tiny number of stores that do not have e-mail addresses. I mean of the stores that are getting on the site, we are listing ninety percent of them.

Michael: Okay.

Rebekah: So, very few do not have an e-mail address.

Michael: So you find their website and then you find their e-mail address.

Rebekah: Yes, we do. We find their website. We call them. We get their e-mail address and we send them the reports. And that gets done by an outsource team.

Michael: Great. And how much do you charge a business to be able to manage their customers that have come to review them on Posse?

Rebekah: So, the business can do it for free up until they have ten customers that have added them. So, if Blackbird Bakery is really tiny, less than ten people add them, then they will always be able to use it for free. But it is really for bigger stores. We have got stores on there already that are being listed by more than sixty people. So, for them, it is really useful to be able to go on through and see everybody and recognize them. And these are people that are actively out there promoting their store. They can recognize those people. And so, they pay fifty dollars a month as a subscription fee. And then we have also got another subscription fee tier, which we will be introducing soon, which will be a hundred dollars a month, which will be you can kind of enhance your search results. Much like Google, you get (Unclear 38:06.6) it is drawn like a game; they get a better version of a shop. So they get a shop, which stands out more in the town, and they can also add offers to their store. So, say you are a restaurant and you want to attract new customers, but the

daily deal sites are giving you customers that are just kind of random people who want cheap stuff and never come back, you could, instead, use Posse and make a two for one offer on Posse, and the only people that will see that offer are friends of people that have added that store as one of their favorite places. So they are friends of your best customers, so they are much more likely to be (Unclear 38:45.9) customers. And the stores seem to be really loving that idea.

Michael: Yeah, that is a great idea. So, clearly, Posse.com is based off of being able to grow your active users as quickly as possible. You do not want just people signing up and never coming back. You want people coming in, reviewing the places that they love so that there will be more places in there so that more people show up, do a search, and see something that they would like to try out. What is your marketing strategy for attracting more people - more users - to Posse.com so you get more businesses in there reviewed more, which then feeds upon itself?

Rebekah: Well, there are a few things. I mean firstly, we are talking to people like you. But we are in the very early stages of marketing it. The site has only been live for eight or nine weeks, so we are very much evolving the site. We are officially launching in Australia at the end of October and then we will be launching in the US at South by Southwest next year.

Michael: Excellent.

Rebekah: But I mean it is inherently viral because as soon as you join, it works better the more friends that you have on the system. So, your town grows when you invite more people in. And you get better search results. Like if you want to find out all your friend's favorite places, you then to be on the system as well.

Michael: Definitely.

Rebekah: So, yeah, we are encouraging people, I guess, to invite friends in. And then we are getting a lot of celebrities to start streets. I think that will be interesting as well. People loving knowing where their favorite celebrities hang out, so I think that would be a great way to grow as well.

Michael: I would love to have a celebrity visiting DomainSherpa.com and talking about how they bought their own domain name after learning about Sedo or learning about different auction platforms. How do you get a celebrity to use your service?

Rebekah: Well, you have a great service, I think. And I guess it starts by having some friends who are also celebrities and then having some investors who have friends who are celebrities. And then getting a few people on it and just making it great. And then, if they like it, they are going to keep using it.

Michael: Got it. So you are using your friends and investors who know famous people to reach out on your behalf.

Rebekah: Yeah, to get the first lot of people in. But if you look at something like Twitter, I mean that is what they did at the beginning. They got a couple of great celebrities and then people started following them, and then everybody else did the same thing because it was a great site, right?

Michael: Right. Exactly.

Rebekah: So I think it comes down to the site being an awesome experience and really useful.

Michael: All right. A couple of final questions for you, Rebekah. Being an entrepreneur is not easy. On your person blog you wrote, "This is really hard" about Posse.com. What has been the hardest part of this startup?

Rebekah: Oh, it depends on which phase you ask me. I thought that the hardest part would be raising the money and then I thought the hardest part, after that, would be getting the right team. But I think, really, the hardest part is about getting the product right. Firstly, getting the product market fit right. So, figuring out how the product should work. That is really hard. I feel like we have nailed that down. Now what is really hard is just designing the product the right way so that it is engaging, so that people understand it, and so that it is really useful. And ultimately, so that retailers will pay for it as

well. So I think the hardest thing, for me, has been getting the product right, but I guess that is just because I am in that phase now.

Michael: Yeah.

Rebekah: That is what keeps me awake at night right now.

Michael: All right. And my last question has to do with entrepreneurship and domain names. Jason Fried who runs 37signals recently bought Basecamp.com. Basecamp is a fantastic online project management system. Very fast. Very easy to use. It is AJAX-y. It is sexy. After years of operating that business and being a very successful business, he operated under BasecampHQ.com. So, Basecamp Headquarters. That was the domain name. When asked about it on a recent interview, he suggested that others do not buy Basecamp.com. Do not buy the Posse.com for tens of thousands or hundreds of thousands of dollars right off the bat. But instead, buy a domain name for nine dollars per year, hand registered, build a great company on it, make sure you are making money; and when you are making money and you have that opportunity, then go buy the great domain name. After having been through everything that you have over the past few years, Rebekah, do you agree with that or do you take a different view?

Rebekah: It depends on how you want to do it. And I just did things a different way around. I think there is definitely a lot to be said for starting with a really cheap domain name and then also bootstrapping the first version of a product and testing it, and I guess using Lean Startup methodology in terms of domain name purchasing as well. There is definitely a really good way to do it. I guess I just did it a different way where I did not have any technical experience. I needed to raise money right from the beginning. I think that having a great domain really sounded like it was going to be big right from the offset and I definitely think that having that domain name helped me raise money. And I think it also felt big. It felt like it feels like it is going to be a big site because the name is so good. It was also flexible. (Unclear 44:39.5) evolve the model. I don't know. I definitely do not regret it for a second. I think it is one of the best decisions that I have made.

Michael: Excellent. And as an entrepreneur spending a hundred percent of your time working on something, having a great domain name and a great brand that you are building, I know, can contribute a lot to your enthusiasm that you have on that project.

Rebekah: Yeah, completely. And hiring people, encouraging people to leave their high paying jobs at Google and stuff and join me. I think that having a great brand feels like it is going somewhere. I think there is a lot to be said for that.

Michael: Definitely.

Rebekah Campbell, Founder and CEO at Posse.com. Thank you for coming on the show today and thanks for being a Domain Sherpa for other entrepreneurs.

Rebekah: Cool. Thanks for having me.

Michael: If you have a follow-up question for Rebekah, please post it in the comments below and we'll ask her to come back and answer as many as she can. You can follow Posse at Twitter @Posse and Facebook at Posse.com. Thank you all for watching. We'll see you next time.

Watch the full video at:
http://www.domainsherpa.com/rebekah-campbell-posse-interview/