

### **StockPhoto.com: Pre-paying \$250,000 for a Lifetime of Customer Traffic - With Jon Yau**

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Most entrepreneurs dream of starting a business and becoming successful. I would venture a guess that most visitors to the websites like Flippa.com have the same aspiration. Today's guest was in the same boat, but instead of buying a website for a few thousand dollars or tens of thousands of dollars, he spent a quarter of a million dollars on an exact match domain and built a real business. We are going to find out how he did. Stay tuned.

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Here's your program.

Michael Cyger: Hey everyone. My name is Michael Cyger, and I'm the Publisher of DomainSherpa.com - the website where you come to learn how to become a successful domain name investor and entrepreneur directly from the experts. Most entrepreneurs know of the website called Flippa.com. I have had Dave Slutzkin, then General Manager of Flippa.com, on Domain Sherpa to talk about domain names being sold on Flippa. I have had a few friends post high value domain names on Flippa for sale, but none have really had success. And I have never met anyone who bought a high value domain name on Flippa until today. Joining us today is Jon Yau, Founder of StockPhoto.com. Jon, welcome to the show.

Jon Yau: Thanks Michael. Thanks for having me.

Michael: And I want to point out that it is late afternoon my time, here in Seattle. It is very early in the morning your time, close to Perth. Are you in Perth, Australia?

Jon: I am in (Unclear 1:30.7) right now and I am probably two espressos short of a decent conversation, Michael.

Michael: Well, let me tell you. You are probably going to do a heck of a lot better than me at 8AM, so I give you kudos right off the bat for that.

Jon: Thank you.

Michael: I just came across your story, Jon, when you made a guest post on Flippa.com about your purchase and I was intrigued, so I appreciate you coming on Domain Sherpa and sharing more details of your business as well as an update to your post. So let's start with this. What domain name did you buy on Flippa.com?

Jon: I bought StockPhoto.com in an auction on Flippa last December. I think it came online in early December and the auction was supposed to finish Boxing Day last year, and I think I put the buy now through Christmas Eve, I think, last year. And I think the transaction settled just after New Year's, so I think the notice time for me, I remember, was Christmas Eve and New Year's

Eve. Christmas Eve is when I actually hit the buy now button and then New Year's Eve is when I actually did the bank transfer across to Flippa.

Michael: Boy, Merry Christmas, huh?

Jon: Yeah, it is. It was a nervous time. I did not know. I mean I had sort of had in mind. We were having a chat prior to this interview and we were talking about Webmaster Radio and the hay day of Monte Cahn and all those podcasts way back when. I used to love sort of downloading podcasts and listening to them on the commute to work. Guys like Brian (Unclear 3:07.5) and Mark (Unclear 3:08.4) with Business.com, and all that sort of stuff. And I sort of knew I had the one web startup in me before I sort of dived, and I sort of had in mind. I was looking for something like a generic domain name, an exact match domain, and it was a matter of sort of trying to figure out what sort of criteria. And when StockPhoto came up, I would not say it is timing - the end of the year, where you are a bit more reflective on things and defining your hopes for the new year sort of style. I thought it was maybe karma. Maybe it was timing, but it came up and a year later we are on the road and the journey has begun sort of thing.

Michael: All right, so I have got a few questions. So let me just recap. December 24, Christmas Eve, you decided to become a part of the auction. Was that when you actually clicked the buy it now button or did you wait for Boxing Day, which is the day after Christmas?

Jon: No, the auction was actually scheduled to finish on Boxing Day.

Michael: Oh, okay.

Jon: And I think it came online probably early December. I think the third time I was speaking to, I think, John from Black Star (Unclear 4:26.7) - the vendor. It was the second or third time he had actually listed that domain for sale on Flippa, and he did not have much success previously and I think he had lowered his asking price a little bit as I was opening bids. And he obviously had a reserve in mind and it came on. I noticed it, I think, early December. It was open for a few weeks and I had a bit of a laugh about it. I saw the buy it now price and then obviously catch up with a few friends and I

had seen that auction on Flippa. StockPhoto.com is a pretty cool domain name. Yeah, it is very good. How much is it? 250? Are you serious? Forget about it.

So, it went on. But then I started thinking about it. As I said before, I was looking for a project to sort of fill my midlife crisis and I knew I was looking for something obviously web related. I like the fact that it was digital delivery, so you did not have any sort of physical logistics and distribution to look after. And so, that sort of really left me with something like software themes. For example, eBooks. Any sort of digital content and stock photos. I never really thought about stock photos being such a competitive sort of niche, having been an end user and purchasing a lot of these images online. You sort of think there are a couple of pretty big players around here and sort of let that go. And I thought about it too much, and then this auction came on and I thought about it. I thought it really fits the niche, and so the next thing was really pricing and that sort of stuff.

Michael: So let me ask you about that, Jon. You paid 250 thousand dollars for StockPhoto.com when most people - I would say 99.9999% of the people in the world - have no understanding about the value of an exact match domain name. Why did you feel that 250 thousand dollars was a fair price to pay for StockPhoto.com?

Jon: I think the value is in the eye of the beholder. The beauty is in the eye of the beholder. You value it based on what you assess to be a reasonable sort of financial investment or financial terms. But also, on top of that, for me particularly, my wife and I are in our forties. There was a certain sort of personal requirement. Like I said before, I felt there was a sort of one web startup in me of a reasonable scale that I needed to do. And so, that itch was probably worth about 250 thousand, I figured. No, like I said before, 250, when I first saw the auction, like that was way beyond my ballpark. I usually, if anything, delve in the low five figures with Internet domain names and stuff. And even those are terribly common, and so when this came up, it sort of (Unclear 7:34.2) the bill a bit and I thought: "Well, this is something I could really be happy to put my name to."

A lot of those previous domain names -- I am not a sort of buy and flip kind of guy. I tend to sort of try and build and renovate or buy and renovate. So, build sort of thing. And I thought StockPhoto. And most of those are quite anonymous. You do that. Your name is in the background. You never sort of are known about it. But I thought, back to that midlife crisis thing, "This is probably a canvas that I would be happy to put my name to. Whether it fails or whether it sort of does okay, I am quite happy to go down with the ship."

Michael: So you did not use any online appraisal tools to try and figure out a fair market value. You mentioned you have been related to the domain name industry in a while and we did not really chat about it before, but you mentioned Domain Master Radio. That was quite a few years ago. So, you have been associated with domain names in some fashion for a few years. Did you ping some friends that are domain name investors to ask them for their feedback on it? What was your process? Did you just say 'I think it is a fair price and I am going to pay it'?

Jon: Yeah, I guess I did not ask too many friends, because I knew what their answer probably would have been. It would probably be the same reaction as mine and my wife's actually, so I did not bother too much about that. In terms of online tools, I am a big fan of Compete - the compete data. And having been around sort of the usual forums - DNF - and a couple parking companies and stuff, I kind of sort of had my own sort of reference points and I obviously checked them. I spent a lot of time with the compete data, but even then it is just a yardstick. At the end of the day it is still - with anything, be it a 200-dollar domain or a 250 thousand dollar domain, it still requires a degree of faith and it was a leap of faith at the end. Sort of, hopefully, a well researched leap of faith.

Michael: Man, I cannot wait to find out. So, let me ask you this. Why didn't you consider letting the auction not meet the reserve, which it probably was not going to do since you mentioned that the previous owner of the domain name had listed it a couple of times and it did not sell? Why didn't you consider not letting it meet the reserve and then contacting the owner directly and saying, "Hey, let's negotiate. Clearly the domain name is not worth what you think it is"?

Jon: Yeah, there are many ways I could have optimized the process. I think with every investment - and I mean domains, property - you cannot make every dollar in the market. I think it sort of fits your budget and it is your requirements. And if you feel that you can still make a decent dollar out of it, I think I tend to be more of a price tagger. I am not a horse trader to be honest. That is not my thing.

Michael: Very good. So, a lot of people would look at this purchase, Jon, and say, "Wow, that is a lot of money. I do not have that kind of money lying around." Where did you and your wife pull together the money from? Was it from savings?

Jon: Yeah, this is all self-funded, so not sort of bank funding. To give you a background, I mean my wife and I are in our forties. I have got a family - a young family. Well, actually, up until a little while ago, my wife used to work. She is sort of retired now and looking after the kids. I still consult. We have had a decent run. We have done the right thing. (Unclear 11:24.3). We have been reasonably okay, we have done okay, and managed to sort of scroll away a little bit of money, and so really that was also part of the diligence process that I had to go through with the wife. I said to her: "We are actually doing okay. This is not a make or break thing for us. It is more like I am 43. I could go buy a really expensive car that I would never drive and see it depreciate over two years," and we both agreed that it was okay.

If anything, even if this thing fails, it would hurt, but it would not change us (Unclear 12:07.6) financially. And our prerequisite was that it would not (Unclear 12:12.6) on my wife's point of view that, if it was actually to work, it would not change our family dynamics too much. It would not change the amount or the quality of the time that I spend with my family. So, there was a lot of conditional approval, so I say.

Michael: Yeah, I know how that is. So, most people would look at StockPhoto.com and say that is a phenomenal exact match domain. People, I have noticed, love to post comments on sale pages and they will talk about: "Oh, great domain," and I did not go back to look and see if StockPhoto.com was archived, but I am sure people said that. Phenomenal domain. I went to Google Keyword Planner Tool. I typed in StockPhoto. 14,800 searches in the

US alone at 11 dollar cost-per-click. 50 thousand worldwide at a \$5.50 cost-per-click. So, phenomenal exact match domain. When you were looking at purchasing this one - it is right here in front of you, you can see the auction price, you could see the buy it now button - did you think: "Should I buy the singular or should I buy the plural"? StockPhoto.com or StockPhotos.com? What was your thought process at the time?

Jon: Yeah, I did not know about StockPhotos till, I think, a week after we made contact in December, and then it got listed on Flippa and I think I spoke to the broker. It was very nice to have a bit of a chat. But from my point of view, my preference was always on the singular because it is in front of you. You can only make decisions based on what is front of you. I did not know StockPhotos, the plural one, was available or at least up for sale. I could see the one on Flippa. I could see the Compete data. I am happy to call myself a domainer. At the end of the day, I rely on the Compete data. It is just the traffic that I care about, exact match or not. It is one thing, and that helps you mitigate risks from a value attention point of view, but I sort of gave this sort of thing a five-year timeframe. And I came to the crunch and sort of said, "Will I be able to maintain this level of traffic for five years? And if not, build on it," and I was obviously happy to hit that button based on that.

I think I (Unclear 14:43.0) a few messages with John (Unclear 14:45.0), the vendor in the lead, and he was very good. He was very open. We had a good chat and I just got a feeling. He told me he obviously shopped that name around a little bit. He is actually more of an end user than a domainer. He had that name since '95, so I knew it was all legit. It was all above board. He runs a very successful business on his own anyway. And so, I felt comfortable and, at the end of the day, it fit the budget. It fit the criteria. And then, when you look down a barrel, are you able to commit to this for the next five years? And you obviously try and balance a few more things in your life, not just this particular sort of venture, and I thought: "Yeah, I could do this and I would be happy to do this." Rain, hail, or shine, I am sure there will be a few bumps along the way, so yeah, I hit the button.

Michael: StockPhotos.com, the plural, is currently in auction at Flippa, Jon. You probably know that. It is closing a day and a half from today, when we are recording this. Of course when people are watching it, it will have closed

a couple of weeks ago. The current bid is 45 thousand, but the reserve is not met. Are you watching the auction?

Jon: I am not. I did not actually even know. I was joking, I think, on the Facebook page for StockPhoto. I do not think my wife would let me anywhere near that domain name. I value my marriage too much.

Michael: Excellent. All right Jon, you mentioned that you are employed as a consultant. Were you employed before you bought StockPhoto.com and are you still currently employed full-time as a consultant?

Jon: I am. I am. I love it. It is a great gig. It allows me to sort of see different industries and I am very happy doing it. It has got a good work-life balance, and so I will continue to do it as much as I can, and then I have to fit StockPhoto in somehow. And hopefully, if we see some sort of traction and growth, I will deal with that problem then. It would be quite a nice problem to deal with, but yeah, I will have to continue consulting.

Michael: So the game plan is keep your day job, build StockPhoto.com after hours, until it is big enough that it supports your lifestyle, and then you will decide at that point whether you quit your day job and continue with StockPhoto.

Jon: Yeah, we have not got a very glamour lifestyle, so it is not actually hard to support. Three young kids.

Michael: How many kids do you have?

Jon: Three kids. So, it is nothing too sort of elaborate. We are not too fancy or anything. I think my wife was very, very careful in stipulating her conditions of her approval. I think the main sort of thing was I understand that you need to get this out of your system, but it should not change what is the most important in our lives, and that is our current situation. Actually that is very, very moving and I would not want to put that in jeopardy. And so, like I said before, it would not change the quantity and quality of our family time. And also, it would not change you as a person. I am pretty sure that will not be the case. But if it fails, it would not destroy you and it would not leave



you bitter and twisted, and leave you incapable of functioning as a family person, as a husband and a father, and a friend sort of thing.

I think we look at that purchase and obviously they just see the buy it now price. The Flippa process is a little bit sort of tongue and cheek, but a fair amount of thought has gone into this and we are not terribly young anymore and we are sort of settled. I have got a few battle scars from around a place and it a very well thought out. I am sure there will be stuff that we missed, but that is okay. We know what the important stuff is.

Michael: Yeah. Well, great criteria that you and your wife discussed prior to this purchase. I think a lot of people are going to get some benefit out of that and I definitely think your wife and my wife are kindred spirits along the way. So, let me ask you this. You have probably taken a million photographs of your kids. Did you have any prior photography or photo sales experience, or when StockPhoto.com came up, did you just look at it as a phenomenal opportunity? Like you are an opportunities, there was an opportunity, and you took advantage of it.

Jon: Yeah, actually that is a very solid point. Right now we are trying to grow our photographer or contributor base sort of one by one, relationship by relationship. And my pitch to them really is that I am actually not a photographer. My background is more of an end user. I have had my websites or domains that I have tried to develop, so I see from the point of view of an end user. So, it is actually up to them to tell me what is a quality photo, because it is actually my job, in terms of StockPhoto, to be able to market that, either more broadly or more efficiently than what is currently being done at the moment. And everything from the artistry or creative part of the world is actually their responsibility. It is their job. I would not tell them what to do. They are professionals, so really that is my job. I am a marketer.

Michael: So, when you saw StockPhoto.com for sale, why did you think that that was a business worthy of your time? You mentioned themes or eBooks or a few different electronic goods. You mentioned your criteria for wanting to build a business and StockPhoto fit into that, but why did you think that that was the business opportunity that was worthy of your time?

Jon: That is a hard question. I guess because I sort of had an idea of it had to be a digital product, and it came up. And I think, really, it does not get more sort of sexy than that. It came up. I made a decision based on what was in front of me. It fit the criteria. It was a good, solid sort of property. And I thought the timing was right, both in my life as well as my family and my professional sort of life. But I take your point. If, for example, Themes.com came up, I would also look at that very seriously. I am sure you know the (Unclear 21:24.8) owner of, for example, Logos.com. And I would have very much looked at that too, because that fit the criteria. I am not sure what prices they would have gone for, so you can only make a decision based on what is in front of you at that time. And StockPhoto came up and it did.

Michael: Yeah, and when people look at the stock photos, they see exactly what they are getting before they buy and they can search and they can browse with logo companies. It is a service company. Yeah, they are buying a logo, but there are certain number of evasions that are going to happen from point A to point Z, and you have got to manage that process as well, where it is much more cut and dry with stock photo. If I go and type in 'Stock Photo' as a search phrase into Google, the number one paid advertising at the top is Shutterstock. Is Shutterstock the 800-pound gorilla in the marketplace?

Jon: It is fantastic. Along with iStockPhoto.com, it is just an amazing business. They do very, very well. They are obviously an operation we are trying to emulate, if not take some business away from. But it came up in my announcements. Obviously who is in the room and who are you competing against, but they have got a fantastic Sedo founder. He is very technically sound. He has got a great business acumen. He is very involved. He actually seems like a very nice guy. I have swapped a few emails with him subsequent to the purchase and I have also listened to him in interviews. He has done a few very good things. I think some of the things Shutterstock has done is probably commoditized the stock image business probably to the despair of some of the photographers around the place. And if you go that big, I am sure they do not need it, but people do get treated like a number, and I thought maybe that is where StockPhoto could sort of breach the gap so we could sort of build slowly and figure out our way, but I guess retain that relationship base sort of approach, especially with the photographer.

There is no way. Like I said, I am not being a photographer. I am not going to be able to provide that degree of inventory, and so I am very much reliant on the guys like Sergey (Unclear 23:54.4), my first contributor, to come up with what is required for the sales.

Michael: Cool. And I want to ask you about Sergey. Let me ask you first. You took possession right after the New Year, so right after January 1, 2013. And I often get asked this by people. What is the very first thing you should do when you buy a high value domain name? So, what was the very first thing you did, Jon?

Jon: I slapped a MailChimp landing page on it and started taking email addresses basically, because I knew I probably had a budget for a sort of six-month development period. So, the domain would probably be dormant and I thought: "Oh, well, what is the most effective way of utilizing the value?" And also, from my point of view, sort of verifying the quality of the traffic. I think the first day I got it I put the analytics on it, as you would, and so you have got a feel of the traffic coming through and it was good. But until you get someone to do something, you do not really know how good that traffic is, and so we put a signup page on. And after a few weeks I refined it to say, "Okay, well, thanks for your email address, but what exactly are you? Are you a photographer? Are you an image purchaser or are you just sort of kicking the tires and just want to have a look around?"

And obviously not all visitors will sign up, but the percentage that did were actually kind enough to click. I think it was a little check, so you could actually click all three if you wanted, and so I think we collected, in a four or five-month period, just under ten thousand subscribers.

Michael: Wow, ten thousand subscribers!

Jon: Yeah. So, it was good, so it verified for me and it was not sort of an all external (Unclear 25:53.9) or something that was coming for StockPhoto. So, they were actually either end users or photographers and potential contributors.

Michael: So, in that four to five month, you said you collected ten thousand subscribers. How much traffic were you receiving when you first put up this simple landing page from MailChimp that said, "StockPhoto coming soon. Give your email address and tell us a little bit about yourself"? How much traffic were you receiving?

Jon: Can I keep that secret? Because that is actually one of my offerings to the photographer at the moment, because I think, based on my research and also talking to a couple of the contributors like Sergey and stuff, a few of the other marketplaces do not provide a whole lot of website metrics. So, as an upstream supplier, in this case of photos, you do not really have a good feel of 'well, how many people are coming in, what are they searching for, and where are the gaps'. Where are they getting fulfilled and how long is that tail? So, what I do for the photographers after they sign up and we onboard them is we actually provide a monthly Google analytics report. So it gives them an idea of traffic and the search terms and the search depth and the bounce rates, and all the key metrics.

And it is site-wide. It is not just for their images. So, I hope that to be a bit of a competitive advantage in terms of helping build a relationship with my suppliers, and so actually thank you very much for your current quality inventory, but in terms of planning for your future inventory, here is how it is. And also, it gives them a good idea. When you lay it there by sending the Google Analytics, they tend to, well hopefully, see you as a bit more of a family rather than just a business partner. And so, hopefully we can sort of build on that. But suffice to say, the traffic was actually - the Compete data that I looked at prior to the purchase is sort of you never know. It is under. It is over. It is US-based obviously. And I figured: "Okay. Well, the Compete data maybe is 50%," and I was quite happy. The Compete data actually significantly underestimated what the actual traffic was, so I was very happy with that and I think the MailChimp conversion rates and the visitor segmentation helped me sort of feel better about the purchase in terms of well, I have got some quality here in terms of the visitors.

I think another metric that was very interesting, as the months progressed leading up to the launch, was 80% of the visitors were new, uniques, and so that was sort of a constant trend throughout the months, and even now. And

so, with that in mind, it sort of validated, I guess, the original sort of hypothesis. You want to go into an exact match domain. The hardest thing about starting a business is not about coming up with the idea or the product development. It is actually the marketing. In an offline situation, where do you choose to setup shop? In a city-shopping strip where all the tourists go, or do you choose to setup ten miles out of town in some industrial tractor land? The effort you have to go through in the latter situation is to drum up PR and advertising and educate your market, whereas the guys in the prime retail CVD is always going to get traffic coming through and his problem will be how to convert it.

The other guy will still have the issue of conversion, but he has also got the PR and awareness factor to cover. And if I had to balance all these sorts of requirements that my wife had, there was no way I was going to be able to do all the PR and advertising and all that sort of stuff along the way, and so the domain was good. You sort of pay the premium upfront and some of the marketing is done for you. It is not done completely for you. You still have to break a sweat, but you can sort of focus on other things in the lead up to the launch. And in this period it has been pretty good. The traffic has been consistent, even through December, which is really only two weeks, and the percentage recurring is much higher. I think we had our first recurring client in October, so that was really good.

Michael: Excellent.

Jon: Yeah, I like that. And I said on the Flippa blog, the exact match domains. You pay a premium, but you wrap-up. You frontend load your marketing specs, and so really it is a big figure and obviously you would not do it every day, but where you have opportunity to, you almost outsource or pass that responsibility on to another part of your company. You do not have to look at that anymore, for a little while at least. You have to worry about the logistics or distribution and is the website going to work and the testing and infrastructure and stuff. And so, come (Unclear 31:26.8) day, you have reasonable throughput. And I was so excited the first purchase we got. I think on the third or fourth day of launch, I was so excited because you see all this traffic. And to get the first one - sure, the conversion rate is terrible, but it is the first one. And no PR. No paid search. No Google ads. No big interviews.

No one knows who you are, but they still come. And so, your job is to present them with quality inventory at a comparable price, and sit back and hopefully the analytics will tell the rest of the story.

Michael: Hey Jon, you mentioned Compete.com a couple of times and I have used Compete.com for looking at the traffic that is going to developed websites. I was not aware that Compete.com actually measured non-developed websites. Was StockPhoto.com developed before you purchased it off the auction at Flippa?

Jon: Yes, it was. John had a reasonably (Unclear 32:27.8) site, and then added some (Unclear 32:29.5). Actually, that is not true. He has tried a few things with it, but obviously with the advent of cloud and the software as a service, he had to sort of explore that. And he even said to me, "Look, after the purchase, you might want to look at that, because that is probably an easy way to hit the ground running on your way to helping monetize your site." So, from that point of view, StockPhoto was actually coming up in the search results in Google and had a reasonable sort of page depth and stuff. So, it was not all undeveloped. And given the age of the domain name as well, I am not sure how page rank works nowadays, but it was pretty good. I think we were talking in a private interview and when you type in Stock Photo, it actually comes up on the first page.

And in terms of relative inventory compared to Shutterstock and iStockPhoto, it is really nothing. It is a lab experiment. It is not even a real business yet, but it ranks reasonably well. And so, in terms of what I said earlier about having to - and really a lot of these visitors are not actually. The other stats of interest is that over 80% are brand new visitors every month, but also, more than three-quarters of that traffic is direct navigation. So, the SEO bit has not even come into play yet.

Michael: Yeah. Hey Jon, EstiBot provides some analytic information about the number of type-ins that a domain name gets. If I throw out a number, will you tell me if it is close?

Jon: Okay.

Michael: You will not tell me? Should I not even ask?

Jon: Let me. Yeah, go on.

Michael: So, EstiBot based it off of old data from Overture and I have a tutorial on EstiBot and how to interpret the results. But basically they estimated between 100 and 200 type-ins per day. Direct navigation. People typing in StockPhoto.com and going there.

Jon: Higher.

Michael: You are higher.

Jon: Yeah.

Michael: Excellent. All right, so let me ask you this. You paid 250 thousand dollars for the domain name. It had various incarnations throughout the years. It was ranked in the search engines. You realized that it would have some traffic from your Compete.com analytics and discussions that you had with the previous owner, and then you launched it with a landing page and it actually had traffic. And then you had a certain number of months where this landing page was just collecting those ten thousand email subscriptions that you mentioned and you were building out the technology. How did you determine what you would build - what is currently now at StockPhoto.com - in terms of technology?

Jon: That is a good question, Michael, gosh. I will be candid. What you see now is actually pivot number one. So, the original idea was actually to put the control back in the hands of the photographer. And so, effectively what I would be doing is selling disc space, so I would be like an Amazon to them, but on a disc base basis. So, they would say rent X amount of gig from me and they will pay a few bucks a month sort of thing, and so typically a software service or a hosting solution and I would give them the platform. And I would do then is effectively provide traffic, and so it was up to them to convert. Everything in the backend would be the same in terms of their access to the site-wide Google analytics and stuff, and so they would know exactly what is going on.

But I got in touch with - well, actually, he got in touch with me - an industry blogger by the name of Lee Tones. He is also an Australian. He is one of the most well read within the microstock arena. And he happens to be in Australia and he happens to be in Sydney. So, I flew into Sydney for a whole day and actually caught up with him for a couple beers and told him the story. He is very polite. Lee is a fantastic guy. He has been in the industry for years and he knows everybody. And I told him the idea. "Hey, I am going to sort of try and sell some disc space to the photographers, and I have got this amount of traffic," and I laid it all there for him. And he was very polite and he said, "That is a very good idea, Jon." And as soon as he said that, I thought: "Oh man, this is not going to work, is it?"

And so, I went back and I think his point is valid. I think the bulk of photographers out there care about their craft, as they rightly should, but they are not going to want to worry about taking on another sort of business function. And so, they are quite happy with this galley sort of arrangement, where they come, hang up their paintings on my gallery, and I promise that I will market it and PR enough where I will get more traffic in for them, and it is up to them to convert based on the price. So, pivot number one seems to be going okay. I might still keep that disc (Unclear 37:51.9) as an option.

Michael: Did you build out the technology that is current at StockPhoto.com right now yourself, Jon, or did you hire somebody to develop it out?

Jon: Well, actually I started with a base script, so I did a bit of research. I think I evaluated three vendor solutions and I did end up hiring. I always had the idea that I would hire a web designer, a web development firm to actually finish the job. So, I have got the guys locally. BAM Creative, the guys out there. Myles (Unclear 38:29.7) and Rob are very good guys, and so it allowed me to I guess keep on working and everything sort of stayed the same. It basically sort of outsourced that whole function to them, but what I did for them was that, being in the IT area, I sort of defined the requirements, prioritized it, and then did the functional specs and then created a test plan for them. So, after you sort of fix it up and developed it, I am basically going to run it through this sort of test script. And really they were a joy to work with. BAM.com.au are fantastic. And so, life just went on.



And so, for that nine months before we launched, it was a matter of grinding out these initial requirements, having a chat to the developers - BAM -, and then looking at analytics every day and then trying not to go crazy and trying to distract yourself for nine months. And we got in touch with Lee Tones and sort of trying to get feedback on the product. But once we settled on pivot number one, the gallery, it was kind of simple. So, when I was up at Sydney, I said to Lee, "Do you know any photographers that I should talk to that might be based, hopefully in Australia, hopefully in Perth?" And he said, "Actually, I do know one." He put me in touch with Sergey. He said, "Look, this guy I have worked with before and I trust absolutely." And they are a lovely couple and they are actually moving from Russia to Perth, actually as we speak. And he sort of said they are good guys to work with because, from a microstock portfolio, they do not need you. They are doing very, very well without you. And so, they might be more flexible with you, more understanding, and sort of help you along a little bit.

And so, (Unclear 40:31.4) the instruction and swapped a few emails. And the night I got Sergey's commitment to say, "Sure, I will help you out. I will put on my portfolio for you," I just ran around like a rocky star around my lounge room. So I was very, very happy. I said to my wife, "Look, we have not quite got a business yet, but this gives us our lab experiment."

Michael: Now, how many pictures did Sergey Nivans contribute to StockPhoto.com that made you feel like yes, I am going to run around now?

Jon: Oh, I think within 24 hours, he started uploading about 57 thousand images.

Michael: Wow.

Jon: I think his portfolio is quite a bit larger than that now, but yeah, he started (Unclear 41:18.3). I saw that on the FTP client come through, and you could sort of see on the other marketplaces where he had his work, what kind of throughput he was getting and the quality of images. He spends a lot of time. And actually, he has an amazing story. Coming from Russia, he is also a IT consultant that sort of switched the divid, but he has got a very creative

bend. That is his background. Actually he fell into IT rather than the other way around and he is doing very, very well, and he is every bit the artist now. And he has finally completed his move to Perth and I have met his lovely family. We see each other every couple weeks and he has actually increased his portfolio since then, and I think he is up to over 75 thousand on StockPhoto right now,

Michael: Wow. So, what kinds of photographs does Sergey take? Does he specialize in business photos or outdoor photos? Most photographers will do one particular thing. Does he sort of have a broad swatch such that he gives StockPhoto a good overview of all different types of photography?

Jon: I think, with him starting sort of late in life as a stock photographer, in the initial years he was sort of feeling his way through. I think he started in '08/'09, and so a lot of the stuff from those years were portraiture of people and that sort of stuff. And he has moved along and taking feedback from obviously his sales and stuff, and he does a few more illustrations now. But I caught up with him recently and I said, "How do you work? How do you come up with your ideas? How do you plan your workflow with this sort of stuff?" And he says, "Well, sometimes I look. Obviously I have my own mastermind group of photographers that I catch up with and we talk about that sort of stuff. And also I come up with my own concepts, I think, walking down the street. I will see something and I will just take a note of it and then I will plan around it. I will check the analytics reports on those marketplaces and I plan the shoot and I go through it."

So, you will see. You can have a bit of a surf on StockPhoto. It is quite a breadth, but obviously he is from Russia. You are not going to find a lot of Asian-based images out there, but it is very (Unclear 43:39.3). And some of the conceptual stuff is brilliant. It is amazing. I think one of the ballet dancer ones - I saw Black Swan recently, with Natalie Portman. That stood out to me - this Black Swan one. He gets a ballerina to sort of pirouette and then up in the air, and he has got all these black feathers flying through, and it is very conceptual. It is amazing.

Michael: Yeah.

Jon: And people buy this. Obviously it fits the criteria. For me, as a marketer, how you know it is good is if it sells consistently. But from an artist's point of view, you look at it and you go wow. As a person I actually really like that image.

Michael: Yeah. All right, so you spent eight or nine months. You bought a script. You had BAM.com.au customize it for you. You got it up and running. You partnered with Sergey, who was able to load in tens of thousands of pictures so you could get up and running. You had automatic traffic from your exact match domain coming in. And three or four days after you launched you had your first sale. So, how have sales been since you launched in September/October timeframe?

Jon: It is good. Like I said, it is still just a lab experiment. As much as Sergey's photos have helped, it is really only quite a small sort of inventory. (Unclear 45:00.9). At the moment we are, hopefully in a few hours' time, 80 thousand photos now.

Michael: Yeah, and as context, how many pictures does Shutterstock have, for example?

Jon: I think it something crazy like three million or 2.8 million.

Michael: So they have got millions and you have got 70 to 80 thousand.

Jon: Yeah. Yeah. In fact, I think that is wrong because I think I got an email the other day from Shutterstock or iStock or whatever saying that they had been onboarding about a million images a month, so that figure cannot be right. It must be much higher.

Michael: They have probably got a billion or something.

Jon: They have got a lot. And so, really, my 85 thousand or 80 thousand images really does not compare. And so, from a sales point of view, all it is doing is that it is paying for all the commissions that the photographers are due. We have two right now. Sergey and Katrina Brown. And it is paying for the web hosting costs. I am not doing any marketing, so it is zero cost there.

It is paying for any sort of development and support that we have. So, at the moment, all I have is a very sort of basic (Unclear 46:11.4). And so, really the focus for 2014 really is to bring that upscale because I have a suspicion that it is directly correlated to inventory size, but I think if SEO kicks in and we have a critical mass of images that the recurring component will be higher. And so, I actually thing, fingers crossed, probably as a percentage we are actually increasing.

Michael: Yeah, I just looked on my cellphone. Shutterstock has over 30 million stock photos, illustrations, vectors, and videos, so they lump them all together.

Jon: Yeah.

Michael: So, you are cash flow positive. You are making sales. You are able to pay the photographers that are contributing their stock photos and you are able to pay your ongoing bills to run the business, but I would assume that you probably paid some relative large chunk of budget to the developers to get the website to where it is right now. Is that correct?

Jon: It was okay, but it was nowhere near 250 thousand. From my point of view, the relative priority was the marketing. So, the marketing should take the focus instead of (Unclear 47:36.3), and so the IT side, which is really my bread and butter from a professional point of view, should not cost that much and it did not. And so, we had an off-the-shelf script. It was not perfect. Nowhere near perfect. A lot of bugs. But in terms of operating and developing it, I mean that is my bread and butter in terms of project managing a software development.

Michael: Was the outside cost less than ten thousand dollars, would you say, to buy the script and have it customized?

Jon: I think the sum total at the end was about 15.

Michael: 15, okay. So you got 250 in the name. You have got 15 in the development. And you are up and running and you are making sales right now.

Jon: Yeah.

Michael: So, 2014, you are targeting bringing on more photographers, having more search engine optimized images and pages, bring in more traffic, and doing that without having to spend an enormous marketing budget, which Shutterstock and iStockPhoto have to do because they are using brandable domain names, so they need to rely on search engine optimization and paid advertising, which they are paying a lot of money for.

Jon: Yeah. Shutterstock and iStock and Photography and Dreamstime - all these great marketplaces - are fantastic, but unless you are in the game, so you are web designer always going to these sites. Not only bookmarked, but you have got it top of mind in terms of your recollection, your branding and stuff, they will always have that advantage in terms of the (Unclear 49:04.5). For a new guy like me coming on, I am reliant on, at the moment, picking up the guys that do not go to Shutterstock and Dreamstime and all these guys consistently. So, they will either type in the generic search phrase and then the search results come up or take a punt and just type in the generic domain. And so, Cars.com or Business.com, or something like that. You always have a percentage.

What surprised me I guess was, given that it was a developed site, that over 80% of it was direct navigation and that is good. That is a great option to have as a startup because no matter how badly you present your products or no matter how bad your conversion or your path to checkout is, you will always get enough of a chance to (Unclear 49:58.6) with new traffic and new visitors. So, I am hoping that we can rely on that. And I think having that option is fantastic. You get a chance to reinvent yourself every month if something goes wrong, and so you will always have visitors passing your shopfront. It is a matter of can you get them inside and can you show them the right goods that might fit their requirement. And obviously it is priced the same ways. I hate to say it is a bit of a commoditized product because the same image exists in other marketplaces around the web. Very accessible as well. So, at this stage, I am hoping that on a per-image basis at least my marketing costs are a little bit lower than say something like a Photography

or a Dreamstime or a Shutterstock. That is the premise. That is the hypothesis. We will see how it works out.

Michael: So you have been running this business from the point that you purchased the domain name to today. It has been about a year. Most of it has been developing the website and getting it up and running, and migrating through your business model. Is running your own business what you expected, easier, harder?

Jon: Well, it is great. I love my work outside of StockPhoto, but I find getting out of bed so much easier. I just cannot wait. For example, if I reached out to someone, when I got that email from you, I nearly fell off my bed. I fell off my chair, because I know Domain Sherpa. Maybe some of my colleagues would not. And so, I just cannot wait to see what else happens. I remember listening to Monte Cahn podcast. I remember when Brian Knoll came on and he had, I think it was, OfficeSupply.com and then he went to GolfCourse.com or something. And I remember him saying that it opened doors for him that he did not expect it would or did not know that were there. And so, for me, at the moment, sure, it is a little bit of a heartache when you go through that prospecting of cold calling and that sort of stuff, but someday it seems easier than what you expect.

And we launched in September and here we are in January and I am on Domain Sherpa, and who would believe that? We managed to get onto Australian Financial Review, which is like the local version of the Wall Street Journal, so I am amazed that has even happened. And that came about through Flippa, because people were having a feature on them. And all this sort of stuff has happened and the best thing is the photographers who were known (Unclear 52:32.4) different. All it means is that traffic gets another traffic source, but for me it is great. It is just a little experiment and you just keep rolling. You get your sort of tests and resolutions for this month, the next month, and you just sort of cycle through them and you kind of (Unclear 52:50.0) all sort of hangs together and all makes sense somewhere and you do not make too many mistakes. And the mistakes you make, you can recover from. But I have enjoyed the journey because I think, like as my wife said, it should not be the only thing you focus on. It is just another pillar in your life, and so it is just sort of going and it is going very well at the moment.

I am sure there will be ups and downs, but I love it. I love getting up every day and checking the analytics and reading my emails. I am using Facebook as our blog, and so I will get these friend requests. I am (Unclear 53:20.3) from. There is a particular thread I love following on Warrior Forum. I do not know whether you found that one in the search. I love the debates. This guy is an idiot or no, he could make his money back. I love it. It is great, because who knows? I do not know what I am doing. I love to see how it sort of unfolds. It is an experiment by experiment basis. I have no great sort of grand year aspirations of doing a big IPO and doing that sort of stuff. I just want something cool that I could sort of reflect back on and say, "I did that."

Michael: I remember when I had quite my day job and I was working on my prior business full-time and I felt the same way as you. I would wake up in the morning. I was energized. I had breakfast with the kids. I would work long hours. I would have dinner with the kids. I would put my wife to bed and then I would go and work another four hours, and I was doing some coding and I would do customer service for the people that were overseas. Do you find that you are working a lot of hours as well, especially because you have your day job and it is going into the evening hours as well?

Jon: No, I am not allowed to. It is actually pretty good, because it is a coincidence because you have your day job and that is very good because you have your own sort of network there and they do not talk anything about where and stock photos, and so it gives me a nice break. I go home. I try and get home early. We have dinner with the kids. We hang around. We read and have chores and stuff, and then clown around with the kids. At 8PM they are off to bed and then I have a bit of a quick chat to the wife and then usually she says, "I have had enough talking to you. I am going to get my iPad and go to bed." And so, when she goes, I will just go and do a few things. At this point in time I am reaching out to selected photographers and sort of onboarding a few.

So, really, from a time point of view, nothing has really changed. It is just another focus point. So, life is very good. I hope I do not change it with StockPhoto. It just another pillar.

Michael: So here is the last question for you, Jon. Knowing what you know now, if you could go back in time twelve months, would you buy the domain name again? What would you do differently the second time in the first year that you have spent?

Jon: I have not made a lot of mistakes yet because I have not really sort of tried too many things. I think the experimentation with the disc (Unclear 56:03.7) was probably a little wasteful, but in the grand scheme of things it was not too bad. If I had to do it all, I would do exactly the same. I am very happy. I am completely expecting a big sort of bust somewhere along the line and I am okay with that. You have just got to get up and dust yourself off and keep going, because who else is going to do it. As much as supportive as my wife is and the friends are, you only have yourself to rely on and that is fine. And with a network, for example, like yourself and the guys around the place, and Sergey and Katrina Brown, we just get together, Skype, and chat and just push on I think. So, exactly the same.

Michael: Excellent. If you have additional questions, please post them in the comments section below the video and I will ask Jon to come back and answer as many as he can. This is the point in the conversation where I ask the audience to post a comment and say thank you to you, Jon. You have spent your time. You have spent your energy. A years' worth of knowledge gained. That is hard knowledge gained. It costs a lot of money to even spend your time gaining that knowledge and we appreciate you coming on here and doing that. So, what I would like to do is ask the audience is to take just a moment. If you have enjoyed this, if you have learned something from Jon, post a comment and say thank you.

If someone wants to work with you, Jon, maybe they are professional photographer who is also a domainer or maybe they just are an amateur photographer, but they have some images, what is the best way that they can contact you and see if they might be able to partner with you and work with you?

Jon: Yeah, just the contact form on the website is fine. Actually, just another point. I really appreciate your invitation to come on Domain Sherpa, but I feel like a bit of a fraud because in your opening statement it says we would



like to get all these experts and I am not an expert. I am a beginner marketer. I am just learning my way through, and so I am very appreciative of it. It is very humbling, and so I love the debate around the place. I do not know. At the moment I am taking a bet and I think the attraction for some of your viewers and some of the guys on Warrior Forum, it is like the attraction of watching someone make themselves a complete idiot on the web. And I more than pleased to provide that entertainment.

Michael: Well, I appreciate you saying that you feel like a fraud, but you are not a fraud, Jon. You are an entrepreneur. You have put your money where your mouth is, literally. And you did not just buy something and tried something in silence or off in the corner. You have proactively gone out. You have posted a blog on Flippa. You have been highlighted in other press. I have brought you on here. Yeah, you may not have returned the entire investment yet. You may not have recouped your initial investment in the development and the domain name, but the fact is that you own a high value domain name going forward and you now have the opportunity that only one person in the entire world has for StockPhoto.com to learn from. And I get the impression that you are a lifelong learner and you are enjoying the journey.

Jon: Thank you very much.

Michael: And it is going to be a fun journey to watch. And I hope a year from now you come back on the show and share some of your lessons learned from the prior year.

Jon: I would love that. Thank you.

Michael: That would be phenomenal. And I also want to encourage the audience that next time you need a stock photo for your website, go over to StockPhoto.com. Do a search for what you are looking for. Man with computer. Online service. Whatever you need. Just go over to StockPhoto.com and do a search. Jon has been gracious enough to come here and spend his time. The least we can do is go do a search and find if one of the stock photos is available over at this site.

## DomainSherpa.com: The Domain Name Authority

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Jon Yau, Founder of StockPhoto.com. Thank you for coming on Domain Sherpa, sharing your knowledge about exact match domain names and building a website from the ground up, and thanks for being a Domain Sherpa.

Jon: Thank you, Michael. I appreciate it.

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

**Watch the full video at:**

<http://www.domainsherpa.com/jon-yau-stockphoto-interview/>