

### What to Expect in the Domain Name Industry in 2013 – With Ron Jackson

**Watch the full video at:**

<http://www.domainsherpa.com/ron-jackson-2013-interview/>

If you want to learn about the domain name trends of the past decade and look at what the future holds based on those trends, you want to watch today's show. We have the person who knows the details of the domain name industry better than anyone else because he tracks and analyzes it more than anyone else. Stay tuned.

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

## DomainSherpa.com: The Domain Name Authority

---

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.

The domain name industry and the Internet are going through a tremendous growth curve over the next few years. New top-level domain names will be launched. Some will fail; some will be wildly successful.

People that know me know that I rely on data for decision-making. So, when I wanted to take a closer look at the year ahead and get an idea of what may happen in 2013, I thought: "Who better to have as a guest than someone who knows the past decade of industry data inside and out?"

So, I invited back past Domain Sherpa, Ron Jackson, Editor and Publisher of DNJournal.

Ron, welcome back to the show.

Ron Jackson: Glad to be here, Michael. Great to see you again.

Michael: Likewise. Ron, I mentioned that you've been a past Domain Sherpa. I went back and I looked at the date, and it was March 29, 2011 that your past show aired. Over a year and a half ago. It has been way too long since having you on the show.

Ron: So much happens in this business in such a short period of time. The entire world, in a way, and at least our world has probably changed in those two years.

Michael: It has in a lot of ways. So, the last time you were on we discussed your domain name investing strategy and tactics; and I want to revisit those details later on in the show. I want to find out what you have going on today, what has changed, and what is the same. But today's show is focused on understanding the future based on the domain name industry data of the past, so let's start off the show with this question. How did the domain name industry do in 2012?

Ron: Well, 2012, we were in a year that was still very much being affected by the recession. Though we found that the middle portion of the market has held up very well. We actually saw the median prices, for the most part, improve in 2012. The median is the point in which half of all reported sales are higher, half, or lower; and it is a more accurate gauge than average sales are because, if you just look at average numbers, a few outliers - say, a five million dollar sale - can skew those numbers dramatically. The high end of the market, without a question though, we are seeing fewer blockbuster sales; and that has been the case for several years going back now because, with the recession - the way it is - and budgets having been cut, then corporations who tend to buy those high end names are a lot more reluctant to pull the trigger. That could mean someone's job. It could be a disaster for a corporation if they make a mistake. So, that was an ongoing trend in 2012. Though we did close the year, in the final quarter to final month of 2012, seeing the biggest sale of the year in Investing.com at almost two and a half million dollars; and that was only the second one of the year. PersonalLoans sold earlier for one million, but remember back in what we might look at as the hay day now - '07/'08 - we were seeing a lot of sales. Five million, six million, and seven million all the way up to thirteen million at Sex.com. So, we are still off those numbers, but I think it is totally to be expected when you look at the fact that we have just gone through the worst global economic downturn since the Great Depression.

Michael: Yeah, and you have been tracking data for a while. Did the Presidential campaign come into play at all? Where I know in the business world it seems ridiculous, but businesses want to hold off on capital expenditures. They want to wait to see who the President is going to be and what the fiscal policies are going to be. Do you think that had any effect on domain name sales for 2012?

Ron: I did not see that being at play myself, so I could not look at a timeline and say things dipped or, as the campaign heated up, that we saw a difference. To me it was pretty much the same sort of thing happening throughout the year. As we looked every quarter, we would break down that quarter, compare it to the previous year, and so on. And in 2012, it has been a pretty steady line throughout the year. So, at least from looking at it anecdotally and not doing a lot of research on that front, I do not think that I noticed a big difference there.

Michael: All right. So, I am going to link to your previous interview in the notes for the people who did not watch the first show. You talked about the process that you go through to put together your Weekly Domain Sales Chart and Report. Do you still spend more than two days each week collecting the data, verifying the sales, analyzing the data, and publishing it?

Ron: It is typically a two-day process. What we will do when our column comes out on Wednesday - that covers all of the sales reported in the previous seven-day period ending on Sunday. When people come back into the office on Monday, I send out reminders to them with our deadline, which is 6PM Tuesday for getting data into us. So, over the course of Monday and Tuesday we are pretty much collecting that data. By late Tuesday, then I start assembling it all into the charts that you see. Not only are there top twenty charts for all extensions. There is a top twenty, then there is country code top twenty, and then we do another chart, which is the non-.COM GTLDs another top twenty. And at the same time, we update our year to date charts, which, as the year goes on, eventually expand to one hundred names; is where they are capped. Now that we are in a new year, those initially will be shorter charts, but as each week goes on, we have more data; those will expand throughout the year. By mid-year, we are out at one hundred positions each on those, so those have to be updated as well. So, just the process of getting in the data and setting up the charts is fairly lengthy, and then, on Wednesday morning, I sit down and write the text that gives people some background and puts everything into perspective. And then we usually have it ready to go by late afternoon or early evening on Wednesday. So, it is a pretty lengthy process, but I think the historical value of that data makes it well worth doing. And for the past decade, it has probably been the single

most popular feature on our site, so it is something well worth doing. I think people obviously appreciate that.

Michael: Definitely, and I know a lot of domain name brokers and brokerages try and make sure that they get into those top listings to show that they are doing a lot of business. I have seen weeks dominated by Frank Schilling's DomainNameSales.com. Weeks dominated by DomainHoldings. Do you ever get irate emails from somebody saying: "Hey, why wasn't mine highlighted in there," hoping to be listed in the top charts?

Ron: Well, no, I really do not because I mean it is a cut and dry thing. There is no editorial decision to make there. It is either you had a high enough or you did not have a high enough sale. So, if you can provide verification, because a lot of times we will ask for screenshots from Escrow.com or the financial instrument used to do the sale, but if you have got the data and you rank high enough, then you will wind up in the top twenty chart. The only problem we ever ran into, where I can ever recall a complaint was years ago, where one particular venue stockpiled all of their data for a long time till right before a TRAFFIC conference because they wanted to make a big splash before TRAFFIC. Then they released all their data at once. So, we had to kind of put a rule in that, to get on that chart, it needs to have been reported within the previous thirty days. If it something that is older, we can put it in a previous year chart and that sort of thing, but that kind of (Unclear 7:41.0) on trying to get a one-time splash on it so that the data pretty much comes on in on an even basis. There are some venues that only report monthly just because they are so busy doing other things and it is not a top priority to them. I rather have their data monthly than not have it all.

Michael: Yeah.

Ron: GoDaddy Auctions is a good example of that. They put theirs out once a month. NameJet does as well. So, the weeks that they come out, you will see a higher presence for venues who do that. But on the downside for them, they are essentially absent for three other weeks of the month. So, they get a one-time boost, but then they lose out on the other end of it. So, most venues prefer to get the data to us in weekly.

Michael: Sure, and I have heard cases where a domain will go through an auction and then the actual registrant somehow clause it back. So, even if it did go through auction and you won, it may not technically be yours. So I could understand why they want to hold it for a period of time to make sure that their true sales are in fact real data.

Ron: Actually, we ask them to do that too. We ask them not to report until they not only have been paid for the domain, but the transfer has been completed. Because there are a lot of people who will look at our charts and they want to go in and find out who bought it and what do they intend to use the domain for. So, those WhoIS records get checked on almost all the charted sales every week. So, I do not want people to go in and then they are seeing a domain that has not even been transferred. No sale is complete until it has been paid for and the buyer has got the domain in their hands. So, that is the other reason behind that.

Michael: Great point. And I have never asked you this before, Ron, but if you had to give one or two reasons why people should be reporting their domain name sales, what would you say to people?

Ron: Well, circumstances vary between buyers and sellers. To some it is an advantage to do it, both the seller and the buyer; in some cases it is not. To the seller, particularly, as you mentioned earlier, if you are a sales venue, it showing there is a lot of activity happening on your platform, so it is a natural. We have had some buyers who do not want those names reported because they do not want the cost basis known if they are intending to flip that domain or put it back on the market. But on the other side of that, we have a lot of end users who buy domains and they do want it out there because then they get a link to it. Any publicity they get, if we link to that sale, then that is good because they are interested in driving traffic to a new site that they are going to build on this domain that they just paid a lot of money for. So, I respect both viewpoints and whatever the reasoning is that people have. And if either party does not want a sale out there, we will usually make sure that it is not there because I think that the publishing of that kind of information is something that both parties should be allowed to sign off on. And again, another point that I should make is that a lot of people think that those charts are completely comprehensive of what is happening in

the market, and they are not. It is just all we are getting is a sampling. By far, the largest portion of sales never gets reported. So, I think you have to look at it more as a sampling of the market, and we get a better idea of trends, but the whole point in the first place was to just give people set examples of exactly how much specific domain names sold for. So you kind of look at it in a way like they are real world real estate MLS and get an idea of values that way, but no one is ever going to be able to put together a one hundred percent comprehensive list because so many will never be reported.

Michael: Right. Yeah, definitely. All right, so let's look at historical data in a little bit longer timeframe. I think a lot of people use the global financial crisis as sort of an inflection point in the economy. It was going up, it came down, and we are hopefully rising again. Based on domain name sales data, do you see any specific trends from, say, 2003 to 2008, and then a separate trend from 2008, or the global financial crisis, until today?

Ron: Well, absolutely. There is a correlation there. A bigger factor in the downturn for the domain business was the drop off in PPC, and then you couple that with the economic dislocation. It is definitely a roller coaster, so far, in the decade that I have been in the business. It seems to have been like a five-year pattern. When I came in it was the Spring of 2002, and the domain business then was still very much in the doldrums because we had had that huge run-up at the end of the 1990s and then the infamous .COM bust, which dates to around 2000. So, when I arrived, a lot of people thought that the game was up, but that was when Frank Schilling came into the business - about '02. And when everyone else was leaving the building, Frank was coming in and scooping up all the leftovers because he knew the Internet was not over. So, the real key point that triggered the upturn, as I look back on it, in 2003, Rick Schwartz announced the sale of Men.com for a little over one million dollars. I think it was 1.3 million dollars; and that opened people's eyes again that domains were not dead, that that value was there, and that triggered a run up that continued for the five years you mentioned. From '03 all the way to '08, we were in a constant upturn, and we also had modern PPC systems come into effect and so many more advertisers pouring online; that was a huge driver also. People did not have to sell their assets to have a really great revenue stream. But then, in '08, as the recession came along and it started putting financial pressures on all of these companies, Google, of

course, at the top of the pyramid, and to keep their shareholders happy and look for more revenue, I think they started wildling down what they were paying out to the people providing traffic to them - the domain owners. And as the PPC went down, that obviously has a downward impact on prices. And then the fact that there just was not as much cash going around, credit markets were freezing up, there wasn't money to spend to buy high-end domain name, and so those were all a factor. And so, in '08, what happened is it changed every year more so than the one before. The mindset of a lot of domain owners, instead of trying to rely entirely on PPC, sales became much more important; and that is the trend that has continued right to the point that we are talking today. Now we are in 2013; we are going into the fifth year, and I have a sense that things are getting better again. We may be, hopefully, on the verge of another upswing maybe for the next five years. A lot of things are going to be happening that we will talk about, like the arrival of new GTLDs. But particularly with Frank Schilling's system, a lot of clients are reporting that they are now getting a higher share of PPC revenues and a lot of people are happier with PPC results now. So, just in recent months, we are seeing a lot of strong indications that maybe this downturn we have been in the last few years is coming to an end and hopefully things are going to get back into another boom period.

Michael: Yeah. Okay, so before we turn our attention to 2013 and what specifically you think is going to drive some growth, I want to say congratulations for the past ten years of publishing DNJournal.com.

Ron: Thank you.

Michael: It is quite an accomplishment for any publication, whether you are print, whether you are audio, on television, or the web. It is quite an accomplishment, and I have enjoyed looking back on your archives from the previous ten years that you have been publishing, Ron.

Ron: Thank you. I appreciate that. I always look at Internet years kind of like dog years. Things change so fast. The one Internet year is like seven in the real world.

Michael: Well, you have been around for like a century now.



Ron: Seventy years, yeah.

Michael: So, over those past ten years, are there any trends that you see throughout the year? So, for example, GoDaddy has been doing their Super Bowl ad for at least - I don't know - four, five, or six years. I do not know the exact number, but I would suspect that since it reaches tens of millions of people, driving people to GoDaddy to look for domain names, and as GoDaddy has promoted their premium listings and their registration process, that maybe they might lead to more sales in January than February. A hypothesis. Do you see any sort of in the year trends that are identifiable?

Ron: I do not know. In the confines of a single year, if I notice major trends like that. As you mentioned them doing that for several years, I see those obviously have become much more clearer to you and I do think they have had a huge impact because a big goal that all of us have had in the business is making the mainstream businessperson aware of domain names and how important they are. So, certainly, when you have got Super Bowl ads out there doing that and all the advertising that the .CO Registry did when they rolled that out as a global brand, and did a lot of mainstream advertising, and got on the Stadium Naming for the Oakland Raiders Stadium. All those things have a cumulative impact that improved things over time. I think, in 2013, when the new GTLDs start coming out, the main benefit from those will simply be for most of us who are investors; will be just in raising that recognition level. So, all of that helps. It helps a lot. I think, to me, the most interesting trend - and I do not know if that is exactly the right word for it, but it is a truism - that I will never forget is, and it points to the change that we constantly see in this industry, I was at a conference. I think it was the big TRAFFIC New York Conference in 2007. It was a big deal to go to New York City, and they had the record-breaking auction there. Twelve million dollars sold in a day. But I was on a panel that day with Tim Schumacher, who was one of the Co-Founders of Sedo and the CEO at that time. And Tim put up a really interesting slide that showed the biggest names of companies and most successful companies in the domain business five years earlier, and all those names were gone. Just about everyone because Sedo did not come in until '02 themselves, but here, in '07, he was showing the current leaders on the other side of the slide; and I remember sitting at that panel, looking at

them, and go: "Could really, in five years, this thing change like that again?" And sure enough, I look at it now, and you look at all the new companies that have come along - Frank's companies, Domain Holdings, and new parking companies, Rook Media, Parking Crew, and all these new faces that have come into this space - and are kind of revitalizing it. And some of the leaders are still there for sure, but a lot of new ones as well. So, it is just like the sand under our feet, just constantly changes. So, even if you see a trend, how long is it going to be there? Is it going to be a mirage or is that going to be solid ground? It is really hard to say.

Michael: Yeah, definitely. And it definitely seems to be broadening.

Ron: Right.

Michael: If we look at 2012, and I know you have not finished the final numbers for 2012, do you have an order of magnitude for the average and the median domain name sales for the year?

Ron: Well, the last full quarter that we had was in our October Newsletter. And the medians were up then over the previous year. Total volume dollar was down some because, again, lack of really high-end sales. There is not much though. It is just a matter of a few percentage points. Shortly after this interview airs, probably within a matter of days, in our next newsletter, we will be breaking down the fourth quarter. And I think though that looking at the three quarters that I already did have in the books that 2012 remained pretty steady. We are pretty close to what we were last year. Actually, the median price is up a bit in the middle of the market, but just (Unclear 19:08.8) fewer blockbusters. But as you no doubt heard here a day or two before this interview, Rockies.com sold for 1.2 million dollars. That would have been the second highest sale of 2012, so it is a great way to get 2013 on the way. And again, I mentioned earlier, Investing.com just sold. And those seven-figure sales had become a real rarity over the past four years. Now we have seen a couple in just the past couple of weeks. So, maybe that high-end is coming back. I do think that 2013 will probably be the first year that we may see all of the indicators rise, as we start breaking those quarters down. But basically, I think the bottom line is that, in 2012, we held our own, lots of strength in the middle portion of the market, and I think, if you look at other

industries and the global economy, they would have loved to have been able to have held their own in recent years. That is something that we have been able to do.

Michael: You refer to the middle portion of the domain name sales. What figures do you classify those at roughly?

Ron: Right. Well, that would be typically I would say, call it, five thousand to fifty thousand dollar range. It would be the mid-four figures up to the low to mid-five figures; is pretty much the sweet spot. Again, when people look at our sales, because what we are trying to do is be an educational tool, we do not cover the entire market. We do not report any sales below four figures. So, there is a lot of activity that happens - say five or six hundred dollar sales -, but not a lot of educational value to give that to people. So, our numbers, when we quote medians and the prices you see in our charts, are going to be a little higher up the market. Not all the way up to the top, but probably a little above the midpoint of the market. But that is where you see, every single week, hundreds of sales in that range. We will start at two thousand for .COMs all the way up to the high-end of the market. But the four-figure level seems to be a real sweet spot for most businesses.

Michael: Definitely. I was on one of the discussion forums recently and somebody posted some data from, might have been, 2000 or 2005 through 2012 and the number of seven-figure domain names. So, one million dollars or over that sold per year; and it was very strong in the middle 2000s. And then, the financial crisis hit and it dropped down, and I think we have been averaging around two or three per year in the earlier 2010s, and last year I think was two or three total.

Ron: Right, and in that period the sale - '05/'06/'07 -, there was a ton of venture capital that came into the space, and they felt a real urgency to get some of these names because they figured it is a one-time opportunity. And had the great recession not come along, maybe that would have gone on unbroken, but it is just changed everything - how much your house is worth on the street that you live on as well as domain names. But with that kind of money coming into the space, that was their mission. To come in, they had one hundred million dollars to work with, and buy up everything they could

get their hands on. And venture capital has kind of pulled out of the space, but may come back in now, as things are changing again.

Michael: Definitely. Well, we have seen it with Donuts.co coming in with venture capital fund.

Ron: Right.

Michael: So, having two seven-figures in 2013 right off the bat setting us up for potential high numbers.

Ron: Yeah, Investing actually got credited at 2012 since it was right at the 2012. The Rockies will be the first of 2013. And where we go from here that will be interesting because when people see those, if they never see a million dollar sale, and you are a buyer and you go look at the one hundred highest sales of the year, if you see no one has paid that, odds are you are not going to pay that either.

Michael: Right.

Ron: But if you see other people have paid that - Rick Schwartz made that point in a blog post I think that just came out that he is part of a consortium that owns Cowboys.com, and they had paid 370 thousand dollars for that domain five years ago, and a lot of people thought it was way too much. But now you look at it and say: "Okay, Rockies.com, which is a Major League Baseball team not nearly as well known as the Cowboys are, that is worth 1.2; now Cowboys looks like a pretty good buy at 370." In fact, I am sure that group would not even consider selling it for less than 1.2 or 1.5. Maybe they would not even do it at that point. So, the more of those that happen, success breeds success. So, as we see more of those, I think you will see more of them as the year progresses.

Michael: Definitely. All right, so let's talk about 2013, Ron. What do you see as major impacts to the market, and what effect will it have?

Ron: Well, the big thing in 2013, I think, will be new GTLDs. Our next cover story, which will be out before the end of January, we are canvassing a lot of

CEOs in the industry and they are going to speak to that point; what they think the biggest trends of 2012 and what they expect 2013 will bring. And I have just gone some of the early response back on that and obviously new GTLDs are something that are talked about a lot because they are supposed to go live this year. As to the impact it will have, I think that is going to vary. I really do not think it will have any kind of an impact at all in the .COMs. The big proponents of the new GTLDs seem to think that this impenetrable fortress of .COM is going to be shattered by the sheer volume of new GTLDs coming out, but I think that .COM is just too entrenched in worldwide business for that to happen. When you saw, ten years ago, .INFO come out, and .BIZ, and the others, it is kind of like shooting a BB at a Sherman Tank. It hit it and bounced off. There was little (Unclear 24:40.8). It had zero impact. So, now they think two thousand BBs hitting the Sherman Tank is going to shatter the facade. But I just do not see that happening at all. I see that more as a niche business. Now, that is not to say it is a bad business for everyone because a lot of those new GTLD operators are probably going to make very good money. People sometimes will diss, let's say, a .BIZ, but NewStar, who operate the .BIZ Registries, made a lot of money from selling those registrations. Where I do not see a great opportunity is for a domain investor to go in and buy a lot of those extensions because there are going to be so many of them out there that it is going to have a very diluting effect for those who are trying to corner any one thing. Even if you go in and buy the very best, you still got really great keywords across, now, hundreds and hundreds of other extensions. So, I do not see it affecting .COM values at all. It may even help them. I think that is going to be a field where you are going to, for the most part, find smaller mom and pop businesses playing just like they do now in alternate TLDs because they cannot get the word that they want. So, some guy who has a hardware store might like a .HARDWARE or whatever. But again, I do not think the major corporations are going to do that. They have their names or they have the money to spend on the .COM. The only exception to that would be the brands who buy their own extensions as a brand name, but that is not consumer facing anyhow. That is for use in their own marketing. So, that is kind of how I see it play out. Everyone has their own opinions. We will never know till it comes out, but just from seeing how things have gone the last ten years with other extensions, I do not think sheer volume is going to change the picture that much from the domain investor standpoint.

Michael: Right. And since you only track domain names that are one thousand dollars or higher, we may not even see any sales of these new extensions coming out that are one thousand dollars or over.

Ron: I think you will see some because there are always fabulous keywords that someone will pay one thousand or two thousand. You might even see ten thousand. I would not say that those will not exist. I just do not think there will be a lot of them where you are going to be able to flip them, because if a guy has got a small business and let's say they do have ten thousand to invest in a name, but if they have got something that is just as good, and odds are you will over hundreds of choices, maybe it is a geo choice. Your city name. Maybe it is exactly what your business does. Maybe it is your personal name. What it may be, there are going to be a lot more options. So, I think it will be harder to get significant money. I think they will show up on our charts just like .INFO will show up on our non-.COM GTLD Top Twenty. Maybe one or two a week. .BIZ may show up, say, one or two a week among all the .NETs and .ORGs. One thing to keep in mind as an investor too, in the categories that we track, you have got the .COMs, then we do the CCTLDs, and then the non-.COM GTLDs. There is a clear pecking order there in that the .COMs obviously have the lion share of the market. The CCTLDs are a very strong second. We see more than double the dollar volume come in report as CCTLD sales than we do the non-.COM GTLDs. And that is pretty impressive because the non-.COMs include a couple of pretty good extensions in .NET and .ORG that have been around forever. But even those - and I am a huge fan of .ORG - can draw a lot of traffic with the right kind of name, but they are still not generating a lot of dollars in the aftermarket. So, if you are buying to invest, you have to look at that and say: "Wow, even the .NETs and the .ORGs that have been around for twenty-five years are not drawing big money," so how much do you want to invest in that for resale? So, I think the guys who are really going to do well are the Donuts type of people, Frank Schilling, and then there is a lot of them in that space that are going to probably do well as registry operators. But I personally would not be a player as an investor in them.

Michael: Yeah. Now, there is talk that there is going to be a lot of educational marketing going out and promotional marketing for the new TLDs; and we

will see if it happens, because the past has not displayed that. I think .CO has done a fantastic job doing marketing and I believe that they are going to be partnering with GoDaddy for their Super Bowl commercial ad coming up. And they do a lot. Juan Calle is out in the startup community. He has talked. They are doing deals with a lot of big companies. They have a comprehensive marketing plan. It remains to be seen if the new GTLDs will do that, but if they do some great marketing, will all boats rise with the tide? Will domain name values increase as the awareness for the different Top-Level Domains (TLDs) increases, Ron?

Michael: Well, I think that is the main benefit, to me, of the whole ne GTLD thing. Again, strictly as a domain investor, the recognition factor is going to rise. I mean some of them are going to have the budget to do a lot of marketing and that will help, but just the fact that it is in all the news media. I mean if you pick up Wall Street Journal and CNN reports that all this is coming, and they have been reporting on it for several years now. So, that alone has raised recognition on main street. As to how it is going to impact existing TLDs - cause all boats to rise -, that I am not so sure of. I think, again, .COM is safe and I would think that the established CCTLDs are safe, because the Germans love and they have great pride in .DE and the British love their .UK. Though there is a whole separate issue going on there, where they may open up the .UK and hurt current .CO.UK owners, that we will not get into now. But basically, I do not see the strong first-tier CCTLDs being impacted at all. Even in the non-.COM GTLDs, I think .NET and .ORG are so well known that they will hold their own. Some of the others, it could be a little bit more difficult for because you have got so many more options now, where you might have spent a couple of thousand for a .BIZ or .INFO; now maybe you look at something else. I think one thing that buyers - registrants - have to keep in mind - and I have nothing against registering and even using an alternate TLD. As you know, I am a big fan of the .US, but you get what you pay for. You have to accept that you are going to have some loss of traffic if you are using non-.COM extensions. A certain percentage of people are going to automatically type that in and go to the wrong place, but you are also not going to be paying fifty thousand upfront for your name. So, for a smaller business, they have got to weigh those two things. Is it worth paying the fifty upfront, if you can afford it? And you have got a long-term business and great growth prospects, then you are probably better, if at all possible, to

get that .COM. But for a business to go in and use something else, it will still serve them as their business card on the Internet. If you are a local retailer here, on the North side of Tampa, Florida, then it is probably going to serve you well enough for your business because you are not getting thousands of hits a month, but you just want to bring another couple dozen people through your door each week, which I think those domains would do.

Michael: Yeah, definitely. Any other big events in 2013 that you think are going to effect domain name sales?

Ron: I cannot see anything other than the general economy having a big impact. We never know what is around the corner, but there are so many indications that the general economy may be improving. There is a lot of stuff obviously going on in Congress. We are passed the fiscal cliff and now they have the debt ceiling to worry about. So, we are going to have that wrangling going on, so I do not know that we are out of the woods yet. But there are a lot of encouraging signs here, in Florida, and I think nationwide. Unemployment rates are getting better. The retailers tend to be doing a good bit better. So, I think there are a lot of signs that we are going in that direction. If that is the case, then there is more money around; then obviously that is going to help all of us. And the other thing I would say is that there is still a trend that is very obvious with brick and mortar retailers having problems. The Best Buys of the world have kind of become showrooms for the Internet. So, so much more commerce is happening online. So, a lot more people, whether you are selling a product or a service, you want to do it online because the overhead is so much lower. For a very low cost, you have got a global audience. And I think we remain in that sweet spot that people are going to keep coming to us naturally to buy domain names and set their business up on a domain rather than in a storefront. Having run brick and mortar storefronts for years and record stores, I would never go back to running a real world site. There is just no comparison.

Michael: Yeah, definitely. All right. So, let's spend a few minutes catching up on your domain name investing strategy, Ron. Last time we spoke you had about five thousand domain names in your portfolio; two thousand of which were .US top-level domains and, of those, I think about eight hundred were



three-letter .US, like I believe one of them was AFI.us. How has your portfolio changed since March 2011?

Ron: The only thing that has changed is I continue to winnow down because, with thousands of domains, I came to realize I have more than I can ever liquidate in a lifetime. And all of us had to evaluate what is paying for itself, either through parking or through sales. And when things were really flush, like a lot of people I added a lot of names that were just on the periphery of being worth picking up or not picking up. I said, "I will take a flier on this thing." But then, when revenues shrink and people are paying less, you start winnowing things out. So, I am down to about four thousand now; and, with that group, I think that is a core. I rarely drop any now. I look at them and I think this is probably a group that I will keep. I have not been doing, for the last couple of years - DNJournal became such a fulltime business that I only have time to research new purchases, so I do not really buy or research that many more unless I pick up a newspaper and there is a keyword I will see or a new business or something and I say: "Wow, there is a lot of potential in that business." Then I may run over and pick something up. But for the most part, I am at a portfolio that I expect to stay pretty static now pretty much for the rest of my life. Even with sales, you sell out. The average person, or portfolio owner, sells off only one to two percent of their domains in a year; and at my age I will be long gone before those are all gone. So, I do not really need to add a lot to them. So, I am really happy where I am. I am. I am glad that I invested a lot of hours over the last ten years in front computers, building up that portfolio. And now, between sales, and PPC, and new forums, and monetization, like LeadGen that are coming along, they produce nice revenue streams, and it was a decade really well spent.

Michael: So, are you selling out of your portfolio an average of forty to eighty per year?

Ron: Yes, .US specifically. That is pretty much the same as when we talked before. I sell several every month. In the past week I just sold - I just jotted them down before we came on - two more three-letter .US this week.

Michael: Nice.

Ron: MSS.us. It was like a fifteen hundred dollar sale, which is typically what I sell these at. SWW.us was sold this week. That one I sold for under one thousand only because it was sold to a Veterans Group in New England for a wounded warrior. So, I cut that price dramatically to get that into the right hands. Also, sold InternetService.us this week for low four figures. So, again, those are people that there is no chance they are going to get those domains in .COM. And even though the .US extension is not as well known or widely used in America as, say, .DE in Germany because Americans are so used to .COM, there is still a nice steadily growing, particularly among small businesses, interest in those as a secondary choice. And it has that nice patriotic flavor, which is the thing that I have always liked about it. So, I still like it, but, as with any alt TLD, you really have to focus on just the very best of the best. For me, the three letters have always been golden in just about any important extension because if you have got a three-word name, that is a really long domain name. You need the acronym. So, those acronyms tend to sell across the board from .COM down to .NET and .ORG, and I think the .COs. I see a lot of those get picked up. And then, again, obviously, the one-word domains that define a product or service. If people are going to fish in the new GTLD market, I would not go beyond that either. The best one words and the three-letter names. But even there, again, just because of the mass amount of inventory, I would be a little bit worried about those.

Michael: Yeah. And for your personal sales, Ron, are these all in-bound leads that are coming in? The one that you sold for about one thousand to the wounded. You said it was--

Ron: It is a Veterans Organization.

Michael: --a Veterans Organization. Was that an in-bound one? Did they contact you and ask you about the domain name for sale?

Ron: Yes. Actually, I would say that it is a bigger percentage than ever. My sales come from direct contacts now. And because I have seen that happen in recent years, I have started; and we talked about this even a year and a half ago. I was in the process of setting up my own landers and had just begun that further down the road now still. I want to convert them unless they are a domain that is earning well on PPC. If it is only earning a few pennies or a

dollar or two a year, you may as well use that traffic. If you are seeing traffic coming in as not earning, you may as well put that on your own lander and emphasize sales because then you are going to get a thousand times whatever it is earning if you can sell the domain, and put it on the better sales platforms. But I am finding that about eighty-five percent of my sales are coming through people who type in the domain and see that it is for sale, and click that link, which generates an email to me. Most of the others are coming through Sedo. My Sedo sales have dropped some because about a year ago they had to raise their commission rates. There used to be a flat ten percent and they have gone to fifteen or twenty, depending upon whether the name is parked there. So, like most portfolio owners, then you have got to adjust your pricing up and then that can cost you some sales that way. I understand why any business has to raise prices, but then it can have a negative impact that way.

Michael: Definitely.

Ron: One thing that I have got to do - a priority for me here, in 2013 - that I have not had a chance to do yet is get my name on the Domain Name Sales Platform. I should have done it already, but it is just a crazy last quarter. But I looked at their mobile app, and people are having a lot of great success there, and it is just a fabulous management system. So, that is something I will definitely get done here, in the first quarter of 2013 also.

Michael: Yeah. All right. So, if anybody wants to look at your lander, they can go back and learn more about your system, Ron, by watching your previous interview, but AFI.us was mentioned last time, I went and checked it out earlier today, and it is still one of your standard landers, where somebody shows up there. Clearly that was a domain, I guess, that was not monetizing on a parking platform, so you decided that you were going to take those domains, make your own lander, and then, when people type it in and land there, they can actually see that they can buy now for \$2,777 or lease to own it over twelve month payments of \$266 a month.

Ron: I am glad you mentioned leasing because, when I was mentioning about alternate monetization, that is becoming a more and more popular form, and that has worked out very well. That is something that I put on every lander

now and provide that option. Having been a small business retailer at one point in my life too, I know how important it is to budget so much per month. And I have a lot of leases out now, which is another revenue stream; and I typically, as we talked about before, add fifteen percent to the cost, and then break it up over twelve payments. So, it is a better return than you are going to get from any bank, it increases sales, and then it is just another really nice stream. I have not had anyone default on it. You retain possession of the name until they pay the twelve months. So, that has been ideal. I actually a fairly major seller from overseas contact me this week and wonder if we could start a page on DNJournal about leases out. Rick Schwartz, through JointVentures.com, is pushing this a lot. And it is an interesting idea. We may not be quite there, but I could see that coming, where every week there are going to be new leases out, and it would be interesting for people to look at that and see how much they are leasing for.

Michael: Definitely. Well, I think most people do not even considerate it.

Ron: Right.

Michael: They do not make the corollary between renting a great location in Times Square and renting, or lease to own, or whatever you want to call, Investing.com. Clearly, you are just going to get a certain number of traffic walking by your store or typing it into your browser, and why shouldn't you lease it? You never expect to go out, start a business, and buy a property unless you were just wealthy to begin with.

Ron: You have to understand the small businessman's perspective too. They even lease copiers, and phone systems, and everything just because of cash flow needs. It takes so much to set up the business in the first place that laying out a couple thousand dollars is not that easy to do. But I can give you two hundred and fifty dollars and start using that domain immediately, and I only have to pay that much each month. It is well worth the carrying cost for them to do it. So, that was one of those things where I thought: 'Why didn't I think of that earlier?' because it is so logical. But I think you will be hearing more and more about that. The thing too about landers on the three-letter domains is they typically will get good traffic, but rarely convert well

because there is not a targeted keyword there. So, they are ideal candidates to put on your landers and offer them for sale or lease.

Michael: Definitely. And I know you mentioned that you are selling about one to two percent of your portfolio a year; forty to eighty of your four thousand domain names. You volunteered that information, Ron. Are you willing to say how many leases you have under contract at this given point in time?

Ron: I have about a dozen out, and I just started doing them last year. I was interested in seeing how many people would opt for the lease as opposed to buying; and still more people will buy, but I would say - I do not have the exact numbers, but I think we are doing - maybe twenty to twenty-five percent of the inquiries end up going for the lease, and then the other three quarters or so will just buy it outright. Some of them will consider it and then they will come back. They will say: "I am going to lease it," and then they will come back the next day and say: "I came up with the money. I will just go ahead and buy." But we make it really easy for them to do. And again, as long as you are holding the property, there is no risk involved at all.

Michael: Yeah, definitely. And you do not even have to do any of the work yourself. You can use a company like Escrow.com. They have Domain Name Holding Service, if it meets a minimum threshold, which I believe was something like fifteen thousand. But I believe they were also considering lowering that number. And I have also interviewed Adam Paddock from Zenscrow, and they may have renamed their company by now, and they will manage the lease-to-own process for you as well, and help you oversee it and make sure that your assets are not being polluted in some way.

Ron: Right, and that is one thing you can write in too. When you are talking about pollution of an asset, the one risk is let's say you have a domain and someone throws adult material, or gambling, or something you do not want on there. We have a simple one-page lease agreement that addresses those key issues like that. If there was something that was either illegal, could be considered immoral, or offensive - I forget the exact language, but I got the legal language in there, where you can take that back or take it down. Again, you are controlling the domain and the domain server. So, if you see someone

who is hurting the value of the domain before it is paid for, then you can take action to stop that.

Michael: Yeah, and you got that whole lease contract down to one page?

Ron: It is a page. Actually, to get the signatures in I had to do a second page. It is a signature page, but it refers back to the top. If I did smaller font, I could get it down. But the agreement itself is one, and then, when they sign off, that is on a separate page. So, technically it is two pages, but all the key and remissions is on one.

Michael: Yeah. All right, Ron, here is the final question of the interview. What advice do you have for a domain name investor that is debating whether to invest their hard earned money in domain names of the new top-level domains or to just to stick with the tried and true top-level domains that are out there?

Ron: That was the big question. Today it still is and it was when I came into the business in 2002. And I felt and it turned out to be not the smartest move at that time, but I had to make a decision; and everyone does. I mean there is a lot of argument going on in the forums. The .COM guys say to only go this way. The new TLD guys thought things were going to change. And I kind of lean to the idea that things are going to change. Again, having no experience in domains, but, even my experience in media, I had seen what happened in radio, where AM Radio was the king of the airwaves. At FM, a lot of people did not even have an FM receiver. But then, I think it was around the early 1970s, FM had such a beautiful clear signal, dramatically better than the AM, that it eventually, when people listened to it, that is what they wanted and it overtook AM. And now the AM band is relegated just to talk shows, and all the music in the FM is much more popular. They are more valuable properties. And so, I thought, at that time, that that could happen as alternatives. The .COM came out; the people would go to an alternative because it would be less expensive. And it did become a niche business, but it really did not dent the .COM. So, I think history has shown that those people who said go that direction were right. I ended up putting more resources particularly in .US than I would have if I knew what I know now. I still would have bought some of the premium ones, but I would have put more

attention on the .COMs and made that a bigger part of it. So, if I was someone new coming in today, I still would say that I would put more focus there. I would not ignore everything else. If you are a stock portfolio owner and you are trying to divide your assets in such a way that you have got some protection across there, I would take smaller positions in some of these other things and, again, only go to the best of the best there. And it would be like buying a growth stock. Only invest what you can afford to lose. But I think history has shown that .COMs are the safest bet.

Michael: Yeah, all right, great advice. If you have a follow-up question, please post it in the comments below the video and we will ask Ron to come back and answer as many as he can. If you want to follow Ron and DNJournal on Twitter, you can do so at @DNJournal. And of course Ron puts out his weekly sales charts via email, and you can go to DNJournal.com and sign up for his newsletter. Ron, I always encourage people to meet in person to get to know people. Business is done through personal relationships; not via anonymous emails, and Gmail accounts, and Yahoo. So, I always suggest that people take an opportunity to meet in person. They can meet you in person at the upcoming Web Fest Global Conference in early February in Santa Monica, California, right?

Ron: That is right. I will be there. I will be at TRAFFIC of course. That is going to be the 1st of June. Then also the Florida Traffic Show will be in October. But it really is invaluable. I cannot emphasize that enough either. As a business, to DNJournal, it meant so much; I just cannot tell you. It is great to meet people online, but as far as getting real business done and making real strong personal relationships, there really is not a substitute for it. In some of the bigger cities, there are even local groups. South Florida has a great group where you can go to meet up. Southern California has got another really good one. I would like to see more of those pop up around the country. They do some in Denver. So, some of these Regional meetings are good to start with because it is an expensive proposition to go, but I think you do get that money back, in my case, many times over, over the years. So, if you can afford it at all do it; if you cannot, get to those Regional ones first. When you can afford it, go to another. But it will just turbocharge your domain investing and your business, if you do it right. Once in a while, when this question comes up, I will see someone say: "Oh, I went and it did not do anything for

me." The only way I could see it would not do anything for you is if you just sat back in the back of the room and made no effort at all because the main people are a very, very friendly outgoing group of people. They will answer your questions. They will introduce you to other people. So, if you are going to go, do not sit at the back of the beach. Get on the diving board, get in the pool with everyone, and it will definitely pay off for you.

Michael: Definitely. And I am aware of the Southern Florida and the Southern California Domainers Group, and one of my pledges for 2013 is to pull together a Seattle group as well. We have got a lot of different companies up here. A lot of investors that I have connected with personally and I want to bring us all together and have one event in the first, maybe second, quarter of 2013. So, if you are listening now and you live in the Seattle area within an hour or two driving, we will probably do it in Downtown Seattle. Shoot me an email at [Michael@DomainSherpa.com](mailto:Michael@DomainSherpa.com), and I will make sure that you are notified when that event is taking place.

Ron: That would be a great spot. No doubt.

Michael: It would be.

Ron Jackson, Editor and Publisher of DNJournal.com. Thank you for coming on the show, sharing your knowledge and data of the domain name industry, and thank you for being a repeat Domain Sherpa.

Ron: Well, thank you, Michael. And by the way, congratulations to you for winning the Domain of the Year Award at TRAFFIC in just a couple of months ago. Very well deserved. I was happy to see that because you are producing a fabulous resource for everyone who wants to learn about domains and turbocharge their business.

Michael: Thank you very much, Ron. It means even more coming from you.

Ron: Thank you.

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



**Watch the full video at:**

<http://www.domainsherpa.com/ron-jackson-2013-interview/>