

Brand power

Getting just the right domain name can really add some muscle to your business. Steroid-pumped David Peterson has some tips on how to do it

REMEMBER THE HEADY DAYS of the dotcom boom? We were constantly being regaled with headlines on the spectacular prices being fetched by Internet domain names. These simple strings of letters and dots, originally bought for a couple of hundred dollars, were changing hands for phenomenal amounts of money.

In one of the most famous cases, the domain name AltaVista.com was sold to Compaq by its original owners for US\$3M – around a quarter of a million dollars per letter. This price was not for an operational business, the purchase of technology or even for a Web site – only the rights to use a domain name. It seemed that venture capital backed dotcoms were willing to pay almost any amount asked to secure prime pieces of cyberspace real estate, and it didn't take long for the domain names goldrush to begin in earnest.

THE RISE AND FALL

Thousands of individuals with dreams of easy riches 'panned for gold' online – hunting for unclaimed domain names and then buying them up a dozen at a time in the hope of being able to make their fortune reselling them.

Some formed new venture capital backed dotcoms to excavate unclaimed domain names by the hundreds and thousands, certain that they would unearth nuggets that would secure a handsome return on their investment. Some of these went in with a strategy, such as cornering the market on place names, reasoning that sooner or later

someone would want to create a Web site for every city and town, and would be willing to pay top dollar for the corresponding domain name.

Others were more indiscriminate, attempting to register every word in the dictionary, or every possible combination of three letters. Others registered names of companies, products and rock bands ... although many of these ended up in court in trademark disputes. Established companies with brands to protect also moved in quickly to buy up any domain name that might conceivably be related to their products before the 'cybersquatters' got to them.

AFTER THE GOLDRUSH

Although domain names themselves varied widely in value, the service of domain name registration was found to be largely undifferentiated. As the very nature of the Internet permits ready price comparison, registrars found themselves competing mainly on the basis of price – with the result that registering a domain name became steadily cheaper. This pushed up demand still further and, before long, virtually every conceivable combination of words had been registered as a domain name.

It seemed like the domain name market would continue to go from strength to strength – but no goldrush can last forever. In this case, the death blow came in the form of the big 'new economy' crash. Suddenly, those spendthrift, venture capital backed dotcoms disappeared. As the shared hallucination that



had driven up stock prices dissolved, so did the corresponding shared hallucination that had driven up domain name resale prices.

With virtually no-one left to pay the prices that domain name speculators were asking, many went out of business overnight. Others were quicker to adapt to the changing market and dropped their prices accordingly – but even they faced crisis when their domain names fell due for renewal and they found themselves too low on cash to pay their bills.

Portfolios were allowed to lapse and domain names suddenly became more plentiful again. (Even today, .com domain names are expiring at a rate of more than 15,000

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per day.) With supply up and demand down, the domain-name 'boom town' quickly became a 'ghost town'.

So as you listen to the wind bang the old saloon doors and watch the tumbleweeds roll down main street you may well be wondering what this all means for you. Well ...

REGISTER A DOMAIN NAME (CHEAPLY)

If you want to register and start using an unclaimed domain, a quick trip to the Network Solutions Web site (www.netsol.com) with your credit card will secure the name of your choice for US\$35 for one year – or up to US\$175 for a 10-year lease.

However, it pays to shop around. Since the deregulation of the domain registration market, there are dozens of registrars in operation, almost all of whom offer cheaper prices than Network Solutions. Additionally, some registrars operate through affiliates who pass on their wholesale rates with only a slight mark-up – thereby offering even cheaper prices. For example, the registrar ItsYourDomain.com sells domains for US\$14.95, while one of its affiliates offers an identical service for US\$8.88. Other companies, such as GoDaddy.com, go as low as US\$6.75 for bulk purchases.

Strictly speaking, you are not buying a domain name – only the rights to use it for a period of time. Before this period expires you can renew it or let it lapse, freeing it up for someone else to register. If you wish to sell your domain name, you can charge any amount for the transfer of ownership rights – provided that you can find someone willing to pay – and the new owner will take over the lease.

The domain name industry is regulated by ICANN, the body responsible for certifying companies as domain name registrars. ICANN maintains a list of accredited registrars at www.icann.org/registrars/accredited-list.html. All of these have the authority to assign domain names for the top level name spaces of .com, .net, .org, .biz, .info and .name. For country code name spaces, however, you will need to contact a registrar that has been authorised by the naming authority for that country. In the case of Australia, for example, it's www.aunic.net; for New Zealand, it's www.domainz.net.nz and for Latvia, it's www.nic.lv. A

more complete list of country registrars can be found at www.iana.org/cctld/cctld-whois.htm.

WHAT'S IT WORTH?

A domain name is only worth as much as someone is willing to pay for it – which in most cases is not much. Most domain names listed for auction on eBay, for instance, are passed in without a single bid. Even dedicated domain name market places like AfterNic.com are showing little sign of life, with only a few dozen domain names sold per month from the 1.7 million listed – and most of these for less than \$400.

However, good prices are still achievable for good domain names. Over the last few months, jobs.com was sold to TMP Worldwide for US\$800,000, free.tv for US\$100,000 and industrialsupplies.com for US\$47,250 –

quickly became a 'ghost town'

but these are the exception rather than the rule, and nowhere near the stratospheric prices of a couple of years ago.

For a fee, companies like greatdomains.com will supply you with an appraisal of the worth of your domain name, but these should be regarded with caution as the appraisal price may not be achievable in the current market.

Some domain name speculators seem unaware of the changes that have happened in the market – or maybe they are hoping that everyone else is. An enquiry I made after one domain name was greeted with a request for US\$150,000. I simply waited for three months for the domain to expire and bought it from OrderYourName for US\$8.88.

WHAT MAKES A GOOD DOMAIN NAME

A good domain name should be short, memorable and brandable. A long domain name – one over 12 letters – may be difficult for your customers to remember, may be misspelled and can be difficult to fit on a business card. Generic words should also be avoided. Domain names like books.com are short, memorable and can be great for building Web site traffic but can be difficult to build a brand around.

If your Web site is for a business, people have been conditioned to expect that your domain name will end in .com or .com.au. Registering an address in a different top-level name space, such as .net, .biz or .cc, may seem like a good way to get the name that you're after if the .com equivalent has already been taken. However, it's likely to lead to more headaches than benefits in the longer term unless there is a strong online branding opportunity in doing so – like burri.to or 2nur.fm.

Lastly, never, ever try to use a domain name that incorporates another company's trademarks. An epidemic of cybersquatting – registering domain names for famous brands and holding them to ransom – in the late 1990s was brought to an end by the introduction of a dispute resolution system by ICANN to facilitate confiscation of domain names from miscreants.

MORE HANDY HINTS

Where can I buy and sell registered domain names? There are a number of marketplaces on the Internet that are popular for doing this. Many general auction sites like eBay.com have sections for domain name auctions, and there are also dedicated domain name marketplaces like **AfterNIC.com** and **GreatDomains.com**. If you would prefer a private sale to avoid listing and brokerage fees, you may want to consider listing in public newsgroups like

'If you've had a great idea for a domain name, the chances are that someone else

alt.domain-names.forsale and alt.domain-names.wanted. You may also be able to buy directly from the owner – if they are willing to sell.

What can I do with domain names I'm not using? If you've registered a number of domain names for which you don't have any immediate use, you may as well get some value from them rather than letting them sit idle. Putting up a 'for sale' page, or redirecting visitors to your main Web site, makes more sense than leaving prospective customers staring at a 'site not found' error message. To set up Web hosting for each one is likely to prove expensive, but cheaper alternatives do exist. **DomainRedirect.com**, for example, provides a free service to point your domain names to an existing Web site or Web page.

The domain name I want is taken – can I get another one like it? This is a common problem. If you've had a great idea for a domain name, the chances are that someone else has too and has already registered it. But before resigning yourself to registering your domain in some out of the way corner of the world like Burkina Faso, you might like to pay a quick visit to a site like **DomainIt.com** (www.domainit.com/keyword-search.htm) or **namedroppers.com**, which have handy domain name suggestion tools. Say, for example, that you wanted to set up a Web site about a date in history – such as November the 13th – but your preferred domain name november13.com had already been taken. Typing in

'November 13' at DomainIt would return a long list of potentially suitable available domain names.

Who owns that domain name? When you register a domain name, the registrar will ask you to provide contact information that will then be on public record. If you go to a site such as **checkdomain.com** or **domainsearch.com** and type in a domain name, you can find the name and contact details of the owner. Although you may be concerned about the privacy issues of having this information published, it is best to be honest when supplying your contact details. There have been many cases of registrars cancelling registrations

has too and has already registered it'

and reselling domain names when an actual person could not be contacted to settle legal issues and ownership disputes.

Who used to own this domain name? Does your domain name have a history that could help or harm its future? The Internet Archive (www.archive.org) has a series of historical snapshots of many Web sites dating back to 1996.

IN CLOSING ...

While researching this article I thought I'd do a spot of domain name speculation myself, to experience first hand the current state of the market. To summarise, I registered nine, four-letter .com domain names that I had found on an expired domains list (www.domainduck.com). In theory, the names should have had a high resale value, but even after extensive promotion in all the usual places (and even a few innovative ones) I have only had one offer – for \$30 – which was then withdrawn.

So, if anyone has any use for a short, punchy and reasonably priced domain name let me know. Alternatively, as I'm unlikely to renew them, you could wait until they expire in March 2003 and pick them up for US\$8.88. ☺

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What is a domain name?

Whenever you use the Internet to view a Web page or to send an email, you use a domain name to do it. The URL www.PetersonITConsulting.com and the email address david@PetersonITConsulting.com, for example, both belong to the PetersonITConsulting.com domain name. In many cases, the structure of a domain name will tell you something about the organisation that owns it – if it ends in .edu it is an educational institution, if it ends in .com it is a commercial business, .org for not-for-profit, .gov for government bodies, and so forth.

There may also be a two-letter code to identify in which country the organisation is based – .au for Australia, .nz for New Zealand. A complete list of country codes in current use can be found at

www.iana.org/cctld/cctld-whois.htm.

In theory, this system should make it easy for a user to find a company online by guessing its domain name. If you're looking for a company called 'Microsoft' in Australia, for example, then www.Microsoft.com.au should take you where you want to go.

In practice, however, there are plenty of exceptions to the rules. Many name spaces are not regulated and allow anyone to register there. You don't have to be a not-for-profit organisation to register a .org address, but you do to register a .org.au. You must be based in Malaysia to register a .my address, but others, such as Tonga (.to), Laos (.la) and Tuvalu (.tv), are open to anyone willing to pay the registration fee.