

DOMAIN FLIPPING and INVESTING

FROM THE INSIDE OUT

AN INSIDER'S LOOK AT THE DOMAINING INDUSTRY



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Table of Contents

INTRODUCTION	5
DOMAIN NAME SPECULATION FOR MERE MORTALS	8
BEWARE CYBERSQUATTERS!	10
SHOW ME THE MONEY	12
MINIMIZING RISKS LIKE A BOSS	15
BUILDING YOUR PERFECT PORTFOLIO	17
HOW TO DETERMINE WHAT YOUR DOMAIN NAMES ARE WORTH	18
DIVERSIFY FOR STABLE PROFITS	21
1) DIVERSIFY YOUR CHOSEN INDUSTRIES	21
2) DIVERSIFY YOUR CHOSEN TLD TYPES	22
3) DIVERSIFY BY PRICE RANGE	23
4) EMBRACE THE SECONDARY MARKET FOR MORE OFFERS AND BIGGER PROFITS	23
ACQUIRING HIGHLY MARKETABLE DOMAINS	25
HOT SOURCES OF FANTASTIC DOMAIN NAMES	26
HOT SOURCE #1	26
HOT SOURCE #2.....	26
HOT SOURCE #3.....	27
MINING DOMAIN GOLD FROM THE MARKETPLACE MOUNTAINS	29
THERE’S MONEY BURRIED IN THE DETAILS	29
THE CHALLENGE OF THE HUNT	29
PROTECTING BOTH THE BUYER AND THE SELLER	30
GET THE PROS TO DO THE SELLING FOR YOU!.....	30
PASSIVE INCOME IN THE PARKING ZONE	31
CLAIM YOUR STAKE WITH SPECIAL ALERTS.....	31

SECRETS OF THE AUCTION SYSTEM	33
SPECULATING UPON SPECULATION.....	33
PARTICIPATE TO BUILD TRUST	34
FORM JOINT VENTURE PARTNERSHIPS.....	34
WEBSITE DEVELOPMENT	35
NARROWING DOWN THE CHOICES	37
KEYWORDS, EXTENSION (TLD), CATEGORY, PRICE, LISTING TYPE, LENGTH, EXCLUSIONS, DOMAINS/WEBSITES, VISITORS AND BACKLINKS.....	37-40
THREE-STEP BUYING STRATEGY	40
STEP #1: KNOW YOUR PORTFOLIO NEEDS AND OBJECTIVES.....	40
STEP #2: DEVELOP A BIDDING STRATEGY AND FOLLOW THROUGH.....	40
STEP #3: LEARN FROM THE PROCESS.....	40
STEP #2: DEVELOP A BIDDING STRATEGY AND FOLLOW THROUGH.....	41
MULTIPLY YOUR PROFITS WITH THESE ADVANCED STRATEGIES	42
BULK BUYING	42
BE NICHE SPECIFIC.....	43
BE TLD AWARE (TOP LEVEL DOMAINS).....	43
DIGGING FOR DOMAIN GOLD EVERY DAY	44
USE SOFTWARE TO RIP THROUGH HUNDREDS OF THOUSANDS OF DOMAINS.....	45
TRACK THE DROPPING DOMAINS.....	46
CONTINUE TO FINE TUNE YOUR STRATEGIES.....	46
DIGGING FOR DOMAIN GOLD EVERY DAY	44
SELLING YOUR DOMAINS LIKE A MASTER DOMAINER.....	47
SELL NOW? OR HOLD FOR FUTURE SALE?.....	47
HOW TO LIST YOUR DOMAINS FOR MAXIMUM PROFIT	47
LOW, MID, AND HIGH-PRICED DOMAINS	48
WRAPPING IT ALL UP	50

Introduction

There is a very active and flourishing market on the web that few understand or even know about. And that is the world of domain flipping and investing. It's an industry that is mostly quiet to the general population, yet extremely stable and profitable.

Maybe you've heard the term "domain name speculation". It sounds a bit intimidating, but nothing could be further from the truth. It's actually a very simple concept to understand and act upon, yet there are many, many different approaches to participating in the market.

The short explanation is this. **Domain name speculation** is the practice of registering or purchasing, and reselling domain names with the intention of making a profit. In some cases, these domain names are sold almost immediately, and in other cases they are held for months or years to obtain the highest profit possible.

There are many people in the industry who buy and sell domains on a regular basis. Some are involved in a small, hobby-like way, while others are treating it as the hugely profitable business it is.

Most people who get involved are not necessarily true domain name speculators; they are merely in it for the quick flips for extra cash. Most who get involved also keep a very small portfolio of domain names, but those who are building a long-term business routinely add to their portfolio month after month. These professional level domain investors with large portfolios is a relatively small, but enormously profitable group.

It is important to understand that domain name speculation is no different from any other asset market. It works much like something as involved as real estate development and investing, or as simple as buying and selling stocks. In either case, you will quickly realize the value and market price of domain names emerges from

information collected over time, as recorded in hundreds of thousands of transactions.

When the price of a domain is expected to rise quickly in the short term, and the value is recognized by many in the market it serves, the value will be reflected in the asking price of that domain name.

Experienced domain investors have fine-tuned their 'radar' to zero in on types of domain names they believe will be of greater value in the near future. That's what domain name speculation is all about.

It's no wonder so many are confused by the domain marketplace and the values placed on domains that quite often seem to be worthless. To further complicate the marketplace, many inexperienced domainers place far more value on their own acquired domain names than the market will ever pay.

This is where experience, skill and insightful speculation come into play. Those who allow their own personal growth and experience to form over time are the ones who end up with the most profitable portfolios.

Top it all off with quite a bit of potential risk, and the necessity for patience and sharp perceptions in the marketplace, and domaining is a business that is not for the faint of heart. However, there is no reason an average business-minded person cannot learn the skills necessary to build a full-time income, or even a small fortune fairly quickly.

There is indeed a lot of money to be made as a domainer. There are many different methods and strategies one can choose to follow. Some with very little risk and small reward, others with larger risks and large rewards. When you understand the business of domaining, you learn how to combine the two to generate large returns with little risk.

In this course, my intention is to give you a solid enough understanding of the world of domain speculation, domain investing, and domain flipping to allow you to join the ranks of profitable domainers.

By the time you've completed this course, you will have everything you need to master the skill of constructing domain portfolios, evaluating their viability, and deciding whether or not they are sufficiently liquid.

So, without further ado, let's dive in!

Domain Name Speculation for Mere Mortals

Domain speculation and investing is legitimate when it involves domain names that are available to anyone in the marketplace. In other words, purchasing or registering domain names that anyone else could purchase or register legally and rightly, makes it a legitimate and fair investment.

Domain name speculation and investing typically involves portfolio construction, maintenance, and liquidation. Here are some examples of the types of domain names domainers generally consider worthwhile investments:

1. Domains with a certain volume of type-in traffic. For instance, when a domain name is short, has .COM as its extension, and contains frequently searched keywords, it may already be receiving a significant volume of “type-in traffic”. This almost always makes the domain name inherently valuable, far beyond the initial cost. This is a criteria many domainers choose to seek out.
2. Domains with an established number and quality of inbound links. Finding a domain with quality established backlinks is almost always a formula for profits. This is very appealing to potential domain buyers, as it not only gives them a certain authority in the eyes of the major search engines, but it can mean automatic quality traffic to any website installed on this type of domain name.
3. Domains that are .COM based or other highly regarded “top-level domain”. A top-level domain (TLD) is the portion of the domain name that appears after the last “.” Some of the most popular TLDs include .com, .net, .info, .org, and others. Not surprisingly, .COM domains are typically far more valuable than other top-level domains. However, there are many other factors that can play

into the value of a domain name, even if they are not using the best TLDs.

4. Domains with a professionally generated paid valuation. There are many domain professionals who will do their best to determine a market value for your domain name, based on a long list of criteria. Getting such a valuation is similar to getting your home appraised to see what it may be worth if you decided to list it for sale. A word of warning, though. Domain appraisals more often than not do not come close to what the domain name will eventually sell for. It may be far overestimated, or far underestimated. The value of a domain name is entirely dependent on what your potential buyer is willing to pay, and/or your ability to demonstrate the value it may hold. Appraisals also depend on market conditions and will not remain true over time.
5. Domains that fit well into your carefully crafted portfolio. Just as you would consider whether or not a stock is a good addition to your portfolio, you must make similar considerations when it comes to domain names. If you choose to focus your efforts in particular markets, which is a very good idea by the way, you'll want to register or invest in only domains that can suit that market well. For instance, you may be focused on the real estate market, so you'll acquire domain names that industry can use effectively.

Domain name speculation can be as complicated or as uncomplicated as you want it to be. The five points above are just some examples of what to consider.

Beware Cybersquatters!

There are lots of jokes that could be made about the word “cybersquatting”. As silly as the word sounds, cybersquatting is an extremely important issue.

Cybersquatting has absolutely nothing to do with legitimate domain investing and selling. Cybersquatting is the practice of purchasing domains to profit off **an established brand or trademark**. Cybersquatting is creating, buying or registering a domain name with the intention of benefiting from an already owned trademark.

One example of cybersquatting would be, if Dominos Pizza® had not already registered the domain name “DominosPizza.com”® and you decided to grab it, knowing full well it contained a well-known trademark, you’ve just cybersquatted. It gets even worse if you attempted to extort payment from Dominos Pizza® in exchange for the domain name.

This applies to all levels of trademarks, from the very small auto repair shop that anyone hardly knows, to the very well known national or world-wide brands.

If you knowingly (and often even unknowingly) register or take possession of a domain name containing a trademark that belongs to another company, you open the door to many possible legal battles.

Usually, in a court of law the decision is made based on your “intent”. However, there are many legal cases lost where a domain owner registered the domain not realizing it contained a valid trademark.

Even in cases where you’re perfectly in your rights to register or own a domain name, defending yourself in a court of law can be extremely expensive.

It’s always best to stay away from any domain names that could be even similar to

any possible trademark, unless you have documented permission from the trademark owner.

Naturally, the shady practice of cybersquatting is illegal in most countries. In the United States, cybersquatting was banned through the Anti-Cybersquatting Consumer Protection Act. Disputes of these kind are typically handled through the Uniform Domain Name Resolution Policy (UDNRP).

In most cases, the mere act of owning a domain name is not cause for a cybersquatting legal challenge. It's when you use the domain name in an attempt to sponge profits or personal benefits from another company's trademark that it becomes a serious issue.

Cybersquatting should never be confused with, or compared to legitimate domain investing.

Domain investing is much like real estate investing, in digital form. Just because a domainer owns hundreds or thousands of domain names, and his or her portfolio happens to contain a domain name that another business would like to register, that does NOT make them cybersquatters. It just makes them savvy investors in the same way a real estate investor may own lots of properties with the hopes of selling them for future profits.

Show Me the Money

Domain flipping and investing is very different than most businesses, although there are also many similarities. I'll explain.

In traditional businesses, the product or service being sold is usually something that can be sold to multiple buyers. When a toy store sells a board game or a doll or a video game system, those items are sold repeatedly, and continue to be manufactured as long as there are people buying.

When a jewelry store sells a watch, or a set of gold earrings, those items get replaced and sold again to a new customer, and the process is repeated for as long as there are customers who want those items.

Domain selling is a whole different ball of wax. When you sell a domain name, that's it. It's a one-time sale. There will never be another domain exactly like it. Every single domain name is a 100% unique "product" available for ONE customer only.

For that reason, making consistent domain sales relies heavily upon your willingness to learn about the types of domains that are very desirable to buyers in particular markets.

The uniqueness of a domain name is also the reason you will have the opportunity to earn a much larger profit on each one, in comparison to a manufactured product.

Once a domain name is sold, nobody else can have it, unless it is re-sold or abandoned by the current owner.

There are many domainers in the industry who earn millions. Consider the potential almost limitless. The amount you can make in this business depends on how serious you take it, and how motivated you are. Most who get involved aren't

out to make millions, but hope to at least make a substantial income. Some do it just for a little extra side cash.

It's interesting to note that there is more money flowing through domain markets today than ever before. Don't buy the idea touted by some who don't understand the domaining industry that the domaining boom has come and gone. Nothing could be further from the truth. There is far more profit available in domaining today than any other time in history.

The confusion comes from people thinking, well back in the earlier days, you could easily find and register killer domain names! You just can't find them any more! Well anybody with a little brain power can figure out that is exactly what makes domain names far more valuable (and profitable) today. Supply and demand.

"Back then", it was easy for anybody to pick up virtually any domain name they wanted. Therefore, any potential profit was slim to none. As the years went on and desirable domain names became harder to get with every passing year, the value increased right along with it.

Today, a domain name you can easily sell for \$1,000 would have been only worth the registration fee years ago.

The key that makes or break you in domaining, is your ability to acquire highly desirable domain names for a fraction of what the market will pay.

To most people, it's an impossible task. To a knowledgeable domainer, finding these gems is a piece of cake. And that knowledge and understanding of the systems involved is what can make a domainer extremely successful.

When you first start off in domaining, you will have to accumulate a portfolio of domains before you can do anything else. This takes time; and should involve many careful decisions.

When entering the domaining business, it is very easy to begin registering and buying an inventory of domain names too fast... as you'll find so many every single day that are ripe for the picking.

This is where most beginners fail and lose money from the start. They invest far too much in domains that “sound great”, but they aren't experienced enough to understand what the actual marketplace wants and buys.

It's incredibly easy to end up with hundreds of registered domain names that will never sell. For this reason, my recommendation is to start with a tiny portfolio of no more than a dozen domain names, AFTER you take the time to learn what sells.

Don't fall into the common trap of thinking you know enough to register a hundred or more in the beginning. You don't. Even seasoned professionals will be fortunate to sell enough of their inventory to break even with registration expenses.

However, if you are patient and use the strategies I teach in this course, you should be able to grow your portfolio of domains over time to the point where you can live a financially-secure lifestyle off its gains.

Avoid the mindset of trying to make huge profits overnight. Slower, more careful, and more long-term thinking is the key to great profitability in the domaining business.

Minimizing Risks Like a Boss

Like any other business, there is risk involved. Your job is to minimize risk as much as possible, in order to build a stable long-term business.

When you're registering and buying the right kind of domain names, although the risk is always there, it is fairly easy to keep risk minimal.

There will be domain names you register or buy that you intend to flip as quickly as possible, and there will be domain names you acquire to hold onto for a much longer term in hopes of having them increase in value in the years to come. And, there are domains you'll register with the intent to develop into a web property to help increase value substantially in the eye of potential buyers.

Most of your focus should be on domain names you can flip as quickly as possible. These are the domains that will fund all your purchases and registrations as you continue to build your portfolio.

One of the very hardest things for inexperienced domainers to wrap their heads around is this. It's perfectly fine to sell many of your domains at a price far lower than what you think the market will bear. In fact, I highly recommend doing this regularly.

Why? It's far easier to sell 10 domain names at \$200 each, than to sell one of those 10 at \$2,000. In the end, it doesn't matter how many different domains flow through your hand... what matters is the total profit you see at the end of any given time period.

Selling many domains at a low price creates the stability you NEED in this business. Having a continuous cash flow, a little at a time, is far better than waiting and hoping for the next BIG sale.

The willingness to sell many domains at far below market prices is also what will almost completely eliminate the RISK so many others dread and fall victim to.

That being said, there should always be a few domains in your portfolio that are superior domains that you'll hold for just the right buyer. Many of these premium domains will take many months if not years to catch the eye and budget of that one or two potential buyers.

That's why it's important to diversify your portfolio to contain mostly domains you're willing to turn over quickly for below market value, while locking in many stellar, premium domains along the way that have the potential to bring you thousands, and tens of thousands of dollars per sale.

Some domains you'll want to "unload", even at a loss. Selling at a loss isn't always a bad thing. Remember, any domains you keep in inventory that don't sell within a year will cost you renewal fees each year you hold them. When you have hundreds or thousands of domains in your portfolio, the renewal fees can be devastating to your business.

For that reason, keep a close watch on which of your domain names will be expiring in the next 2 or 3 months, and find a way to turn them into enough cash to have you break even. Or, sell them as a bundle for less than you paid for them just to recoup some of the investment. You can then use those funds to register more marketable domains.

There will ALWAYS be amazing domain names you really, really want to acquire for your portfolio, but if all of your cash is tied up in other domains that aren't selling, you'll lose out on these opportunities. As difficult it can be to let go of many of your domain names, liquidating them is more often than not the best thing you can do for healthy profits. In the long run, you'll be glad you ate the temporary loss.

Building Your Perfect Portfolio

Why a portfolio? Well, a portfolio is just a fancy word for a group of items. Planning and building a portfolio will be like a carefully constructed foundation for that dream house you're building. It gives your domaining empire stability.

Gaining as much stability as possible will allow you to grow and prosper, as you build your business on this solid portfolio foundation. Just buying or registering domains haphazardly is like building your home on the sand. It's like playing the lottery.

Rather than buying one or two very costly domains with the hopes of selling for big profits, it is far wiser to build up a large portfolio over time to always have market reach.

When it comes to building your portfolio, you should consider a number of different strategies you can use.

I will cover each of these strategies and techniques in order to help you create a veritable arsenal of methods you can use to develop a robust, stable, and high-return domain portfolio.

How to Determine What Your Domain Names Are Worth

This is probably the most frequently asked question I get. And my answer tends to shock most people.

Your domain name is worth exactly what you paid for it. No more, no less. That's a fact. I think the question you really are asking, though, is "how much do you think someone would be willing to pay for this domain?"

Answering that real question is much more involved. Here's what you need to remember about the potential value of a domain name.

First, the main factor in what price you can get for any particular domain name is primarily dependent on YOU. To most of the world, your domain name is pretty worthless. To one or two particular people or companies, maybe even dozens, it can be worth hundreds or thousands without any hesitation.

YOUR ability to research and find these potential buyers will determine what you should ask for your domain name.

See, there is really no such thing as real intrinsic value in a domain name, unless it is at the very top of the domaining food chain. Domains like cars.com, insurance.com, health.com and similar domains in obvious big money industries will have a clear value to a majority of investors. These are worth millions each.

But unless you're investing millions on these types of ultimate domain names, your domains fall into a pool of domains that have no clear intrinsic value.

It's all about how important your particular domain name is to any particular potential buyer that you're able to locate with your research efforts.

That being said, there are quite a few domain appraisal services on the web. There are automated appraisal sites which try to formulate a price based on pure logic and stats, and there are paid professional appraisal services that have actual human beings deciding what the market will bear for your domain name.

Guess what? Whatever number you get, it is likely completely meaningless. I have never in all the years I've been domaining seen an accurate appraisal. Just the opposite actually. Almost every appraisal I've encountered have been incredibly far off the price the domain names actually sell for – in BOTH directions!

I'll let you in on a little secret. Almost ALL of the domain names I've sold for many hundreds or thousands of dollars were appraised at practically zero dollars. Likewise, some of my domains that my research shows to have a very poor market appeal appraise at thousands of dollars. Again, meaningless.

You have to understand that logic and statistics have very little to do with what one potential buyer perceives the value to be. There are many instances where it is virtually impossible for an evaluation service to know the key points that makes a domain valuable to specific individuals.

Let me give you a quick example. If I registered the domain name RBTframeworks.com and ran it through the appraisal services, it would come back as zero value. What they don't know, however, is that is the exact business name of a buyer I sold this to for \$2,200. The domain name was absolutely a must have for that buyer.

There are many similar instances of this type of discrepancy. For example, there are newly released products and technologies the appraisal services would have no idea about. There are many businesses and projects the appraisal services could not possibly factor in.

My advice is to never use an appraisal service to decide your price. It's only good for entertainment and curiosity. You may want to use the free automated appraisal

services while conducting research, just to see what valuation is calculated based on a short list of statistics... but never use the result to establish your price.

I may make an exception if I was dealing with a domain with an assumed worth of tens of thousands of dollars or more, in which case I would consult with other domain professionals.

For research purposes, here are some of the sites I recommend.

<http://Estibot.com> tends to be the better of all the other automated options out there. They have a very extensive list of other domaining tools you will be interested in as well. Most of the good tools will require a paid subscription.

If you're trying to get a good pulse on a particular domain and want to have a professional provide their appraisal rather than an automated one, a good site to use is <http://www.domainappraisal.org>.

They offer different levels of appraisals depending on your needs.

In addition to <http://www.estibot.com> and <http://www.domainappraisal.org>, there are dozens of other appraisal sites, including the ones listed below:

1. <http://www.valuate.com/>
2. <http://www.nameboy.com/nameboyappraisal/order.php>
3. <http://www.godaddy.com/>
4. <http://www.yourdomainvalue.com/>
5. <http://www.afternic.com>

Diversify for Stable Profits

Diversification in your domain portfolio means covering lots of different market conditions and changes.

New domainers are often eager to buy an expensive, one-word domain and hope to reap the profits once it matures.

What these new domainers fail to realize is that unless they construct a diverse portfolio, their stand-alone domains are often unable to cope with any sort of blip in the market for domains. All it takes is a sharp revaluation of one type of domain or a down-turn in an industry and they suddenly find themselves with a bunch of low-value domains that aren't even worth renewing.

In this section, I will give a brief overview how you can improve the robustness of your portfolio in order to always have different domain names to offer to the market regardless of fluctuating conditions.

Let's consider three different methods:

1) Diversify Your Chosen Industries

When an entire industry hits a slump, the price of domain names in that industry go right along with it, as demand for sites in that industry fall. For instance, if a recession hits and the financial services industry withers as a result, then so, too, will the prices of financial services domains.

This is precisely why it is important to diversify your domain portfolio across industry lines. When doing this, you should think long and hard how best to

diversify without sacrificing too much freedom; and without pushing yourself too far away from the industries in question.

One quick way in which you can do this is to start by picking 10 relatively unrelated industries. For instance, you might pick the following list:

1. Golf
2. Health
3. Software
4. Automobiles
5. Pets
6. Internet Marketing
7. Bankruptcy
8. Marriage Counseling
9. Diet & Exercise
10. Boating

If you look carefully, you'll notice three important things about the above list. The first is that some of the industries - golf, automobiles, and boating - do well when the economy is doing well. Others like marriage counseling and bankruptcy, do well when the economy is doing poorly. And the others do not appear to be strongly connected to business cycles either way.

By taking this into consideration when you build your portfolio, you can hedge against losses that less thoughtful domainers could be wiped out by. This goes a long way towards making your portfolio robust.

2) Diversify Your Chosen TLD Types

There is absolutely no disputing the fact that .COM is still king, and will be for the foreseeable future. Good .COM domain names regularly sell for 5x to 10x more money than their not-as-popular counterparts. Not only do they sell for much higher prices, but they sell much, much faster.

Most US businesses want and need .COM domains. For these reasons, I choose to focus the majority of my domaining efforts on .COM domains. I find them to make sales much, much easier and bring much bigger profits.

That being said, there is nothing wrong with a little diversification with TLDs, as long as you choose good, market-friendly domains. While it's highly unlikely .COM will ever go out of favor, having a few .NET, .ORG, and some other varieties of TLDs can be beneficial.

In short, there are no hard-and-fast rules about top-level domain portfolio composition, but it is wise to spend time considering whether you are taking on an inordinate amount of risk by pilling up a lot of domains from the same country code or from the same generic top-level domain. But again, if you are buying and selling primarily .COM domains, this is not much of a concern.

3) Diversify by Price Range

When starting out, I recommend finding domains by scouring the expired domain lists that are available every day. Did you know close to 100,000 domains expire every single day? And among all those domains are quite a few valuable gems... every single day.

Hand-register a few that meet the criteria of a highly marketable domain for business, and that will cost you approximately \$10 or less each. You can often find registrar coupons to register domains for as little as a dollar or two.

As you build up your portfolio, some of the domains will have immediate market value of \$100, \$200, and some will have an immediate value of \$1,000, \$2,000 or

more. In some cases upwards of \$10,000. The idea is to have a wide range of domains suiting different budgets and different markets.

Once you gain experience and have a few sales under your belt, you may want to venture into buying domains from people who already have them registered. The exact price range you pick will depend on your initial budget and your plans. However, focusing on secondary market domains in the \$100-\$200 range is often a good place to start.

4) Embrace the Secondary Market for More Offers and Bigger Profits

You'll come to hear about the "primary domain market" and the "secondary domain market" as you become familiar with domaining. The primary market simply refers to domain names that have never been registered before. The secondary market refers to domains that have been, or currently are registered by someone.

Typically, there are far greater opportunities for acquiring the best domains within the secondary market. The reason is simple. There are a much smaller percentage of primary market domains available than secondary. All the best buying, selling, and trading activity is primarily within the secondary market.

If you purchase a domain that is auctioned for at least \$100 (and you choose it well) in the secondary market, there's a good chance that its value will change within a year or two of the purchase date. Here, a 5% increase in value will be sufficient to cover the renewal; whereas, for the primary market domains, you'd need a full, 100% increase in value to cover your renewal costs.

The bulk of the secondary market is made up of "midrange" priced domains. These are the types of domains that provide that best trade off between transaction costs (i.e. monitoring, maintenance, and re-registration costs) and risk (i.e. spreading out risk across many mid-priced domains, rather than few expensive ones). I personally recommend that you construct portfolios almost entirely out of these domains.

How to Acquire Highly Marketable Domains Inexpensively

There are many different ways to acquire highly marketable domain names. Let's take a look at four popular ways to do this:

1. You can choose to buy domains in bulk. Many domain registrars will allow you to do this at a discount. You may be able to reduce the price by 30%-40% by doing this. However, you typically have to register a hundred or more domains to qualify for a decent discount.
2. You can purchase an entire portfolio or partial portfolio from another domainer. If the selling domainer did their job well, you can save yourself a lot of time and market research by buying an already existing portfolio. You'll just have to have a level of trust in the person you're buying from. Quite often, domainers need to liquidate large parts of their portfolios in short periods of time, even if they are doing well. You should pay attention to these fire sales, as domains are often sold in bulk below market price.
3. You can buy domains after they "drop." Great domain names drop every single day for a variety of reasons. People go out of business. People lose interest in their domain or domains. People die. People move onto other business ventures. There are hundreds of reasons, but they all mean opportunity for you as a domain speculator.
4. There are usually lots of interesting purchase opportunities at the main domaining forums like <http://www.namepros.com> and <http://dnforum.com>. That's where most domainers hang out to discuss domain name sales and purchasing strategies. Look for tips about buying and sales opportunities and pick up a great deal to start or grow your own portfolio. You can often find highly marketable domains for 10 cents on the dollar at these forums.

Hot Sources of Fantastic Domain Names

Hot Source #1

<http://www.sedo.com>. With over 2,000,000 registered members and more than 3,500 domain sales each month, Sedo.com is one of the biggest marketplaces and one of the best places to buy and sell domains.

As discussed earlier, there are two types of markets for domains: primary markets and secondary markets.

Sedo is still the best known of all of the major secondary markets for domains. Sedo allows sellers to auction off domains to a wide market of buyers, with either a “buy now” price or a “make offer” price, as well as a reserve price if desired.

Sedo offers two options to sellers: they can either sell in the “great domains” section; or in the general marketplace. The “great domains” section is reserved for domains that have short, one-word domains with reasonable reserve prices and that fit a number of other important criteria. These auctions typically enjoy a lot of attention from buyers; and often sell at higher prices as a result.

Hot Source #2

<http://www.afternic.com>. Afternic is similar to Sedo, as it is a major domain marketplace that allows members to buy and sell in a similar format.

Afternic offers a number of broad categories, including: shopping, business, home, health, financial, family life, sports, careers, computers, society, recreation, religion, education, special events, travel, and acronyms.

Both Sedo and Afternic are a virtual goldmine for ideas. It's a good idea to browse both of these marketplaces to learn what is selling, and what others are pricing their domains at. But understand this. The vast majority of all domains listed in these marketplaces never sell for anything near the asking price. There are always negotiations taking place behind the scenes.

You may be surprised to learn you can often negotiate a price that is around 10% or 20% of the original asking price. A good place to start browsing would be in the categories of domains and sites that you are using in your portfolio.

Hot Source #3

<http://www.namepros.com>. NamPros.com is one of the largest and most established domaining forums on the web. Although it is not a typical marketplace, it can be very helpful for selling off any domains you no longer have interest in keeping.

You benefit by being able to present your domains for sale either individually or in a package, to other domainers who have a high interest in acquiring more domains for their own portfolio.

Each domainer has their own strengths and weaknesses, and their own connections with different markets. So, by collaborating in the forum, you can quickly unload domains that you're not able to sell effectively to another domainer who may have the perfect audience to present them to. One domainer's dead-wood can often be another domainer's gold nuggets.

Keep in mind, however, that you're selling to other domainers who need to buy for steep discounts in order to be profitable for them. While this is not the ideal

marketplace to earn top dollar, it is a place where you can clear out your portfolio to make room for new domains.

The forum format makes it easy to establish great business relationships with other domainers, as well as allows you to check the reputation of buyers and sellers (since they are forum members). It also gives you an easy way to communicate with everyone you need to.

Mining Domain Gold From the Marketplace Mountains

There's Money in the Details

Quite often, a seller on Afternic or Sedo, or other marketplaces, will provide a lot of useful information about the domain name in the listing. They will often include a solid explanation of why they have the domain priced as it is, and why the domain will be a great investment and why it may have strong future growth potential.

It's a fact that those who provide lots of detailed information about their domains are the ones who have far more sales than others. Study the details people are using in their listings and try to apply the same in your own listings. And if you purchase a domain that was listed with good detailed information, be sure to retain the details so you can bring it back to market using the same proof or explanation of value.

The Challenge of the Hunt

It's usually good advice to recommend you avoid listings that are "closing soon" (unless you've found an excellent deal), since these usually end up getting into a bidding war at the last minute. What looked like a great buy a few minutes ago often escalates to a much higher price, not suited for buying to resell.

Besides the asking price or bid price, it's also important to look at the "Buy Now" price and the "Minimum Offer Price." These two items will tell you very quickly whether or not it is worth your time to try to pursue this particular domain. As you become more experienced with the various marketplaces and domain values, you'll

become quite proficient at spotting the best deals that you can pretty much guarantee will bring you profit.

As a side note, Afternic also has a professional appraisal service available, which at the time of this writing is \$25.00 for single domains; and \$20.00 for additional domains.

Protecting Both the Buyer and the Seller

Another benefit to using Afternic (or Sedo) to purchase domains is that they both offer an escrow service with payment. This is very important and convenient for both buyer and seller. The seller is assured they will receive payment, and the buyer is assured they will receive the domain name. This offers peace of mind on both sides, who more often than not have no knowledge about the trustworthiness of the other party involved.

Without using an escrow service, it is very risky for both the buyer and the seller. There are many cases where a buyer put down \$1,000 or more only to end up with the seller never transferring the domain.

The only time I would suggest NOT using an escrow service is when the dollar amount is very low and you're willing to risk the loss. You can save a few bucks on the cost of escrow in those situations, even though the cost is typically very low.

Get the Pros to Do the Selling for You!

Afternic has an optional service that offers to have their experienced agents to do all the legwork for you. You'll pay a fee for the commission and another fee to initiate the service. You will also get free domain appraisal and free escrow services by using the agent.

This service is especially useful for more expensive domains. The negotiation process can be difficult and can require a great deal of skill. If you haven't developed this skill yet, or just prefer not to involve yourself with negotiations, hiring an Afternic agent may be your best option for handling the transaction for you inexpensively and swiftly.

Passive Income in the Parking Zone

Similar to Sedo, Afternic also offers domain “parking” services. Domain parking is a service that allows you to have a landing page automatically installed on your otherwise unused domains, that contain several links and ads that generate revenue. The process is super easy, and requires no effort on your part. No hosting or website is needed.

While having your domains listed for sale in the marketplace, you can also have it generating a little bit of revenue based on the ad clicks it receives from visitors.

Claim Your Stake With Special Alerts

Afternic also has a nice alert system you can take advantage of, where it keeps watch for you and alerts you any time a domain name on their system meets a pre-established set of criteria. For instance, if your portfolio contains boating sites, marketing sites, and electronics sites, then you can create a long list of relevant keywords and have Afternic's system locate these auctions and tell you about them as they become available.

This feature is an excellent way to stay on top of all the listings, new and old, without spending your valuable time searching manually.

Once you're a member of Afternic, you will also gain access to the Afternic forum, which is full of useful information about domaining. You will not only learn about the experiences of other domainers, but you will also be able to ask important

questions about strategies and tips for the best ways to effectively sell your domains.

Secrets of the Auction System

As I've alluded to multiple times, an auction atmosphere has important advantages over fixed-price selling (especially when it comes to new buyers). Auctions allow you to observe what other bidders believe about the value of the domain before you purchase it. Think about that – it's a powerful benefit.

As a new buyer, you should always look for auctions that allow you to view bid histories in their entirety. This allows you to observe two important things:

- 1) the number of distinct bidders.
- 2) the number of bids.

If both factors are high, you can take that as an indication that the domain offers value to multiple buyers. That translates to the fact that it is much more likely you will be able to resell the domain name for a very nice profit.

It's very important to check the seller's history in past auctions. This information can go a long way in assuring you there is gold waiting to be uncovered. If the seller has a long history of past auctions in which reserve prices are met, it's almost guaranteed that he or she is consistently under-pricing the domain auctions. Be sure to follow his or her future auctions if this is the case!

It could also indicate he or she is skilled at determining domain value, and understands how to attract buyers with fair pricing.

Speculating Upon Speculation

When you browse the various domain marketplaces and read the descriptions of the domains being offered, pay close attention on the justification the seller uses for the value of the domain.

For instance, they may be focusing on the amount of characters in the domain. Or they may be putting emphasis on the number of words. Perhaps they focus on whether growth is likely in that generic top level.

This is all valuable information to you, not only in buying, but in selling. Browsing domain offers and descriptions should be an important part of your routine as a domainer.

Forums like NamePros.com and DNforum.com are excellent sources of inside information pertaining to learning what is currently trending in domain sales within various marketplaces.

There are at least three different ways you should take advantage of the vast knowledge you can uncover in these communities, to further your domaining goals:

1) Participate to Build Trust

Put aside a little time each day to actually participate in the forums and build relationships along the way. No single domainer has all the knowledge. Keep learning from a variety of different domainers, and watch what they do regularly to generate sales. Some of these domainers have portfolios that include more than 50,000 domains. Some hold domains that are worth tens of thousands and even millions of dollars. You can also learn a lot from many of the smaller domainers.

These are real people, just like you with the common interest in domain selling. Listen to them, engage with them in conversation, try doing new things based on what you see them doing, and you can significantly improve your chances of having success as a domainer.

2) Form Joint Venture Partnerships

In general, most domainers do not think to go this route, but the fact is joint venture partnerships in domaining can be very profitable. This is especially true if

you are new to domaining and need strong direction, but have seed money for your domain portfolio.

How do you go about it? Well, I'd suggest closely following a respected expert on one of the forums mentioned. Get to know them and spend time researching this person to ensure that he or she has experienced success in domaining. He or she should be at least fairly active on the form, indicating they are approachable and communicate well.

Approach this person, who by now should at least recognize you from activity in the discussion areas, and be completely open. Tell them you're still learning the ropes, and ask if he or she would be willing to hand-pick a portfolio of domains for you. Mention what kind of budget you're working with, and offer to cut them a 50% profit share on all of the domains he or she chose for you.

Since they will already be screening domains for their own portfolio, it won't require too much extra work in order to help you with yours. The benefit for them of course, is they will receive 50% of any profits derived from sales you make from those particular domains. It's a win-win.

You're bound to be declined several times, but the more well known you become in the forum, the more likely someone will be willing to help you out.

Keep a careful record of all the domain names you sell from your joint venture deal, and you will have a better understanding of the types of domains to pursue next, on your own.

3) Website Development

Eventually, you'll want to choose a domain or two from your inventory to build a website on. This not only increases the perceived value of the domain name, but it opens up a whole new market of website buyers.

While your primary goal should be to accumulate and manage a portfolio of domains, there's no reason why you have to restrict yourself to domains if a profitable development opportunity arises.

You may have certain domains that are already getting thousands of unique visitors from type in traffic or previously established backlinks and not even know it. You could leave this site undeveloped and maybe reap the tiny returns from a parking service; or you could develop it into a market-friendly website ready to sell to an interested buyer in that niche. Once built, you can begin accumulating a large mailing list, perhaps have products to offer on the site to generate revenue, and all these elements increase the real value of your web property.

Now, when you go to resell this site, you will not only reap the returns from the valuable domain, but you will also be able to sell your customer lists, your product, and the established brand.

This can also open other opportunities to sell, such as a listing on <http://Flippa.com> and many other sites that have marketplaces for fully-developed sites.

If this is something you want to do, you will find plenty of information about it on domaining forums. Most domaining forums have a sub-forum that discusses this extensively.

Narrowing Down the Choices

Here are some features you can use to narrow down your selection of available domain names you're considering registering or buying:

1. **Keywords.** Keywords make the web go 'round! Search engines rely on them for presenting appropriate content to web searchers. While having an exact match keyword or keyword phrase in your domain doesn't hold as much weight in the search engines as they once had, keyword-rich domains are still extremely powerful in other ways. For one, when a consumer searches the web using a keyword and see your domain using the same keywords, they are more likely to click on your search result over another.
2. **Extension (TLD).** If your portfolio is heavy with a particular type of generic top-level domain, eventually you may want to diversify. Remember though, a good .COM domain is still king, and will more often than not provide you with a much quicker sale, for a lot more money.
3. **Category.** Be very aware of the categories you've chosen to focus on within your domain portfolio, and try to stick to those categories as much as possible – at least until you're making sales regularly. This is the best way to become very familiar with certain industries and how they react to your offers. Always be ready to swap out non-performing categories with new ones.
4. **Price.** When registering your own domains, pricing is not much of an issue. Domain name registrations are normally all in the \$8 to \$14 range. But when you're actively looking for ready-made and established domain names being offered in the marketplace, try to stick with domains that are still in the low auction price range of \$100 to \$300. There are GREAT domains to be had in this price range, that can be quickly flipped for 5x or 10x your investment or even significantly more.

In particular, look for domains that have received a significant number of bids, as this indicates that the market for that name is strong.

5. **Listing Type.** There are three main types of listings to consider when offering your domain for sale in the various marketplaces. There is the “buy now” option, the “make an offer” option, and there is the “auction” option (not every marketplace offers all options).

Using a “buy now” listing usually gets a LOT more attention than a “make offer” listing. Why? Because most people browsing a marketplace want a quick and easy purchase. They dread having to make an offer, not knowing what the seller has in mind. It often turns out to be a complete waste of time when an offer of \$300 is made, and the seller really wants \$2,000 or more. With a buy now price, a buyer can make the purchase immediately and be done with it.

6. **Length.** You may want to narrow down domain considerations according to the amount of characters or words they contain. Unless you have a good reason to focus only on short or larger domains, I personally suggest looking at all lengths. Many two or three, even four word domains are a much better match for a buyer’s needs, because they are more descriptive. However, if you’re looking specifically for very short domains or other type, use the filters and tools provided on the site to narrow down your choices.
7. **Exclusions.** There are many types of domains you’ll likely want to exclude while searching for your domains. I personally recommend getting rid of domains that contain hyphens, and digits, as these have very little interest among potential buyers. You’ll want to avoid trademark terms as well. You’ll want to exclude all TLDs except for those you want in your portfolio.
8. **Domains/Websites.** Decide whether you want to focus exclusively on domain names, or if you want to include domains with developed websites as well. Some of the purchasing considerations may be different.

9. **Visitors and Backlinks.** Many domainers look specifically for domains that have pre-existing traffic or backlinks. Not only does a high volume of traffic or established backlinks increase the value of the domain, but it also makes it easier to generate revenue from “cash parking” the domain between the purchase and the resale.

Using these nine different search criteria, you can work through the set of auctions to determine which sites will be the best additions to your portfolio.

Three-Step Buying Strategy

Here is a three-step process you can use when making domain buying decisions:

Step #1: Know Your Portfolio Needs and Objectives

Before even considering buying more domain names, you should be very well aware of what you're trying to achieve with the construction of your portfolio.

You should be very familiar with the specific categories you're interested in pursuing and the types of domain names you want to put into those categories.

Perhaps you want to add a few more two-word domains in your "home improvement" category. And perhaps you want to add a few longer descriptive domains in your "pets" category, and you're focusing on .COM.

Whatever your objective is, make sure you clearly define it before you begin buying. Otherwise, you could end up getting caught up in the moment (as buyers often do in auctions), and could end up with a number of poor additions to your current portfolio.

Step #2: Develop a Bidding Strategy and Follow Through

Before you go forward and purchase the sites on your watch list, you should develop a bidding strategy. For instance, you should decide exactly how many domains you want to purchase, and how much you want to pay for them at most.

If you don't do this in advance, there's a strong possibility that you'll get carried away in a bidding war and end up forking out much more than you had intended to

spend. Additionally, you may end up with a set of sites that would be good individually, but are not a good choice as an addition to your portfolio as a group.

After you form your strategy, execute it as planned. If prices exceed your maximum pre-planned bid, don't chase after the high bidder. Let the sites go and move ahead with your plan.

Step #3: Learn from the Process

Portfolio construction is a dynamic process that involves learning. After you spend hours reading descriptions of domains for sale, you should no doubt end up with a better understanding of what goes into coming up with a good domain name idea. You may be surprised that others are coming up with ideas and searching in categories that you never would have thought to consider originally.

In order to make sure that you learn and adapt based on what you observe, take some time to jot down notes during and after your first buying experience. Comment on what went well, what went wrong, and what might be improved in the next round of buying.

Additionally, consider how you should change your portfolio objectives based on your first search. For instance, should you change the original categories that you selected? Or should you focus more on country code domains? Or is there some entirely different dimension that you hadn't considered promising originally, but now looks good?

All of this is important to observe, internalize, and use for future purchases.

Multiply Your Profits With These Advanced Strategies

Bulk Buying

One of the most fundamental buying strategies in primary markets is bulk buying. Anyone who has been a domainer since the latest release of a new country code or a generic top level domain knows this and knows it well.

One of the biggest benefits of buying in bulk is the savings realized. For instance, many big domain registrars, such as GoDaddy, slash as much as 30% off the price of each domain if you're willing to purchase 50-100 domains at the same time.

In addition to buying in bulk, you should always shop around before buying. While the domain market is relatively competitive (and prices are largely homogenous across sellers in the primary market), \$2 to \$5 saved per domain can be a large difference if you are purchasing hundreds at a time.

Based on my own interactions with domainers, I would recommend that you check the following registrars' sites for bulk pricing information when you decide to purchase new domains:

1. <http://www.namecheap.com>
2. <http://www.domainmonster.com/>
3. <http://www.1million.com/>
4. <http://www.godaddy.com>

Another important thing to note is that domain registrars tend to vary their prices over time. Some will have sales on country code or generic top-level domains,

where they offer domains with a particular extension at a steep discount. This is always great to keep on top of if you are looking to build up your portfolio through the primary market.

Be Niche Specific

When it comes to constructing a domain portfolio, a little specialization never hurts. This is why I suggested earlier that you should adopt a list of about 10 different topics or industries; and concentrate your efforts in these.

One of the major benefits of this approach is that it allows you to specialize in each of the industries you have selected. You can then dedicate a portion of your time to mastering the important features of the industry, as well as the domain names that might be popular or valuable.

By limiting this list of categories to 10, you give yourself the chance to learn more about each of the types of industries in which you will be purchasing domains. This can go a long way when making difficult buying decisions.

Be TLD Aware (Top Level Domains)

Whenever a new top level domain is released, there's always a rush to capture one-word domains, two-word domains, domains that consist of only 2-3 numbers, and domains that contain acronyms. Initially, the buying is fast and furious, but eventually it slows down, as all of the obvious finds are captured.

It is very common for valuable, three-word domains to be missed in the frenzy that accompanies the release. And this is potentially where you have the opportunity to profit. If you want to try this route, here's what I suggest you do:

1. Identify and work through recently-released generic and country code top level domains. Look for diamonds in the rough that domainers overlooked in

their frenzy to snatch up 1 and 2-word domains. As soon as you get the opportunity, register them at an inexpensive registrar.

2. Identify three-word phrase .COM domains that have recently sold for a high price on Sedo or Afternic. Take these .COM domains and purchase a few of the other extensions like .NET, .ORG, .INFO, etc. This strategy doesn't always pan out, but in some cases, it's very profitable to offer the package to the owner of the .COM version. Just be sure to avoid trademarks.
3. Identify upcoming top-level domain releases. You can follow news released to TLD releases on DNForum or Afternic. Before the TLD becomes active, create a master list of domains that you will attempt to register as soon as you can. Once the opportunity is available, use the bulk registration feature on your registrar of choice to try to grab 30+ of them at a time.

Digging for Domain Gold Every Day

While purchasing domains at auction or in bulk, it makes sense to expedite the process and to focus on mid-priced domains as much as possible. To the contrary, when you are purchasing deleted domains, it makes sense to work through them slowly and focus exclusively on the high-priced domains (i.e. ones that you can resell for \$500+).

There are two important things to note about the domain-dropping process. The first is that it happens after someone fails to re-register a domain. And the second is that the entire process takes about 80 days after the domain was not renewed. This means that once you identify a domain that someone will not (or did not) register, it could be quite a while before it becomes available.

When looking for and acquiring dropped domains, I suggest that you take the following route:

Use Software to Rip Through Hundreds of Thousands of Domains

A number of sites offer free and paid tools that you can use to identify expiring domains. You can download one of these tools for free at the following URL: <http://www.domainsoftware.org/>.

Once you do this, you should begin creating a “phantom” portfolio of expiring domains. Write down the URLs of domains that are expiring soon and that would be an extremely high value acquisition.

Track the Dropping Domains

If no one registers the domains during the “grace period” (the period immediately following the missed registration) or the “redemption period,” they will likely be up for grabs in a matter of days. In fact, if you check the WHOIS information and see the words “pending delete”, that means the domain is in its last 5-days of registration and will be released to the public within 5 days.

You can track these domains by using any “WHOIS” tool like the one at <http://whois.org>

Once the domains pass through the “deletion phase,” they will be available for anyone to register. Of course, you should keep in mind that many people are paying attention to deleted domains. And, for this reason, you may choose to use a third party system to acquire the domains during the deletion phase. This is what I’ll discuss in the next section.

Use <http://www.pool.com>, <http://www.enom.com>, and/or <http://www.snapnames.com> and <http://NameJet.com> to Acquire the Dropped Domain.

These services are set up to snag specific domains of interest the moment they are released to the public. They allow you to pay a small fee in order to acquire the domain. It is important to note that in many cases, more than one person will attempt to acquire a domain through these services - and, for this reason, you may end up bidding higher for the domain, even after the service in question acquires it.

Since each of these sites only requires you to pay if they successfully acquire the domain for you, it is a good strategy to use all three or four services for each domain you attempt to acquire, rather than just one. This will increase your chances of winning without increasing the price.

The benefit to working through these sites is that you will dramatically increase the probability that you will be able to snatch up the dropped domain. To the contrary, if you try to do it on your own, there's a good chance that someone using one of these sites, rather than you, will get it, since the time of the drop will be somewhat random.

Continue to Fine Tune Your Strategies

From time to time, consider whether or not your dropped domain buying strategies are working well for you. Consider, for instance, how well the dropped domains have fit into your overall portfolio; and how they are performing over time.

Another important thing to consider is how much time you spend to acquire each dropped domain. In general, the process will be much, much more time-intensive than the others; however, it may allow you to save some cash in the process.

Selling Your Domains Like a Master Domainer

When it comes to selling domains, there are considerably fewer strategic considerations. However, there are a few things that you must do if you want to maximize the revenue you generate from each sale. In this section, I will cover each of them.

Sell Now? Or Hold for Future Sale?

One of the most difficult parts of selling domains is simply deciding when to sell it. In an ideal world, you would want to snatch up a domain immediately prior to a high-growth period, park it to generate revenue, and then sell it before growth slows down. However, the price growth of domains is often very difficult, if not impossible to predict.

For this reason, deciding when to sell will often have a lot to do with your portfolio, rather than growth considerations. For instance, if you purchase a large block of domains in a particular niche, and they have experienced low price growth over the course of 8 months, then you may decide to put them up for auction, so that you can avoid paying to re-register all of them.

Overall, your choice of what to sell and when to sell it should depend on both portfolio and growth considerations.

How to List Your Domains For Maximum Profit

In order to get the maximum price for your domain, the best strategy is to research the market to identify potential buyers, and approach them directly. This is a bit time consuming, but usually very much worth it. A domain you may sell at auction

may bring you \$500, where the direct research and contact approach can bring you thousands.

If you're not interested in researching and contacting potential buyers directly, your main approach will likely be to list your domain for sale on one or more of the marketplaces we've discussed.

One of the most difficult parts of the selling process is creating your site listing. The best strategy for doing this will depend on the marketplace in which you decide to sell.

At a minimum, your listing should include the following information (if allowable):

1. Traffic and revenue documentation.
2. Screenshots of the Alexa rating, DMOZ status, Archive.org status.
3. A screenshot of the number of Google-indexed inbound links that are pointing at the domain.
4. A description of why the site is valuable; and why you believe it will continue to grow in value over the course of the year.
5. Possibly a professional appraisal (for sites worth over \$5,000). Even though we know appraisals are largely meaningless, they can be a deciding factor in the mind of your potential buyers.

If you include all of this information in your site description, you will remove a good amount of the uncertainty on the buyer's side and give yourself a much better chance to make a large profit on the sale.

When it comes do domain sales, there are roughly three different approaches you could adopt and each depends on the price of the domain being sold:

Low, Mid, and High-Priced Domains

For **low-priced domains** that you purchased from the primary market for \$10, there are two things to keep in mind. The first is that you should consider selling domains that are experiencing weak price growth in bulk; and you should do so several months before they are set to expire. This will help you to avoid the re-registration fees; and allow you to re-coup at least some of the original registration fee.

For **mid-priced domains** (which you probably purchased in the secondary market), you should consider listing them in a low-cost marketplace several months after you acquire them. This will work especially well in marketplaces that permit hidden reserve prices.

Listing them in this way allows you to feel out the market for your domain. You can see whether there is any serious price growth; or whether there is virtually no difference. Additionally, if you get a strong enough bite, you can sell the domain immediately.

High Priced domains are typically .COM domains that contain one or two words; or consist only of an acronym. They can cost anywhere from \$500 to tens of thousands of dollars or more. When you sell a domain like this, you need to protect yourself by including an adequate reserve price, and perhaps purchase a domain appraisal (again, we know appraisals are mostly meaningless, but they may help to sway the decision of the potential buyer).

Wrapping It All Up

Throughout this course, I've covered many of the main points of domain speculation in general. As you might imagine, there is so much more detail that can be covered in each one of the topics mentioned.

What you've learned here is mostly the bird's eye view of how the domaining industry operates as a whole, but there are many specific methods and systems I use that would each require a full, separate course.

In a nutshell, you've learned the places you can buy domains from, strategies you can use for buying and holding, and ways in which you can construct a domain portfolio to make it robust.

You've learned about dropped domains, and strategies on how to dig gold from third party sites like Pool, eNom, and SnapNames. We discussed how you can avoid big risks as well as creating a portfolio that hedges against different types of risk.

You now have enough information to get started as a new domainer. It's now up to you to put your knowledge to work, make careful decisions, and develop a powerful, robust, and profit-generating portfolio.

If you would like to learn my specific strategies and systems for selling domains like clockwork, and get more comprehensive training in exactly what to do on a day-by-day basis, I encourage you to consider becoming my student via my [Master Domaining](#) daily training sessions.

Yours for success,

Gene Pimentel



Get Hands-on Domain Training From a Seasoned Professional

Domain Flipping is more profitable than ever before -- IF you know the closely guarded secrets and tricks of the trade. After well over a decade as a successful domainer, I am revealing ALL my secret strategies for profiting with domains, and holding nothing back. Here's your chance to get access to everything I know about turning simple, inexpensive domain names into hundreds, and even thousands of dollars each. Follow the link below to get your share of profits in this very exciting business. Visit my website below for details.

Yours for success,

Gene Pimentel

Visit: <http://MasterDomaining.com>