How to Get Started as a Domainer: 28 Tips, Techniques and Resources

How does a salary of $10,000 per day sound to you? Webmaster and marketing extraordinaire Marcus Frind reportedly pulls in $10,000 per day in Google AdSense from his dating website PlentyofFish.com. But that's chump change compared to the $100,000 per day that domainer Yun Ye was pulling in before he sold his domain portfolio for about $164M in 2004 and subsequently disappeared under the radar.

When it comes to making a buck on the internet it seems that everyone has a solution, although few of them seem to work. But if you're looking to capitalize on one of the most powerful cash earning enterprises on the internet that is actually making plenty of people money, you should check out domaining. Although you may not be quite as successful as these two entrepreneurs, it's never too late to start in the domaining industry.

A domainer is someone who earns a profit buying and selling domain names. The philosophy is similar to the stock market: buy low and sell high. Here are 28 tips, tools, techniques and financing options to get you started on your way to successful domaining.

Domain Buying Strategies

Domaining is a lot like stock investing, the very best in the field have moved beyond basic strategies and have developed their own specific formulas for success. But just as with stocks, to obtain the skills necessary to reach that advanced stage, beginners must first understand the fundamentals of strategic domain buying. In this section we introduce you to five traditional domain buying strategies, and explain a bit about each.

Trademark Typo Domains.
One of the original domainer buying strategies was to hunt for any trademarked names that hadn't yet been purchased, and failing that, to purchase typos of those domains. These trademark typo domains often yielded a lot of type-in traffic, and because e-commerce law hadn't yet developed to its current state, companies would often buy out these domainers at very inflated prices. But if you're thinking about getting into trademark typo domaining, the ship has sailed. Current trademark law treats domainers that are seeing lots of traffic from a typo domain, and don't otherwise have a legitimate business use for owning the name, as

illegal trademark diluters. As such, trademark typo domainers typically have to turn over the domain to the trademark holder with little or no compensation. Simply stated, avoid the *trademark* typo strategy altogether.

Keyword Typo Domains.

While the trademark typo domain loophole has closed, a very legitimate and ethical domaining technique is pursuing *keyword* typo domains. Keyword typo domains (e.g., Mortgeges.com) can bring in a good deal of type-in traffic and are often significantly undervalued. While normally these aren't the type of domains that someone would want to build a high-value company around (though typo domain Voyuer.com went for $112,000 in 2005), smaller individual webmasters are always in the market for targeted type-in traffic, so these sites are often in high demand among small-time domain purchasers.

Automated Volume Buying.

The next strategy, automated volume buying, is simply that; using an application to automatically search for available domains that meet your pre-set criteria, and purchasing the domains that result from the search. Automated volume buying requires, first and foremost, an excellent application to accept your search criteria and conduct the searches. While there are a number of domain research tools available for purchase, many top domainers use a customized version. No matter which volume buying tool you're using, however, they all work in roughly the same way by allowing you to search WHOIS servers and filter results by keywords, Overture price ranges, search engine results, etc. So, for example, you could filter your potential domains by those that have a minimum of 1000 keyword searches per month and which yielded more than a top bid of $1.00 on Overture. While it is certainly true that now that more people are using automated volume buying tools the easiest bargains are usually taken, domainers can still find a good haul of cheap .com's as long as they stay ahead of the curve by getting creative with their filter criteria.

Trendwatching.

If you're looking for a domaining strategy that is longer-term but that can be highly lucrative, you might consider trendwatching. Trendwatching is simply the practice of anticipating popular domains before they become popular. The keys to successful trendwatching are good sources and creativity. One of the biggest mistakes novice domainers make, is attempting to trendwatch a very diverse group of industries, rather than focusing on a few and becoming an expert in those areas. The best way to start trendwatching is to pick two or three niches that you feel comfortable with and which are reasonably lucrative, then add eight to ten

blogs within that niche to your RSS feed. Bloglines, Newsgator, and Google Reader are all free web-based feed readers, just in case you are unfamiliar with RSS. If you're in a competitive niche, time is of the essence, so regularly check your feed for information on rising stars, new technologies, burgeoning trends or hot products, and once you hear of the trend, pounce on it immediately by buying up some relevant domains. In addition to RSS feeds, Google Trends can also help keep you on top of developing trends by showing relative query volume for one to five keywords or phrases. One thing to keep in mind when trendwatching, is that not every predicted trend will pan out, so anticipate plenty of total losses for every big hit. As a consequence, it is important to keep your domain holdings diversified, so that you aren't too heavily invested in a single trend, and thus you can afford to wait out the staggering returns when one of your trend predictions proves true.

Brute Force.
Automated Domain Research Tools (DRT's) allow you to sift through millions of available domains to find the few thousand that you might be interested in buying. But getting from those thousand to identifying the few specific domains you want to purchase can often be accomplished only through brute force. By "brute force" we refer to the most common domaining technique, which involves the use of a compilation of different manual research tools to identify the most lucrative domains. Each tool listed in this category simply helps to facilitate the process of manually going through and examining each potential domain on an individual basis (thus the "brute force" moniker). While it is impractical to cover every sort of tool that would fall into the "brute force" category, we have compiled a few of the most common tools to get you started.

- **AjaxWhois** is a convenient web2.0 domain search engine that executes multiple Top-Level Domain (TLD) queries on a root domain name. This can be a time-saver if you already have a specific root domain name in mind to purchase.
- **dnScoop** provides a variety of information about a domain, including whois, traffic, domain history and popularity, appraisal, pagerank check, inbound links and more.
- **DigitalPoint** is a set of webmaster tools geared more for websites and SEO's, but which also provides some helpful tools such as a keyword recommendation tool which can help you come up with new domain ideas and word combinations.
- **DomainState tools** is a suite of browser-based domaining tools and links to trademark databases.
- **Domain Tools** has a suite of useful tools for domainers, including domain history, reverse IP (to see what other websites are hosted

on an IP), DNS tools (whois, traceroute, etc.), domain monitor, and more.

- **PagerankPredict** is a very simple tool that gives you a predicted Google pagerank for a domain. This tool is handy if you plan to build out a domain with content. It is also free, but the site limits you to 5 queries per hour.
- **SearchStatus** is a robust SEO, SEM and domaining tool that works as a plugin for the Firefox browser. It will enable you to quickly get an overview of a potential purchase as well as a look and what backlinks are powering your competitors' sites.

The Marchex Model.

Back in early 2005, Marchex Inc. paid a whopping $164 million for 100,000 high-quality hand selected domains, planning in the short term to leverage the domains' type-in traffic for revenue, and in the long-term to selectively sell their appreciating portfolio. Individual domainers can follow a similar strategy, by targeting domains in the $1,000 to $5,000 range that are of higher quality and thus have a higher long-term upside potential. By targeting a dozen or so sites in this higher price range, Marchex Model domainers can eliminate most casual domainer competition and though they face higher risks, there is the possibility of much higher returns. It should go without saying, that having access to cheap capital is a must, as well as having a good understanding of domain appraisals. Unlike brick and mortar real estate, the domain name resale market is still not fully competitive, meaning that domains are often wildly under-priced, but can also be wildly overpriced. As a result, simply following market valuation for a domain without having a firm grip on your own appraisal metrics, is a certain way to fail when Marchex domaining.

Financing Your Domaining

No matter what buying strategy you decide to follow, the first step to getting into domaining is acquiring enough capital to play in the market. Put simply, the more capital you have, the easier it is to build your domaining portfolio. So in this section we cover some simple strategies for coming up with the right types of capital you need to get your domaining off the ground.

Spend only cheap capital.

What's the point of making a profit domaining only to pay it right back out again with high credit card interest rates? It is difficult to consistently make a return of more than 20-50% on your domain flipping, but you will need that return just to break even if you are funding your operations on credit card debt. So to minimize the risk of paying out all or most of your gains in credit card fees, make sure that early on you are only purchasing domains

with only the money you have, and not what your credit limit says you are worth. If you do buy domains on credit, make sure that you are paying off the cards before they start accumulating interest and fees; otherwise you'll start to see your domaining profits shrink as your break even point becomes that 20-50% interest rate.

Partnership.

Nobody likes to share their profits. But teaming up with a few partners who bring capital to the partnership will allow you to diversify your holdings and overall lower your risks and increase your net earnings. Just remember, however, that if the partnership dissolves, you may be forced to pony up cash to buy out your partners, or sell domains for less than you were hoping for. So if you and your partners have different ideas about how to profit from domaining, it may be a good idea to instead opt for a joint venture in which everyone's obligations are spelled out ahead of time.

Credit card balance transfer arbitrage.

If you've opened up your mail lately, you've probably noticed that 0% APR credit card offers have now replaced AOL Free Trial CDs as the most abundant piece of mail in the world. Well, some card issuers have taken the free credit offer one step further by offering you something called a transfer check, which is simply a 3-18 month interest free loan. They make the offer to entice you to use their credit card, but if want to live dangerously, this can also be an easy way to come up with some quick cash. This advanced financing method, known as balance transfer arbitrage, will allow you to use that "free" money before the offer period expires, then pay it back. This is a very risky technique, however, because if you run into emergencies or other financial problems and cannot pay back the free loan before the regular high interest kicks in, then you are sunk. But in a situation where you come across the once in a lifetime deal, engaging in 'balance transfer arbitrage' may be worth the risk.

Bootstrap and reinvest.

Bootstrapping isn't so much a single fundraising technique, as it is a 'do it yourself' mindset of leveraging what you earn back into growing your business. Entrepreneurs engaged in bootstrapping take very little of the company profits out of their business early on, and instead use those funds in lieu of a formal bank loan or venture capital. If you are anxious to quickly expand your domaining portfolio and can afford to live without the immediate profits, consider leaving all or most of your profits in the business to leverage new purchases. Bootstrapping is the poor entrepreneur's way to compete against larger competitors, because by reinvesting their gross profits back into the business, bootstrappers gain a

return which is functionally equivalent to compound interest.

Important Practices

Now that you have decided on a strategy for identifying domains to purchase as well as secured the financing to make those purchases, it is time to turn to the actual practice of holding and maintaining your domains. In this section we cover some basic ground rules and insider tips to keep in mind as you purchase and manage your domains.

Organize and auto-renew.
If you're holding domains for longer than a year, it's a very good idea to have them all [set to auto-renew](#). Make sure all of your contact info is correct and updated, and if necessary, change registrars. Whatever source of funds (credit card, PayPal) you use to pay for auto-renew should always have enough in extra funds so that in case you miss the notices, you're still able to avoid auto-cancellations, which usually cost more to get back than a new registration.

Don't fall in love with a domain name.
Plain and simple, your goal in domaining is to make a consistent profit. One of the biggest mistakes new domainers make is holding on to a domain just because they like the name, or personally feel its worth more than the market will bear. If a domain doesn't sell and you can't monetize it to at least cover its costs, the domain is just dead weight. A name may sound unique or potentially popular, but you have to face the possibility that it [may not have](#) a market value beyond what you paid for it. [Ridiculous domain names](#) (the very sort new domainers tend to get attached to) can be lucrative, but the buzz may not last long enough for you to hold out for more money after a decent bid comes in. So when you are dealing with a gimmicky domain name and you get your chance to make a quick profit, take it.

Name that domain.
Whether creating new domains or acquiring existing ones, the current trend (which doesn't show signs of changing) is to [stay away from](#) those domains that have digits and/or hyphens, as both naming schematics devalue a domain. The only exceptions are specific 3- and 4-digit domain names, most of which are all taken.

Taste this.
After you register a domain, many registrars offer a few day grace period during which you can rethink your purchase and still get a full refund.

Domain tasting, is the ethically questionable, but legal, act of utilizing this loophole by parking a domain, testing the amount of type-in traffic, then cancelling it before the grace period expires. Most registrars are starting to recognize these loopholes and are quickly cracking down on this unscrupulous practice, but with those registrars that haven't yet barred the practice, this can be a very good way of minimizing the risk of a purchase.

Create traffic.
If you own domains that aren't receiving a lot of type-in traffic, you may want to try to increase their value by getting them indexed into the search engines so that the eventual purchaser will find it easier to get the site to rank for relevant search engine results. The easiest way to do that is to place a link with relevant anchor text to the domain on one of your own related websites. In addition to getting the domain indexed, this is also a way to advertise the domain to interested buyers. Linking to your domain is generally allowable by most parking sites, but you may want to check with yours just to make sure.

Forums.
Everyone loves to use forums to exchange information and to connect with people who have similar interests, and as a result many new domainers buy up "forum" domains. But if you'll notice, very few people are getting rich managing forums, and even fewer are making money holding on to forum domains. Popular forums can generate tons of traffic, but domains with "forum" in the name are worthless without the actual site. Unless you can find a buyer capable of turning it into a site, or can build the site yourself, stay away from "forum" domain names.

Be prepared, legally.
If you decide to domain full-time, talk to an accountant about at what point in the yearly tax cycle is financially most advantageous for you to form your domaining enterprise into a legal entity. Forming a legal entity can be a headache, but by not doing so, you may be missing out on business deductions you might otherwise be able to take. So, just in case, keep all your relevant receipts, even if you're just starting out, to prove to the IRS how much you invested.Potentially more important than financial concerns, however, are the legal ones. Deciding to form a limited liability entity (Inc. or LLC) will limit your personal financial risk if legal problems ever arise. Though the legal differences between LLC's and corporations can be subtle, they are not insignificant, (e.g. differing tax treatment) so you should do your research before forming an entity.

Watch for pinchers, swipers, and thieves.
Sex.com was stolen from its owner using a fake transfer form, eventually

costing the owner millions. Slammers, spammers, swipers, and claim jumpers will try various tricks to get a domain away from you, including fake renewal email messages or snail mail letters (e.g., Domain Registry of America scam letters). If you fall for one of these sneaky transfer forms, you may end up paying extra for a domain or accidentally "permitting" the transfer of your domains to someone else.In addition to having your existing domains hijacked through subversive transfers, there are an increasing number of reports of people having their domain ideas pinched before they can register the domain themselves. It appears that a number of domain research tools are culling the data from users' searches, and using that data to instantly purchase the searched domains before the searcher himself can do so. So, for example, if you are using a tool to research available domains and come across a real gem, the owner of the tool you are using may swoop in and buy up the domain, thus taking advantage of your ingenuity while depriving you of a great domain. Because of this possibility, it is important that if you come across a previously unregistered gem domain, spend the few bucks right then to buy it up rather than take the chance on losing it by waiting a few minutes.Beyond pinches and swipers, you also need to keep an eye on your registrar. There are a number of reports of domain registrars being intentionally slow or unresponsive in the days leading up to a domain's expiration so as to ensure that the domain expires and reverts back to the registrar. If you have a dispute, check with WIPO for mediation, but the best policy is just to protect yourself in the first place by having at least a full-month's buffer when transferring registrars.

Techniques for Monetizing

For almost every domainer, the big money is in the actual flip, not the domain maintenance. So just as with real estate, one of the biggest keys to domaining success is to limit your overhead during the holding period when you are waiting for your buyer. In this section, we cover some common and not-so-common techniques for monetizing your domain to cover your overhead expenses.

Duke of URL: type-in traffic.
Google may control most of the western world's web traffic, but they don't yet control everything. In fact, a good keyword based domain can receive loads of type in traffic. With a well converting PPC landing page, this type in traffic can bring in from $100 to $1000 per day for a top-notch domain. Not a bad way to bide your time waiting for that perfect buyer to come along! So, when you're searching for domains, keep in mind that type-in traffic is entirely defensible, meaning it doesn't rely on a search engine or any other third party to send traffic your way, and that with enough of it,

you can entirely cover your overhead expenses.

Optimize your parked domains.
Some registrars allow you to add content and advertising directly to your parked domain's page at no extra cost. If that is the case in your situation, you should definitely take advantage of this opportunity by optimizing your landing page. Try various configurations and combinations of affiliate ads and PPC ads to see what yields the highest return. Often simply changing the color of your landing page is enough to double your click-through rate. So, don't sell yourself short by using a default ad configuration, or worse, not placing any advertising at all.

The (traffic) collector.
If you already have your own well-converting highly monetized website within the same niche as your domain, instead of optimizing your landing pages, it may be more profitable for you to simply redirect your parked domains to that website. The key consideration when making this decision is simple, can I make more money by optimizing or redirecting? By electing the more immediately profitable option, you ensure that the maximum amount of your domaining overhead costs are offset, which may ultimately enable you to hold out for the right buyer longer than you might otherwise be willing to.

Park and go.
While running your *own* PPC or adsense is the more lucrative solution, some domainers who are short on time or technical expertise choose to simply park domains at a service like Sedo. These sites allow you to optimize your parked page template, and they run PPC (Pay Per Click) ads such as AdSense for you, in exchange for taking a cut of any PPC revenues your domain earns. While this is a fine solution for those that are flipping sites on a very short timeline, for those domainers planning to hold the site for any significant length of time, the technical knowhow required to optimize on your own is very small relative to the earnings you may be giving up by sharing with a site like Sedo.

Community spirit.
Converting expired domains with traffic into web 2.0 community sites is one of the most popular new trends in domaining. The theory goes, that by starting your own community, regular focused traffic will visit your website in great numbers which you will be able to leverage to offset maintenance costs. Unfortunately, the hype surrounding web 2.0 typically overshadows the reality, which is that most community sites eventually fail, so trying something like this will require a lot of time, effort, money and luck. For those of you working on a tight budget, good ole' fashioned

domain parking may still be the best solution.

Creating your own lead generation.

Buying up older expired domains with a niche focus can serve as an internal lead generation system. For domains with a narrow focus, redirecting them to specific landing pages on your more general high-converting website can be an excellent way of leveraging your domains into a sort private Adwords / PPC campaign.

Adsense Arbitrage.

Google AdSense arbitrage is the practice of buying traffic at a relatively cheap price, and leveraging that traffic by having those users click through to ads which are relatively more lucrative than the cost of bringing in the traffic. When considering whether adsense arbitrage is the best monetization solution for your domains, it is first necessary to consider whether it is allowed by your parking host. Even if it is, however, adsense arbitrage is a very risky game which is in almost every instance better left for more experienced domainers and webmasters.

Choose volume over quality early on..

It's the volume domain purchasers who consistently earn the highest profits from domaining. New domainers are often intrigued by the possibility of owning THE keyword in a niche (keyword.com). But more often that not, it is better to diversify your holdings, start small, then later bootstrap your early profits into domains a bit higher up the food chain. Think of it like this: it's easier to sell 100 domains at $10 profit than one domain at $1000 profit.

Tools for the Trade

In the business of domaining, automation and resource tools are your friend. Because the key to regular success is volume, not that one big hit, utilizing quality resources and tools will go a long way to improving your bottom line by marginally increasing the profitability every transaction you make.

I'm pickin' up good registrations.

Since you're dealing in volume, a cheap registrar is important, especially when you're first starting out. But some deals are too good to be true, and occasionally registrars will go out of business. For good cheap hosting, GoDaddy is a baseline option, but it's not ideal for many high volume domainers or high quality domains. For your biggest domains, the ones you hope to sell and retire from the proceeds with, you may want to try Moniker. Whatever direction you decide to take, make sure to shop

around, and at a minimum check the resource list at the end of this article for a few more of your options.

Traffic monitors and predictors.
Keeping track of a site's traffic and popularity are both important metrics in valuating your own domains as well as those of potential acquisitions. The following tools, despite their individual limitations, are designed to provide you with a method of obtaining those stats on your own domains, as well as those of your competitors.

- **Alexa** is the benchmark traffic rankings directory. It is widely regarded as inaccurate, however, its relative numbers are still very valuable when studying a domain for purchase.
- **Alexaholic** is based on Alexa but allows you to compare the traffic charts of multiple domains. The value of Alexaholic (and Alexa) is that you don't need the current owner of a domain to have installed a traffic monitoring script (which is usually not possible on a parked domain anyway) to estimate the volume of traffic the site is receiving.
- **Ranking.com** provides the popularity of a website and requires script installation on your domain.
- **Ask the Owner**. A domain parking service will provide traffic statistics for the site's owner. So if you're interested in a domain, simply ask the owner for proof of statistics.