



## Domain Name Monetization and Social Networks

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### Introduction

I first highlight the uphill battle that marketers face in a fast-changing, technology-driven advertising landscape. Second, I provide a model of what advertisers should be doing. Third, I examine the motivation behind the social network (SNW) tools and how marketers can use them in their advertising campaigns. And then I draw some conclusions about the following questions:

1. Can domain name developers and monetizers
  - a. Leverage their site development experience to this new online space?
  - b. Use SNW sites to enhance the revenue performance of their domain names?
  
2. Can the tools add value to our industry?

The leading SNW sites are MySpace, Facebook, and LinkedIn. The first two are not activity specific, while LinkedIn is more of a niche facilitator for locating former business and school associates; it provides the business community with fast and flexible tools to meet and interact with each other.

### Technology and Marketing

1. Marketers' Predicament
  - a. A study by Yankelovich Partners<sup>1</sup> found that almost 60% of U.S. customers find marketing to be irrelevant to them personally; of that share, almost 70% are interested in products that would block marketing attempts. The study found that customers respond more favorably to marketing when they have control over what they see, when they see it, when they interact with it, and how it is personalized.
  
  - b. Sherman and Weinberger<sup>2</sup> report that less than 20% of marketers surveyed believe that their own industries effectively manage the challenges that face them.

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<sup>1</sup> *Business Wire* (April 18, 2005), "Marketers Must Change How They Appeal to Consumers If They Want To Capitalize on Promise of New Media, According to Study," available at [http://findarticles.com/p/articles/mi\\_m0EIN/is\\_2005\\_April\\_18/ai\\_n13627973/print?tag=artBody:coll](http://findarticles.com/p/articles/mi_m0EIN/is_2005_April_18/ai_n13627973/print?tag=artBody:coll).

<sup>2</sup> Erik Sherman and David Weinberger, (2006), "Out of Control," *Advertising Age*, 771(14), 9-12.

## 2. What's a Marketer to do?

To answer this question, I adapt to advertising a model developed for evaluating the effectiveness of product design.

Like ad design, cognitive and emotional interaction with ads offers several layers. Donald Norman identifies three: visceral, behavioral, and reflective.<sup>3</sup> The visceral level has to do with an ad's initial impact on a viewer. The behavioral effect is about whether the ad is experienced passively or interactively. An ad's reflective effect is the meaning that the receiver attaches to the experience. The first two are about now, while the reflective is about developing sustainable long-term relationships driven by the personal meaning the user attaches to an ad.

Thus, for a successful long-term relationship, marketers need to go beyond engaging their potential customers and limiting ad intrusion. They need to:

- a. Induce customers to experience the product or brand. This means involving the customer in the creation, delivery, and dissemination of the brand message.
- b. Personalize the experience.
- c. Provide incentives for site users to continuously change content. In contrast, traditional e-commerce sites and portals maintain a tight control over content, whereby change is mainly a matter of adding products, adjusting prices, and updating news.

Although some of the SNW tools can be placed on corporate sites, the marketing advantages of participating in SNW sites are:

- a. Reach. Marketers reach a vast, demographically targeted audience with speed and efficiency. They enjoy an immediate opportunity to share skills, ideas, and ways to improve their businesses.
- b. Immediacy. Marketers have immediate access to the tools instead of needing to build them in-house, which may not be one of the firm's competencies.
- c. Moving beyond a community. SNWs add value beyond online communities through
  - Recommendations being made by trusted friends.<sup>4</sup> Unlike search-result recommendations, say, by Google algorithms or anonymous members, they come from trusted friends with similar interests and a shared age group. Note that a friend has earned trust. Simply using members' real names also builds trust, but not nearly as much.
  - Reflective advertising. The new messages go beyond the simple behavioral impact of merely capturing customers' attention.

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<sup>3</sup> Donald A. Norman (2005), *Emotional Design*, Basic Books, pp. 36-8.

<sup>4</sup> In SNW, the only reliable inference from a "friend" connection is that two users met online.

- Entertainment and emotional comfort. Members don't feel as if they are receiving advertising messages. When a friend passes on information, it not only feels more trustworthy but also more current, novel, and entertaining.

### 3. Enabling tools

As the Internet progresses into Web 2.0, users have powerful new tools like podcasting, SNW, and blogs. The landscape of content is now customer-centric (instead of company-centric), user generated, and interactive, and it allows more "intimate" community participation. The customer need not know any HTML or even own a computer to participate in a SNW.

These tools were developed for e-socializing, not e-commerce; that is, their aim is to help users pass time with friends.<sup>5</sup> Thus, advertisers need to create cooperative solutions with SNW site operators to bridge their needs and those of users.

To take advantage of these tools, marketers can:

- a. Create special profile pages for their advertising and become community members. They can include, for example, a chat room specifically for their customers, then invite users to recommend those pages to their friends to join. This can serve as a buzz generator and/or as a customer service tool to get candid feedback.
- b. Provide a link to their corporate Web site.

The tools are also being adopted on corporate sites such as those of *The New York Times*, *the Wall Street Journal*, and *Fast Company*, either through in-house development or partnerships with SNW sites.

### **Business Models**

SNW sites are intermediaries, with each having its own platform to bridge the functions of content generators and consumers. Maintaining these platforms is costly, so SNW site owners need to generate revenue to survive. The revenue can come from charging the generator and/or consumers of content. However, they have, at least for now, opted to make participation free, leaving them in need of other sources of income.

SNW revenue comes from displaying banner ads and from allowing special profile pages for marketers. LinkedIn has a different model that generates revenue through providing a number of premium services such as InMail, job listings, and premium searches.

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<sup>5</sup> In Second Life, virtual transactions can be converted into real U.S. dollars. It also differs from SNW sites in maintaining a sense of space and property rights.

The market size of SNW is still developing, as the following figures suggest:

1. Social networks are not yet universal, according to an eMarketer report.<sup>6</sup> In the Netherlands, 36.4% of the population goes in for online social networking, compared to 23.4% of the total U.S. population.

**Social Networking Users in Select Countries Worldwide, 2008 (millions and % penetration)**

	Users	% of population
Australia	2.6	21.1%
Austria	0.6	11.5%
Brazil	11.4	9.6%
Canada	4.2	21.7%
China	39.0	4.5%
Czech Republic	0.8	12.7%
Denmark	0.6	21.9%
France	4.2	11.4%
Germany	8.2	15.6%
Greece	0.5	7.8%
Hong Kong	1.0	21.4%
Hungary	1.0	18.6%
India	11.8	1.8%
Italy	4.0	12.0%
Japan	12.4	12.2%
Mexico	5.1	8.1%
Netherlands	3.7	36.4%
Pakistan	1.8	2.2%
Philippines	3.0	6.0%
Poland	2.7	11.2%
Romania	1.4	10.0%
Russia	6.1	7.1%
South Korea	9.4	23.7%
Spain	4.7	19.7%
Switzerland	0.8	17.6%
Taiwan	4.0	25.8%
Turkey	3.3	7.8%
UK	10.6	29.1%
US	43.0	23.4%

Note: ages 16-54; daily or every other day Internet access  
Source: Universal McCann, "Power to the People: Social Media Tracker Wave 3," April 2008

0294036 [www.emarketer.com](http://www.emarketer.com)

2. U.S. B2B online SNW spending in 2007 was \$15 million, but is expected to more than double in each of the following years, according to an eMarketer report.<sup>7</sup> This is much smaller than U.S. online ad spending.<sup>8</sup>

<sup>6</sup> "Social Networks Are Not Yet Universal," September 3, 2008, eMarketer: <http://www.emarketer.com/Article.aspx?id=1006513>.

<sup>7</sup> "Social Networks Get Down to Business," August 18, 2008, eMarketer: [http://www.emarketer.com/Articles/Print.aspx?id=1006482&src=print\\_ar](http://www.emarketer.com/Articles/Print.aspx?id=1006482&src=print_ar).

<sup>8</sup> David Hallerman, "[US Online Advertising: Resilient in a Rough Economy](#)," March 2008, eMarketer.

### US B2B Online Social Network Advertising Spending, 2007-2012 (millions and % change)



Note: includes display, rich media, search, widgets, applications and other forms of advertising targeted to a business audience on any social network  
Source: eMarketer, August 2008

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### US Online and Total Media Advertising Spending, 2006-2012 (billions and % of total media spending)

Year	Online	Total media	Online % of total media
2006	\$16.9	\$281.6	6.0%
2007	\$21.1	\$283.9	7.4%
2008	\$25.9	\$293.3	8.8%
2009	\$30.0	\$299.0	10.0%
2010	\$35.0	\$307.0	11.4%
2011	\$41.0	\$316.0	13.0%
2012	\$51.0	\$332.0	15.4%

Note: eMarketer benchmarks its US online advertising spending projections against the Interactive Advertising Bureau (IAB)/PricewaterhouseCoopers (PwC) data, for which the last full year measured was 2007; online ad data includes categories as defined by IAB/PwC benchmark—display ads (such as banners), paid search ads (including contextual text links), rich media (including video), classified ads, sponsorships, lead generation (referrals) and e-mail (embedded ads only); excludes mobile ad spending; eMarketer benchmarks its US total media advertising spending projections against the Universal McCann data, for which the last full year measured was 2007; includes television (broadcast and cable), radio, newspapers, magazines, Internet (excludes mobile), outdoor, direct mail, yellow pages and other

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3. My Space revenue, which includes banner ad revenue and special profile pages for advertisers, for 2007 was estimated at \$200 million to \$300 million. Yahoo, with comparable number of page views, was estimated to be about \$5 billion for the same year.

## Examples of Ad Campaigns

### 1. Brand Experience:

- a. BMW hired major Hollywood directors and actors to create short films. The films were downloaded from the Internet instead of being run on television or in theaters. Traffic to the Web site was driven by media advertising of \$14 million, and production of the films was estimated at \$15 million.<sup>9</sup>

<sup>9</sup> John A. Deighton and Leora Kornfeld (September 26, 2007), "Digital Interactivity: Unanticipated Consequences for Markets, Marketing, and Consumers," Harvard Business School Working Paper, p. 19: <http://www.hbs.edu/research/pdf/08-017.pdf>.

- b. Unilever shifted the message for its Dove brand from a functional brand-positioning approach to that of a brand with a point of view. The new approach confronted the beauty industry with the charge that its communications had been undermining the self-esteem of its users by setting and propagating unrealistic standards for female beauty, and offered instead what it termed the Campaign for Real Beauty. It developed two video products that were widely disseminated on video networks like YouTube, Soapbox, Blip.tv. The videos generated television buzz, with mentions by Oprah Winfrey, Jay Leno, and David Letterman.<sup>10</sup>
2. Venting and Suggestions  
With the video promotion, a Unilever campaign included programs on MTV and a page on MySpace where people could trade complains and tips about the company's products.<sup>11</sup>
3. Direct Rewards  
Chase has a promotion on Facebook that implicitly uses a person's friends to endorse its credit cards. When people join the Chase group, they see a list of other friends who have also joined. The program gives members points when they do things like apply for a card and get others to sign up. Those points can be redeemed for prizes, donated to charity, or given to other friends on Facebook.<sup>12</sup>
4. Adoption of Tools by Traditional Media  
New WSJ.com community features will allow about a million paid online subscribers to comment on every story, pose their own discussion questions, e-mail each other, and set up profiles that will allow others to see what they're doing on the site. BusinessWeek is experimenting with similar tools built around topic pages, while *The New York Times* has partnered with LinkedIn on some community features. Nevertheless, the attempt by *Fast Company* magazine to build a vibrant online community of business readers has not been successful.<sup>13</sup>

### Concluding Remarks

1. Like domain names, SNW marketing represents a challenge to traditional media. Nevertheless, technology can be developed for an ad agency, possibly Google, to expand the scope of Web 2.0 tools to publisher sites, including domain names.

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<sup>10</sup> Ibid.

<sup>11</sup> Saul Hansell (October 16, 2006), "Joining the Party, Eager to Make Friends," *The New York Times*: <http://www.nytimes.com/2006/10/16/technology/16social.html?sq=unilever%20myspace%20mtv&st=cse&scp=1&pagewanted=print>.

<sup>12</sup> Ibid.

<sup>13</sup> Vindu Goel (September 15, 2008), "New WSJ.com Builds on Its Community of Subscribers," *The New York Times*: <http://bits.blogs.nytimes.com/2008/09/15/new-wsjcom-builds-on-its-community-of-subscribers/?scp=1&sq=wsj%20social%20network&st=cse>.

2. The right static content can be king, for now, but there are situations when content is not desirable with domain-name landing pages.<sup>14</sup> Moreover, effective static content needs to follow the standard inverted-pyramid format, and shouldn't be too long or too short. Given current technology, such content needs to be created at least in part by humans. For content to be king, it needs to go beyond splashing cut-and-paste material from other sites.
3. SNW content is aimed at creating a buzz and/or engaging users. However, adopting SNW tools to generate content is not cheap. Moreover, successful marketing campaigns have tended to combine SNW content with ads on MTV, adding to the expense.
4. Only one link can be provided from a SNW site to an external Web site. With domainers owning multiple related names, this limits cross-linking.
5. Adding the ability of visitors to communicate online is not enough, as Fast Company has learned. Ads must be reflective and must change frequently. With SNW, static content is passé.
6. A social element and/or showing what other members of a community are doing on the site seem to be requirements for success. Members of domain name forums would most likely find such tools welcome and refreshing.
7. Registrars, monetizers, and marketplaces may benefit from monitoring SNW sites for content related to company bashing.
8. The domain name community is currently not welcome on these sites due to brand use in domain names, cybersquatting, and sterile landing pages. Nevertheless, they can use this medium to improve the industry image.
9. General use of certain branding ads on sites that are not demographically specific can diminish the benefits of having a targeted market and the speed of ad message dissemination, and can result in brand dilution. Although such brand dilution is not confined to SNW sites, the issue arises when SNW managers consider expanding the customer demographic base. Advertisers don't want to lose the "cool" factor. Thus, the rate of converting ad clicks to sales does not necessarily imply successful branding, say, for Toyota Scion and Red Bull.
10. SNW creates value beyond building communities. The added value comes from recommendation by a friend (as opposed to from a pseudonymous community member) and from the reflective impact of advertising that builds brands instead of mere communities around a brand. ■

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<sup>14</sup> Alex Tajirian, (April 8, 2008), "[Domain Monetizers Must Provide Result-List and Content Versions](#)," DomainMart.