



Domain Names as a Media Channel

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January 26, 2009

Successful marketing of domain names to ad agencies needs to be structured to fit the agencies' established acquisition procedures. New media, in the form of online ads and games, has already embraced such procedures. Our industry also has to take into account the visual nature of advertising, meaning that the display of domain names needs to have a personality.

A good starting point is to examine the problems that advertisers face when using domain names as a channel, and then to design solutions that overcome or reduce those problems.

There are real differences, procedural and structural, between selling ad agencies on domain names and selling them on other media channels. The domain industry—meaning owners and industry groups—prefers to think the problem is simply that agencies are blind to the value of domain names as a media channel. But unless we face up to the differences, we can't break through to the ad agencies.

The issue is not a question of old versus new media, more of old buying habits versus new ones. Either the domain name industry can wait for ad agencies to change their purchasing methods so as to make room for the domain name channel, or the industry can restructure the domain channel into a format that's familiar to the agencies. And remember, nothing takes longer than waiting for someone else's habits to change.

Advertising is visual and ad space is typically bought in slots at fixed cost and in repetitive orders, as with multiple airings of a television spot or multiple printings of a magazine ad. Under this purchasing format, domain names pose two major obstacles. One is the large necessary [initial financial outlay](#) that, without rigorous analysis, can turn into high sunk costs. The second is the need to package domain names to fit the typical procedural acquisition format of the advertising industry.

A text-based URL can never look as snazzy as an elaborate graphic image or animation, but a domain name must still have a visual personality. Capitalizing key words, as in a headline, can give it one and also make the name easier to read and remember. Compare [thisisourwebsite.com](#) and [ThisIsOurWebsite.com](#). Personality should also be considered in the selection and approval of new top-level domains (TLDs) and registrations under the new TLDs. For example, ".BMW" has less visual personality than "BMW" or "BMW.com." Also "BMW.cars," if ".cars" were approved, has no personality, and thus,

if new extensions were restricted to nonbrands, BMW should not register the “.BMW” TLD.

New proposed TLDs that use geographical designations can provide personality as well as information. For example, compare “SFBMW.com” and “BMW.SF,” where “SF” stands for San Francisco. In online games, for example, the use of the “.SF” TLD would signal the presence of a BMW dealership/store in San Francisco. Of course, to be effective personality needs to be authentic, especially when using superlatives and geography.

To conform to customary media buying formats, one solution is a modified leasing service a la [Sendori](#) ([acquired by](#) Ask.com last week), where companies can buy slots repetitively. [LeaseThis](#), although a viable leasing model, cannot be molded to conform to ad buying standards. Nevertheless, the current Sendori model, based on their case study, is driven by the advertiser’s ability to manage domain-by-domain traffic, as opposed to acquiring ad slots based on fixed pools of traffic. The advantages of pooling are also to smooth traffic and conversion rate fluctuations, as well as reduce click fraud. The pools of domain names can be constructed based on a main key word, with traffic shared by multiple advertisers, or else a pool can be customized for an individual advertiser. Moreover, their FAQ suggests that advertisers bid through an auction mechanism for key words rather than rely on the traditional advertising method of a fixed price. For pooled domain-name traffic, ad pricing can be based on certain characteristics of pools, especially if these characteristics can be standardized. The slots format and fixed pricing are being implemented for new media, including online search ads, and by game companies such as [DoubleFusion](#) and [Massive Inc.](#) Although familiarity with auctions has increased, thanks to eBay, the company itself is trying to move to a fixed “buy now” pricing mechanism. Obviously, the optimal pricing mechanism depends to a large extent on user friendliness in addition to maximizing potential profits.

In conclusion,

1. The industry needs to find ways to make domain names satisfy the comfort zone of advertising agencies. One such approach is pooled leasing.
2. Companies need to ensure that their displayed domain names, whether for branding or traffic, have a personality.
3. The selection of new TLDs has to take personality into the decision equation. ■