DomainMart

Parking as Media Company

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Parking companies do for advertisements what old-style retailers do for products: they provide "shelf space." To ensure a sustainable business model, they should end their sole reliance on pay-per-click (PPC) and diversify. They must act like new online media by selling third-party goods and services that can be integrated with the specific interests and products of a given domain name's associated Web site.

There are two new business models, both of them now experiencing phenomenal growth, that parking companies should integrate with their ads:

1. *Member-sale businesses* for their nongeographic domain names**.** This business model includes companies such as Guilt Groupe, Rue La La, and Vente-Privee. (These member-based businesses borrow from outlet-mall sample sales to create significant value for the consumer. They send sales notices to their members that are typically 72 hours in length to give them access to curated merchandise at 50% to 75% off retail.) The business model will very likely expand beyond the outlet-mall merchandise, and thus the business model becomes viable for a larger segment of domain names.

2. *Group buys* for geo domains. Companies like Groupon and LivingSocial are driven by members' social networks, whereby a publicized deal is triggered only when "enough people" buy in. The trigger volume creates the incentive to share the deal with friends until "the deal is on." Under such a model, the value contribution of an affiliate parking company is measurable and thus a pay-per-action (PPA) pricing can be easily designed. Nevertheless, the revenue viability of such a PPA advertising venue yields higher-than-traditional PPA compensations due to the social network incentive effects and like PPC supports frequent and reliable revenue reporting. Nevertheless, PPA is, in general, less susceptible to advertising fraud. (See an example of a success story in San Francisco.) ■