

Why \$10,000 For A Domain Name Is Still Cheap

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Domain names are now an integral part of any business. Whether the use is primarily for email, a company website, or part of a marketing campaign anyone starting a business must secure a domain name.

The difference between a domain name and other marketing expenses however is you are acquiring a presence which help future customers define you, not leasing one.

Owning a premium domain has become expensive with the average price of a domain name hovering around anywhere between \$5,000 and \$20,000 however how expensive is this?

If one were to compare the price of almost anything compared to its original cost could we not classify everything as expensive. A \$3 bottled water costs how much to produce? Or a \$300 pair of designer sunglasses which probably cost less than a mocha to manufacture?

The argument about why domains command so much value simply breeds from a lack of understanding about the value of the underlying asset, and possibly some jealousy. If your grandmother purchased a piece of oceanfront property 10 years ago for \$100,000 and today it's worth \$500,000 would you question the value of the property? No, because real estate has a tangible, acceptable value in our heads. Domain names are property and although many of them are owned by astute investors who saw the future value of these assets and simply monetize them by serving ads (instead of adding value) the majority of these investors should never be criticized or defined as squatters but smart people who were in the right place at the right time.

Somebody has your name and they are squatting on it?

Unless you have a trademark on the domain or someone is intentionally capitalizing on monetizing a typo of your trademark no one really is a squatter in the domain name industry. What's even more interesting is for those people who complain that "somebody has their name," but lack a trademark or other legal form of similar use, is almost the equivalent to saying that your grandmother owns my dream home except now they are inferring that your grandmother is this evil natured women and not a smart investor. Real estate ownership is acceptable by public opinion and so should be domain name investing.

Of course, ask anyone around the domain name industry and no one will deny there is a certain segment who does traffic in trademark names or try to sell domains far above what any reasonable value the domain has but isn't every legitimate industry also home to some people who practice the shady areas of business. The used car market, jewelry business, financial trading and pretty much every industry I can think of has their share of reputable dealers and non-reputable ones. The trick is to find trustworthy people to deal with and assets at a fair value to you and your business plan.

How much is a domain name worth?

Realistically a domain name can be worth any amount but most domain names sell for around \$5,000 to \$20,000 – premium domains, category killers and short domains however can easily command \$100,000 or millions depending on a wide number of reasons. But let's not talk about the value of

individual domains per se but how a domain name compares to the cost and value of traditional media. Let's put a \$10,000 domain in perspective to traditional media.

Billboard Advertising

Billboard Advertising is some of the most expensive advertising around. In New York City, for example, a rotary bulletin can cost you anywhere from \$35,000 to over \$600,000 a WEEK according to Clear Channel's online rate card.

Mobile Advertising

You know that advertising billboard which is essentially carried around on the back of a truck and drives around all day? \$20,000 a month if you want to advertise in the Atlanta Market (although fuel cost is included)

Radio Advertising

Even radio ads can cost around \$200 average per spot and you need at least a handful a day to make any dent in attracting business... total monthly estimated cost \$30,000 or more.

Now the question is what do you own after the 30 day period for the traditional media sources above?

Nothing.

If you spend \$10,000 on a domain name your only future expenses are the \$8 a year in registration fees - not even \$8 a month ... actually less than \$1 a month.

Of course there are other expenses such as building a website and SEO but all of these expenses are costs which go directly to building value to something you own – not airtime or billboard space you are leasing!

There are also intangible factors like authority which domain names have that traditional media can never compare to. Imagine owning a domain like govote.com or compareautoinsurance.com – Domains like these are intuitive by description and define your role as an authority on the subject and domains like this are commonly available instead of spending millions of dollars on the super premiums like vote.com or autoinsurance.com

Many domains can command \$1,000,000 or more even in a fire sale however the amount of great domains still available at cost well below annual traditional media cost for only a SINGLE portion of your overall marketing plan is practically unlimited.

The real question is not how much a domain name costs but how much value the right domain name can bring to your business.

Take a look at your marketing budget and see what \$10,000 buys you. Not a whole lot after all – well, at least anything you can own for eternity at a one-time cost.

Those interested in learning about domain names should start by visiting places like Domaining.com, DNJournal.com, DomainNameWire, theDomains.com or Elliot'sBlog.com to understand the very active domain name marketplace that exists and why every day your dream domain is getting closer to being gone for good.