

Five Steps to Purchasing a Domain Name in the Secondary Market

By Lee Hodgson

If the domain name you have chosen for your new web site is already registered, don't despair. Most names are owned by domain speculators, and in these dot bomb days, domain resale prices have fallen considerably. Here's a five-step guide to securing the domain name you want at a price you can afford.

1) Is the Name For Sale?

If the domain name you want already hosts an active web site, chances are the owner won't be selling. To find out, just type the name into a browser. If an active site appears, don't give up on the name just yet. Check to make sure the name you typed in matches the actual site name. Why? Well, domain-savvy site owners often point multiple domain names to their site. It's a good way to utilize domain names which are for sale. For example, type <http://yet.com> into your browser. You get forwarded to a web site called SitePoint.com because yet.com is being used to 'catch traffic' for SitePoint. If this is the case with your name, there's still a good chance it's for sale.

If, instead, you get an 'under construction' page or browser error, there's a very good chance the name is for sale.

Another way to establish whether a name is for sale is to visit SEDO.co.uk. They house a searchable database of domain names for sale, and it's a two-minute job to look up your target domain.

2) Set Yourself a Budget

By now, you should have a good idea whether it's worth going after the name, so it's time to take the next step: set yourself a purchase budget. If you don't, you could end up paying far more than the name is worth to you. To establish the name's value, ask yourself a few simple questions: Will the name increase the prestige of my business? Will it make it easier to find strategic partners? Will it drive extra traffic to your site? Will it be a valuable asset for your company?

I said the questions were simple, I didn't say the answers were! But you do need to go through this process. Not only will it help you come up with a purchase budget, it will also clarify the reasons why you are spending money purchasing a domain name.

OK, so you've a target name, and a purchase budget, now the fun really begins...

3) Make An Offer

You now have a major decision to make. Should you open a dialog with the current name owner, or should you employ a third party to act as a broker?

Both methods have pros and cons which you need to weigh carefully. By conducting the negotiations yourself, you will have a direct handle on the purchase and you will also save on broker fees. The major downside is by negotiating directly with the seller, you will find it very difficult to maintain anonymity. With something as intangible as a domain name, anonymity is certainly desirable, especially if you're purchasing the name on behalf of a corporation. The bigger you are, the more money the seller will expect to make.

It's that simple.

One alternative is to employ a professional domain broker. This way, you can keep your identity secret. A good domain broker will be able to advise you on your purchase budget, find out quickly if the name is available for sale, and also conduct negotiations. Employing a professional is a good method if you have a relatively large purchase budget.

The method suiting many small businesses is to take advantage of a 'virtual' domain broker. The major domain trading sites, such as Afternic, GreatDomains and URLBuyers have such services. The virtual broker emails the currently listed owner with your offer and negotiations are carried out anonymously via a web site. This method isn't perfect. It relies on the domain registration records for the name having a valid owner email address, which isn't always the case, but works for most names.

4) Negotiate The Deal

It's best to start with a low offer price, even as low as 10% of your budget. Really, there is nothing to lose and everything to gain from this approach. You might get lucky, and pick the name up for a bargain price. If not, you still win, because you have set a low boundary value for upcoming negotiations.

If you get a counter-offer from the owner, it's time to get serious, as they are definitely interested in selling the name to you. Don't be intimidated if the counter-offer is too high. Just be patient and make a small concession from your original offer. Negotiations can take days or weeks. If there is a desire to do a deal on both sides, a fair price will eventually be negotiated.

5) Perform The Transfer

The final piece in the jigsaw is to get the name transferred from the current owner. If you negotiate through one of the domain name trading sites, the transfer will automatically be done through an escrow account. If you have negotiated directly with the owner, you should still use an escrow service. It is good protection for both parties - try Escrow.com. They provide an excellent service.

The transfer process can be straightforward and be complete in approximately a week. Alternatively, it can take two to three months, depending on the willingness of the parties involved. Where the name is registered is also a factor. Some companies can transfer in an hour, where others may take weeks.

Final Advice

- 1) Establish a budget, stick to it.**
- 2) Employ a professional domain broker for big-budget names.**
- 3) Use a virtual domain broker for low-budget names.**
- 4) Always use an escrow service.**
- 5) At GreatDomains and URLBuyers, the seller is responsible for all transfer / escrow fees. With Afternic, the buyer pays.**

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