How to Flip Domain Names

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One of the easiest ways to make money online is by buying something for a low price and selling it for a higher price. It is even better when you don’t need to pickup or ship a product. Today I’m going to talk about how to make money online by flipping domain names and how I personally have made tens of thousands of dollars in the past year doing this.

There are many places and ways you can purchase domain names. You can purchase unregistered ones through sites like Godaddy. There are forums where people will gladly try to sell you their domain name (usually though the domains being sold in forums are either crap or the asking price is so high it does not allow you any room to flip the domain). And then there is my favorite way of obtaining domain names, through an online auction at Namejet. Let’s first talk about Namejet and then we’ll talk about how I personally ring the register by flipping domains.

Namejet is a domain clearing house (at least that is my term for it). What happens is that people let their domain names expire everyday. Some people just don’t need their domain anymore, some people forget to renew it, some people die, I mean there can be hundreds of reasons why a domain will not be renewed. What the domain registrars want to do is cash in on the domain that someone forgot to renew, so they offer that domain to Namejet to auction it to the general public. Think of it like a storage unit, someone doesn’t make their payment and the storage company hires an auctioneer to come and auction the storage unit to the general public. Namejet is doing this but for domain names. The bid for each domain starts at $69. What I LOVE about Namejet is the process… they let you search through the domains that are coming up for auction 30 days in advance. Whoever places a $69 bid on a domain will be entered into an auction when the 30 days runs out with everyone else who placed a bid. If you are the only bidder than you get the domain for $69. If there are 10 other bidders than there is a closed auction, meaning only you 10 guys can bid now against each other in a 3 day auction with the highest bidder taking the domain when the clock strikes zero. I love this because let’s say there is a great domain and it flies under the radar. If it goes to auction with only 3 or 5 or 7 bidders my chances of winning this domain at a very low price are great. I’ve won domains for $100 which I was able to flip for $2,000. I won a domain for $2,500 which I flipped within 4 months for $7,500. I won a domain for $1,000 which I’ve turned down $5,000 offers on because I think I can get $10,000 for it. The key is to not overpay in order to leave yourself plenty of room to turn a profit when you flip the domain.

The first thing you need to do is signup at Namejet ( http://www.anticareer.com/namejet ) in order to get your account (signup is free). You can then use their search functionality to sort through all the upcoming domains for auction. Place bids for $69 on the ones you want to go to auction for. If you bid on 100 different domains for $69 each, and there is 50 bidders for each auction you need to understand you aren’t going to owe any money, you are not committing $6,900 to Namejet. By entering that $69 you are getting an entry into the live bidding when the 30 days expire. Only if you are the ONLY bidder on a domain would you automatically win the domain and owe $69 to Namejet.

So what are some strategies to finding great domains to flip? Well, the first is to find quality domains. There are some sights that publish a daily list of good upcoming Namejet auctions like here: http://www.tld.org/tld-blog . This is an easy way without having to search to find some
great upcoming auctions to bid on. If you have the time you can search Namejet yourself. The key is to making money by flipping domains is to find domains that other people will want. If the 30 day window period just started on a domain (for this example let’s say it was Anticareer.com) you could use Google to search for ‘anticareer’ and ‘anti career’ and see if you can find people who own sites that may be interested in this domain. Email them and ask them if they’d have an interest in purchasing the domain Anticareer.com. If you get some bites you can then go and bid on the domain and if you win it you can flip it right away. Once you get some experience it will be easy for you to spot the domain names which you can quickly and easily flip and you’ll also develop a good feel for what price you should pay to make yourself the amount of profit you want to make.

A rule of thumb that I follow is when I purchase a domain name I have to believe that I can flip it for a 100% profit. So if I spend $500 on a domain I need to feel like I can sell it for no less than $1,000. This way, even if I’m wrong in my estimation I still have some room to still turn a profit. And if worse case comes to worse case I’ve sold domains before for a $0 profit (it happens even to the best of us).

You have a domain name that you are either considering buying or placing a bid on, or you already bought the domain. You want to scout prospective buyers of this domain. What do you do? There are two approaches that everyone should take which are major, and then a whole bunch of minor ones that may work out once in a while. Let’s talk about these two major approaches. The first approach is to get to Google and type in your domain keyword. Meaning, if the domain I bought was BlueCars.com than I’d go to Google and search for the phrase – blue cars. See who the natural search engine results are. See who is paying to advertise for this term. You can either grab all those website URLs and check the Whois data to get the email address of the owner, or you can visit those sites and see if they have contact information. This first method provides you with some great potential leads. These are people who are either spending bucks to advertise for this term or people who have focused their SEO efforts on this term.

The second major method is to find out who owns all the other domain extensions for this term… meaning if I bought BlueCars.com than who owns the .net, and .org, and .eu, .es, .info, .tv, .mobi, etc… Because the .com domain is king, and if given the chance, most smart people would upgrade from a .net to the .com. By finding out who owns all these domains you’re getting another list of potential buyers. You should also consider who owns the hyphenated versions as well, i.e. blue-cars.com, blue-cars.net, etc… You can do this manually. You can use a site like LeadRefs.com to help you with this (they allow a few free searches per day and then they want you to subscribe). Or if there’s any other good sites that do this out there you can use them too if you want skippy.

Those are the two major approaches I’d recommend to you when looking to flip a domain name. There are multiple minor ones which sometimes work to a lesser success rate. I’m not going to blab on about all these, the only one I will mention is take a look if any related domains sold recently. The historical domain sales site I like to use is http://www.dnsaleprice.com and in this example I’d type bluecar.com in there and see if any related sales are shown (it may show you something like fastbluecar.com or mybluecar.com or bluecars.com, etc…). If someone bought
a related domain name that they may be interested in your domain. Get the whois of the domain they bought and reach out to them to see if they are interested in purchasing your domain name.

I have already read your minds and I know I’m going to get emails asking about how to determine what to ask for your domain when you are selling it. I will write a part 3 about the negotiation process and who should make the first offer, how to determine what price to try to get, and how to know when you should take the money and run.

I did not touch on another method to buy domain names that can work well, but it runs hot and cold. That is by directly contacting domain name owners. Sometimes I’ll type a domain name into my browser and see what’s on the site. If the site is fully developed and looks like the owner put effort into it I usually don’t bother contacting that domain owner unless I really want the domain. If I navigate to a URL and I see that there is nothing on the site, or the site is a static one pager that looks like it originated in the mid 90's I will give that domain owner a shout and see what is up. Sometimes the stars align and you will contact someone who has no use for the domain, they want to sell it, and you are the first one to ask them about it so you can negotiate a good deal. Other times (and this happens most of the time) you’ll contact a domain owner who has read articles about domain names that have sold for six or seven figures and they have it in their head that their domain is worth that. Rarely is that true, but once someone has something in their head it can be hard to convince them otherwise. If you want to try you can find recent domain sales and show them what the current market rate is for a similar domain name. But some people you just can’t talk down.

You can also go to a domain name marketplace like Sedo.com, Afternic.com, or one of the other domain name marketplaces. There’s a bunch out there, Google is your friend if you want to find them all. And on the flipside, as a domainer seller you can list your domains in these marketplaces in hopes of having a potential buyer locate your domain (most marketplaces will charge you a commission in the 10%-15% range if your domain name sells).

Almost forget, there are also domain name brokers who will try to move your domain names for you (provided you have a domain name that is semi valuable). My rule of thumb is to always try to sell the domain first on my own so that I don’t have to pay anyone a commission and I can maximize my profit. If I have no luck and I don’t want to spend the next 7 years trying to sell a domain than I’ll use marketplaces or domain brokers to try to sell it for me.

Moving on… pricing your domain. You bought a domain name (let’s assume at an auction as mentioned in Part 1) and you want to flip the domain. Just like any business you need to price your goods. Think about what you paid for the domain name and what an acceptable profit would be for you. The less profit you are willing to take the quicker you will be able to potentially flip your domain name. Said another way, the more money you want to make on your domain the longer you may be sitting on that domain trying to find a buyer.

You need to determine what type of domain seller you are. If you’re a quick flipper than buying a domain for $100 and selling it for $250 is a good day for you. If you’re a value seller, you bought a domain for $100 and you think the value is $1,000 so you’re willing to part with it for $500. Or you’re a patient profit maximizer, you sit on the domain in the previous example
until you found someone who would pay you $1,000 or more. It’s all about cash flow and profit in the domain flipping business. Those of you who have low cash flow will be quick flippers, while those who have stacks of money can afford to be more patient if you want. You need to come up with a plan and then stick to it. I’ve seen people who bought a domain for $XXX, sold it for $XXXX, were happy with their sale until a few months later they see that same domain sold for $XXXXX and then they get depressed. Why? As long as you are accomplishing the goal that you set out to accomplish don’t look back in regret. Maybe you can learn a thing or two for the future, but don’t hang your head.

What works for me? Ok, because you asked: What I do is look for quick flips on domains I buy cheap that I don’t see a ton of value with. Why would I buy a domain if I don’t see a ton of value with it? Because you can’t always hit a home run so you should also look for the singles and doubles. If I buy a domain at Namejet for $69 or at GoDaddy for $50 I am happy if I can flip it quickly for a couple hundred if the opportunity presents itself (though I try to do quick flips and get as close to $1,000 as I can).

Now If I see value in a domain name (regardless of what I paid for it) I become a more patient seller and wait until I find a buyer who recognizes that value and is willing to pay me for it. The quick flips can add up and give me that cash flow I need which allows me to be patient and sit on the higher quality domains waiting for that right offer to roll on in. Sometimes you will get stuck holding a domain longer than you anticipated and you will need to reevaluate and see if you still believe in the value you assigned to the domain or if you should lower your expectations in hopes of getting this asset off your balance sheet, moving it to your income statement and recognizing the sale on your cash flow statement.

**How to craft emails to move your domains?** When it comes to sending out emails to people you found (in Part 2) who may be interested in your domain name there is no magic bullet. Nobody has an email text that is guaranteed to sell your domain. It’s all about testing, tweaking, and revising. How I frame my email usually goes something like this: I’ll give them my name. I’ll tell them the domain name that I own. I’ll let them know any special qualities of the domain and/or the reasoning why this domain makes sense for them. If I know the price I want I’ll tell them the price, or if I want them to make an offer and I’ll them to make an offer. And I’ll let them know I’m sending out a similar email to a few different parties who may have an interest in this domain. Putting it all together here’s how an email I send out might look:

*Hi, my name is Chris. I own the domain Anticareer.com and was contacting you today because I thought you may have an interest in acquiring this domain. Anticareer.com was registered back in 1995 and this is the first time that I am offering the domain for sale. As the owner of AntiCareer.com I thought your business could benefit from owning Anticareer.com. If you are interested in the domain name I am open to offers. I am sending out an email to other parties that I believe may be interested in this domain so my email to you is not exclusive and I’m looking to sell the domain on a first come first serve basis.*

*Thanks for your time,*

*Chris*
Now you can applaud me or rip my email to shreds, but this is the type of email that works the best for me so I’m sticking to it. If the domain you are trying to sell is aged I find it is a good move to include that age in the email. Now while I have not owned Anticareer.com since 1995 my wording can be taken that way (which I don’t mind) because it will put some people into the mindset that there is a once in a 17 year opportunity which is a benefit to you. I also tell them that I’m contacting other parties and my email to them is not exclusive because I want to apply a little pressure to them. Maybe they would have offered $1,000 and tried to low ball me and maybe they’ll come in with an offer more in tune with what I was looking because they are afraid to miss out on the opportunity to own this 17 year old domain. After all, a domain name is not like a car, there are many of the same exact car so you can leave the dealership and come back another day if you want and still get that same model car even if someone bought the exact one you were looking at, but with a domain name each domain name is 100% unique and there’s no exact substitute for it. If you get someone to understand that then it can only help you in the negotiation process.

The only other thing I can think off of the top of my weary brain that I didn’t cover is how to evaluate domain names and pick winners. This is a steep learning curve and the best way to describe it is that you need to get a feel for it. Sure, everyone can recognize those home run domains, but you are going to pay a pretty penny for them. The true skill comes in picking up those singles and doubles. And avoiding the strikeouts, doubles play balls, or getting benched. That’s it, three part series done. Hopefully you learned a thing or two on domain flipping. If not then go fly a kite. Good luck with the domaining.

About Anticareer.com:

Anticareer is run by an internet marketer who has been earning six figures a year in internet marketing for the past 5+ years. Anticareer.com is a free to access site that discusses different internet marketing techniques, tactics, and methods as well as discussed other related topics such as SEO, CPA programs, software & tools to use, other ways of making money online (such as domain flipping), and many other useful information for anyone who wants to go anticareer, and kick their 9-5 job to the curb and work for yourself online.