CAN YOU TRUST MARKETING MESSAGES?
CHALLENGING A CLAIM IN THE DOMAIN MARKET?
Abstract

Today, millions of purchased domain sites names are sitting unused with no real web designs or concrete purpose coupled with them. Why would not owners engage a web-hosting domain-parking hotel so they can earn money through eyeballs advertising or click revenue while their sites sits unused? Parking hotels claim access to passive domain monetization through advertising programs tailored to generate revenue via automatic web page generations containing tailored advertisement. When visitors access these web sites, revenue is generated for domain owners. This study sought to investigate if parking hotels’ advertising claim, that you can make money through them, carries substance. Hence, is it possible to generate sufficient revenue using a parking hotel’s advertising revenue model to pay for the cost of domain ownership and, if possible, generate excess revenue? The study’s epistemological approach, trying to distinguish the truth about the hotels’ claims, stems from ontological discussion around web hosting hotels’ advertising vehicle existence and its ability to generates revenue. The study challenged a parking hotel’s claim through an inductive quantitative approach by watching advertising revenue for 59 domain names over 105 days. Quantitative data concluded, through a statistical approach, that there were insufficient advertising income, approximately a nickel, to cover the annual cost of approximately $6 USD. Therefore, the study concluded that the advertising claims were misleading and recommends that sites are not purchased, or renew, for the purpose of making money through web hotels’ advertising models.

Key Words: Domain Parking
# Table of Content

1. **INTRODUCTION** ............................................................................................................. 1
   - BACKGROUND ........................................................................................................ 1
     - Domain Names – Truly Revolutionary ........................................................................ 1
   - PROBLEM FORMULATION AND PURPOSE ................................................................ 2
   - PREVIOUS STUDIES ..................................................................................................... 4
   - RESEARCH QUESTIONS .............................................................................................. 5
   - PURPOSE ................................................................................................................... 5
   - POSITIONING OF STUDY ........................................................................................... 6
   - LIMITATION ............................................................................................................... 8

2. **THEORY** .................................................................................................................... 10
   - DOMAIN SERVICES AND PARKING HOTELS ............................................................. 12
     - Domain Name Market ............................................................................................ 14
     - Domain Name Value ............................................................................................. 14
     - Domain Name Money Flow .................................................................................. 16
   - ADVERTISING REVENUE .......................................................................................... 16
     - Promotion .............................................................................................................. 18
     - Advertising Revenue Generation ......................................................................... 21
   - IMPRESSION REVENUE ........................................................................................... 25
   - THEORY SUMMARY ................................................................................................. 26

3. **METHODS** .................................................................................................................. 27
   - RESEARCH APPROACH AND STRATEGY ................................................................. 27
     - Subject selection .................................................................................................... 27
     - Foundation ............................................................................................................. 27
     - Study Approach .................................................................................................... 28
     - Theoretical Approach ......................................................................................... 30
     - Practical Approach ............................................................................................. 31
     - Purchase of web sites ........................................................................................... 33
     - Selection of web hotel ......................................................................................... 33
     - Advertising Optimization .................................................................................... 34
     - Monitoring ............................................................................................................ 36
   - RESOURCES AND INFORMATION .............................................................................. 36
   - VALIDITY, RELIABILITY, AND REPRODUCIBILITY .................................................. 36
     - Statistics ................................................................................................................. 40
     - Collection of Data .................................................................................................. 41

4. **EMPIRICAL STUDIES** ................................................................................................ 42
   - MONITORING AND RESULT COMPILATION ............................................................. 42
     - Visitors (RPM) ....................................................................................................... 43
     - Click-Through (CTR) ............................................................................................ 43
     - Earnings-Per-Click (EPC) ...................................................................................... 43
     - Statistical data ...................................................................................................... 48

5. **STUDY FINDING AND CONCLUSION** .................................................................. 51
   - Post script ............................................................................................................... 57
6. FUTURE RESEARCH AND RECOMMENDATION .................................................................... 58

References............................................................................................................................... 64

Attachment A: Domain Name Industry
Attachment B: Statistical Calculations
Attachment C: Domain Names Purchased and Advertising Key-Words Names
Attachment D: Sample Web Layout
Attachment E: 1and1 Purchase Orders for Domain Names
Attachment F: Accumulative Visitor per Site
Attachment G: 1and1 Search Engine Submission

Figures
Figure 1, Domain revenue creation. Based upon Shen (2001, p. 60) Internet Measurement and Pricing Model................................................................. 11
Figure 2, Author’s interpretation of Parking Hotels’ service model........................................... 13
Figure 3, Domain Sales (Dnjournal)......................................................................................... 15
Figure 4, Unused Domains percentage per Verisign (2006, p.5).................................................. 16
Figure 5, Authors collaboration of Bagozzi’s (1986, p.12) four Ps and Lauterborn’s four Cs (Yudelson (1999, p.62)........................................................................ 19
Figure 6, Media Channels per Nilsson (2006, p.8)................................................................... 19
Figure 7, Authors Theses Approach from Bagozzi (1986, p.12) and Lauterborn Yudelson (1999, p.62)........................................................................ 20
Figure 8, Adwiz Model by Langheinrich, Nakamura, Abe, Kamba, Koseki, 1999, page.1264 ........ 21
Figure 9, Sample of advertising links. Screen picture from www.Ativera.com one of the sites used in this report............................................................... 23
Figure 10, Author’s illustration of the study approach................................................................. 30
Figure 11, Timeline..................................................................................................................... 32
Figure 12, Bell Curve.................................................................................................................. 40
Figure 13, Visitor and Revenue. The figure shows around 650 visitors creating around $0.75 in revenue................................................................. 44
Figure 14, Visitors per site and regression. The figure shows mean visitors of approximately 10 visitors per site for the duration of the 105 day test period........................................... 45
Figure 15, Normalization curve for Visit per Site. Most sites had around 10 visits per site......... 48
Figure 16, Dotplot of Visits per site. Most sites had 11 visits per site.......................................... 49
Figure 17, Normalization curve for Revenue per Site. Most sites had no revenue during the study................................................................. 50
Figure 18, Dotplot of Revenue per Site. Most sites had no revenue.......................................... 50
Figure 19, Empirical revenue data superimposed on the theoretical revenue model................. 52
Figure 20, Conclusion articulation. The picture illustrates that domain cost is larger than annual revenue for a domain................................................................. 56
Figure 21, New Registration growth per Verisign (2006, p.3)...................................................... 68
Figure 22, Renewal rates per Verisign (2006, p.5).................................................................... 69
Figure 23, Statistical calculations (www.jambala.com/sedo stats.xls)....................................... 70
Figure 24, Domains used in study, 1 of 3..................................................................................... 71
Figure 25, Domains used in study, 2 of 3..................................................................................... 72
Figure 26, Domains used in study, 3 of 3..................................................................................... 72
Figure 27, Sedo’s Web layout after the study had entered its associated key-words. From www.ativera.com................................................................. 74
<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>28</td>
<td>1&amp;1 purchase order, 1 of 6</td>
<td>75</td>
</tr>
<tr>
<td>29</td>
<td>1&amp;1 purchase order, 2 of 6</td>
<td>76</td>
</tr>
<tr>
<td>30</td>
<td>1&amp;1 purchase order, 3 of 6</td>
<td>77</td>
</tr>
<tr>
<td>31</td>
<td>1&amp;1 purchase order, 4 of 6</td>
<td>78</td>
</tr>
<tr>
<td>32</td>
<td>1&amp;1 purchase order, 5 of 6</td>
<td>79</td>
</tr>
<tr>
<td>33</td>
<td>1&amp;1 purchase order, 6 of 6</td>
<td>80</td>
</tr>
<tr>
<td>34</td>
<td>Visits per site (Accumulated)</td>
<td>81</td>
</tr>
<tr>
<td>35</td>
<td>Accumulated revenue generated over the test period</td>
<td>82</td>
</tr>
<tr>
<td>36</td>
<td>Revenue per site (accumulated)</td>
<td>82</td>
</tr>
<tr>
<td>37</td>
<td>Number of Click through per site (accumulated)</td>
<td>83</td>
</tr>
<tr>
<td>38</td>
<td>1&amp;1 search engine submission, 1 of 4</td>
<td>84</td>
</tr>
<tr>
<td>39</td>
<td>1&amp;1 search engine submission, 2 of 4</td>
<td>85</td>
</tr>
<tr>
<td>40</td>
<td>1&amp;1 search engine submission, 3 of 4</td>
<td>86</td>
</tr>
<tr>
<td>41</td>
<td>1&amp;1 search engine submission, 4 of 4</td>
<td>87</td>
</tr>
</tbody>
</table>
1. Introduction

This section introduces the reader to the purpose and goal of the research. It provides background to problem articulation and presents theories relevant to the objectives. It further set forth the limitations of the study.

Background

Domain Names – Truly Revolutionary

A staggering 105 million sites have registered on the worldwide web today according to Verisign (2006, p.2), the global register operator for .com and .net. Though there seems like there is a site for everything on the web, many of these sites are non-active, meaning they do not provide an active web page if you surf to the web address. Verisign (2006, p.5), estimates that there are between 7.5% and 14% of non-active sites on the web today. Extrapolated, nearly 8 to 15 million sites sits idle without a “direct” purpose at any given time on the web. Although, corporations and individuals buy many sites to protect existing and future products names, misspellings of product or company names, speculation for selling, or otherwise, many sites just sitting there doing nothing other than costing the owners money. Each site comes with a yearly fee for ownership. One way out of this cost dilemma could be to place inactive sites with domain-hosting hotels. These “soup to nuts hotels” supposedly provides services that give owners advertising revenue service – many hotels like Sedo, claims to have a 1.5 million domain names in under their management.
Problem Formulation and Purpose

On one of the parking hotel’s web site, we can find advertising that reads “Earn Money while you Sleep” and “You can make money without even lifting a finger” (Sedo 2006). So would it not be smart to generate some ancillary revenue for unutilized sites? One logical question could be, why not? It is free, right? Even better, would it not be nice if one could make this into a money making machine by generating more revenue than the site’s annual ownership cost. A true money machine is created? Here is the concept, just buy domain names, place them at a domain hotel, lean back and collect the advertising money! Of course, and without argument, this money machine must create excess profit [from advertising revenue] to cover the ownership cost otherwise it logically would be a losing proposition. In other words, it must be profitable.

So why are domain names so important? The purpose of using domain names instead of addresses based upon numbers is to assist humans to remember a domains address. It is obviously easier to remember a name than an 11-digit number, at least for most of us. When a domain name is entered, the address is translated into a universal resources locator (URL) number. This translation relieves the users from remembering numbers and keeping up with IP changes, should they occur, as they only need to remember the web name. It also introduces the ability to guess what a web name could be. One example of this is the daily newspaper in Sweden, Dagens Nyheter. It’s URL are www.dagensnyheter.se or www.dn.se. Without common knowledge, both names are translated into IP address or 62.119.189.4 by the URL translator on the web. This translation is done at the Internet Corporation for Assigned Names and Numbers (ICANN). This translation and linkage with the world wide web’s
URLs carries a translation cost. This fee is for a site is a cost that without income is a losing owner proposition. Understandable, some of these domain names can, and most likely does, have legitimate purposes long-term. The research asks, though, what if a domain could generate more revenue that its cost? A little deeper description of the revenue model yields that one must transfer one’s domain to a domain hosting hotel in order for it to be managed. A simple redirection of its unique web address (URL). Hotel then takes over and generates advertising, monitor site statistics such as visitors and their activity, and reconciliation. After deducting their advertising commission, they return advertising revenue to the site owner. There is no cost for placing a site with them other than a commitment to pay commission. As the study will point out, owners’ involvement is to provide key words linking advertising content to the site name. These key words are then what the hosting hotel use to automatically tailor/link appropriate advertising content to the domain site. The study will point out there is a belief that there is a propensity to visit a site based upon its name (See domain name Value below). It is therefore important to try to link domain names to specific key words. For example, if a site is named www.I-TAKE-AWAY-DUST.com thinking that it is a cleaning company, one could link key-words such as cleaning or dust– to increase traffic to the site. Alternative to the hosting hotels, although more laborious, is to create one’s own web site layout. This path requires agreements with advertisers, monitoring of site traffic, and collecting of advertising revenue. The benefits would be less intermediary commissions since one bypasses the hosting hotel.
**Previous Studies**

This study has similarities with advertising studies made by Chatterjee, Hofman, and Novak (2003) dissertation research; Modeling the Click-stream: Implications for Web-Based Advertising Efforts Marketing Science. In their research, they studied visitors’ propensity to click on banner advertising based upon exposure, timing, and prior exposure. Although, their research sought to measure consumer propensity to click on banner ads while navigating web sites it did not relate back to revenue generation and domain cost.

Further, promotion research by Hofacker and Murphy (2000, p.57) argue that, inconclusively, too many banners can eventually reduce revenue generated from links and the host site. Although the Hofacker and Murphy argue that their conclusions are inclusive, it shows that researchers are investigating propensities for click-through. Similar research was done by Lohtia, Naveen, and Hershberger (2003, p.410-418) where they in their research investigated content and design on click through rates between consumer and business.

One of the closest matches of previous research was Nilsson’s doctorate study; Attention to advertising based upon web site complexity (Nilsson, 2006). Nilsson’s discussion around promotion and how web site complexity affects attention to advertising, lend itself to this study in that the web site advertising complexity affects the propensity for site revenue. Though the study’s limitation, distracts from personalized web design, it could certainly affect the outcome of the results.
Interestingly and surprisingly, the study could not find similarly research related to this specific revenue cost articulation. One suspicion, and possible reason, could be that domain name hosting hotels has no reason to support or release such tests- and advertise-findings since it could potentially prove a negative business proposition. Why would you tell domain owners of a losing proposition? Studies on click through rates, eyeballs, and advertising in general are easily found and are in abundance. With the vast number of unused sites floating in cyberspace, the lure of shaky site sellers and their spam, and people’s search for easy money, researching the economics around web sites ownership is more imperative now than ever. Is there an easy way to make money through web site ownership?

So is it worth to buy, place, or hold/keep, domain names with the intension of making passive advertising money to covering the annual ownership cost?

**Research questions**

What affect can marketing message interpretations have on sellers and buyers, and under what circumstances can their facts and promises be accepted.

**Purpose**

The purpose of this study, to create knowledge around advertising message truthfulness, is done by challenging a "revenue generation" message through an empirical test.
Positioning of Study

The study’s dependencies is based upon one of the classical marketing mix (Bagozzi, 1986, p. 12-14) – the four Ps; (Price, Place, Promotion, and Product) - namely Promotion. The study will, vertically within this Promotional branch, branch out into Advertising – a subcategory found under the promotional umbrella. Advertising could be seen as, “the various activities that a company undertakes to communicate the product’s merits and persuade target customers to buy them.” according to Kotler (Quoted by Hakansson, Harrison, and Waluszewski, 2005, p.258) and since the purpose of a domain hotel is to “advertise” links on ones domain web sites, it was felt that this would become a limitation of the study. This study’s objectives is to investigate if a web hotel advertising engine is sufficient in generating revenue in excess of domain ownership cost. Since the owner is not able to try different advertising layouts this limitation is needed. Even though one could easily argue that, more web design features could potentially improve revenue generation (pop-up, pop-under, flash, video, or music) they are deliberately excluded in this study. The study would like to acknowledge that this limitation – the ability to affect web complexity - could affect the outcome of the success as indicated by Nilsson (2006, abstract page). Nilsson states, “Reduced complexity, on the other hand, releases cognitive resources that can be spent elsewhere. Thus, a higher attention level to the advertising stimulus was recorded”. One could therefore argue that different web layouts could affect the advertising effectiveness. Furthermore, this study does not intend to prove or argue if domain hotels are “good or could be better” advertisers by trying competing advertising layouts, but rather if they are worth using. Consequently, this study does not offer arguments or comment on the web hotel’s advertising strategy but rather on its effectiveness with associated valuation of service
offering. Such study would require a dualistic approach, with dual sites (a study owned design and the domain hotel’s design) to compare. This will not be covered in this study.

One should further state that the study did not influence the optimization of search engine indexing as the study were trying to be a passive owner. In other words, during the study, no sites were submitted to any search engines other than if such submission were done by the domain name hosting hotel. The only active part, as will be outlined below, were the direction of advertising association related to the domain name – the provisioning of key-words. Further, it is understood that no cookie technology\footnote{Cookie Technology is a unique identification text file that is placed on the hard drive of a visitor by the visiting Web Page’s server. The purpose of a cookie is to know when a visitor has returned to the web site. Microsoft (2007)} was used by the hosting hotels to identify returning visitors nor were the sites considering browser or operating systems (PC or MAC). The lack of cookie technology limits the tailoring of advertising based upon returning visitors. The study did not argue what advertising were delivered to a visitor by the hosting hotel. Since the research did not control the web hotels statistical information it took it for granted. Lastly, a short note on delivery of advertising and delivery. Even though there are difference between when an advertisement is served and fully downloaded the study follows the measurement methodology used by the services of the selected web hotel (Stanley and Witter, 2000, p. 23). The study did
not find any inconsistencies in the web hotel’s measurement during the study-measuring period.

Furthermore, as top domain names can be valued to millions of dollar, this study did not take into consideration potential value of domain name sale. The simple reason for this is that such valuation is prohibitively time consuming. As one might have heard, a product’s price/value is only what someone is willing to pay. However, when Brown (1984, p. 235) describes valuation he mentions four dimension that effects price which are; a) the price is often set based upon prices of other like products, b) price is a social event, c) it is set by real-world transactions, and lastly d) price is set per the total supply. One could conclude that the price should only be $6\(^2\) (the price of a new site) since there are unlimited sites available to be assigned, however, since there is speculation in the value of a name, one will not know it’s true value until it is sold.

**Limitation**

This study is not about e-business in its general sense, selling and buying (Brown, 2002, p.11), but rather about trying to get visitors to come to certain domains and teasing them to click on advertising ads on the site – to create eyeballs and click through revenue. Sure, the advertisers’ seeks e-business from the link clicks on the domains; however, the study seeks not buyer-seller transactions but rather eyeballs and clicks.

\(^2\) All prices are in USD.
This study investigates the domain owners’ side of the money equation and will not try to assess the value of domain name parking enterprises.

One assumption, though hard to validate, is that the domain names chosen in this study comes from a uniform population. Hence, the study assumes that the 59 domain names used in this survey represents names uniformly drawn from the 100 million domain name population. Without further study this assumption is difficult to validate.
2. Theory

In this section, a theoretical discussion around the marketing aspects of a web site is derived through the exploration of the traditional marketing mix promotional branch. The section will describe how marketing promotion leads into advertising’s two communication messages; method and media. After this marketing introduction, it takes a look at domain names, their acquisition, market and purpose. Thereon after, a discussion of web hotels hosting model and service model. A general discussion around promotional tools – advertising - used by web sites follows. Ending the section is a descriptive connection between web hotels and domain advertising revenue. After reading this section, the reader will be familiar with the acquisition process of a domain name, its cost and different methods of web advertising such as clicks, click for action, and eye-balls.

In order to decide whether to buy or keep a site for the purpose of making money through web hotels’ advertising model, a couple of important theories has to be studied. The first avenue of revenue comes when a visitor arrives at a site. This is measured as the number of visitors and has nothing to do with what is actually done by the visitor at the site, only that they arrive there. The second avenue of revenue comes from the action that the visitor performs at the site. Here the revenue depends on the advertising that is clicked. Therefore, by looking at the money flow of the hotels’ model we can learn what makes them tick as well as understand what will generate money for a domain owner. Based upon these two vehicles there will be two important factors that will assist a

---

3 According to Interactive Advertising Bureau (http://www.iab.net/resources/glossary_a.asp) Eyeballs reference to the number of people who view, or ”lay their eyes on,” a certain advertisement.
domain owner in making money. First is the number of visitors that can be drawn to a site and secondly, once there, the advertising enticing visitors to perform certain actions at the site. Since the study has limited itself not to participate in optimization search engines it will not have the ability to affect the propensity for visitor to arrive at the site. Once a visitor has arrived, an economical revenue model initiates and is based upon on what is performed during the visit. Here the study created web sites advertising messages via through the web hotel’s marketing system.

The revenue model can, hence, be outlined as two separate paths. One being the impression revenue and the other advertising revenue. See Figure 1.

---

**Figure 1**, Domain revenue creation. Based upon Shen (2001, p. 60) Internet Measurement and Pricing Model.
**Domain Services and Parking Hotels**

Domain hotels, domain parking, hosting of domain names, all of these can be used to describe a place where one can place ones domain name to earn advertising money while a site is unused. However, there is a distinction between domain services and parking hotels that are often not communicated.

**Domain Service** provides a home for your web site. These providers often sell unused domain names and often provide a trading service for owned names as well. Example of these is Godaddy.com, 1&1.com, Yahoo.com, and Networksolutions.com. Often they also provide a place, if one does not provide one’s own web server, where one can pay to rent a physical location that will hold the actual web site. These hosting services are merely holding place for web site information, which are not created by them.

**Parking Hotels Services** offers a twofold business model. As communicated by Sedo (2007) they advertise their services as “…offers our users all the tools needed to buy and sell domains among a community of users stretching around the world, including domain appraisals, brokerage services, promotion and last, but not least, Sedo’s popular domain parking program”. Parking hotels are in the domain-parking and eyeball and click business where domain owner trade their domain or place their sites so they can earn passive revenue. The advertising service is what the study’s objective is set out to evaluate, as illustrated in Figure 2. The study will focus on the design and linkage on a web site and will exclude search optimization and the domain trading aspect.
These hotels make money hooking up buyers with sellers of domain names. Sedo (2006) charges 10% of the sales price. Sedo, for example had one site sold at the fifth place on the 2006 money list, yielded them $100,000 in commission, Figure 3. They facilitate this commerce through two methods. First, they act as a middle man between buyer and sellers. This service focuses on sites that are not currently for sale but where a buyer would like to buy it and does not want to approach the owner themselves. This one-on-one method is described by Vulkan (2003, p. 66) as inefficient. Vulkan (2003, p. 66) states, “At one extreme, bilateral or ‘one-on-one’ barging can be very inefficient…” . Hence, unsolicited bids for existing domains can be expensive since you have to convince an owner to sell their domain name based upon a financial incentives. As stated, this one-on-one service carries a 10% trade commission.

A second method for trading domain names is auction. This method is has a number of preferred characteristics for sellers that are worth noting (Vulkan
First, what better media is there for one to reach many then an internet auction? Secondly, auction maximizes revenue for the seller provided that there are one more bidder than sellers. There are, however, vehicles to protect if this relationship is not obtained. One such vehicle is the setting of a minimum opening price. Lastly, there is a cost advantage with online actions as compared to live or sealed bid auctions.

**Domain Name Market**

According to Verisign’s (2006, p.2) report, the second quarter 2006 ended with over 105 million domain names registered, an impressive 27% increase of 2005. Interestingly, there are 14%, or some 15 million sites that when accessed (Verisign, 2006, p.5) no site will appear. The cost for obtaining a site ranges with some quotes averaging $7.63 (GoDaddy at $6.95, 1&1 at $5.95, and Register.com at $10). This price will provide ownership of a site name for one year.

**Domain Name Value**

Due to the value of domain name recognition versus IP number, a market for domain names has surfaced. The top ten 2006 domain names sales have fetched more than $12 million (Dnjournal).
Incorporating sale prices such as those listed in figure 3, which for many are incomprehensible, into the study would distort the objective. Since the study’s arguments is around domain monetization, domain name ownership should be reviewed.

Sites can be categorized into three important groupings; active or live sites, parked sites, and inactive sites, respectively. An active site is one that presents the visitor with an active site associated with the purpose of the site such as www.jambala.com. A parked site is a site that is under construction or hosted by web hotels such as www.nomom.com. More on parked sites below. Lastly, an inactive site leads the URL to a non-existing link, meaning that no web page will be presented to the visitor such as www.lsdkfjasdf.com. When combining the two groups, inactively managed or parked they represent a combined 40% of the domain market according to Verisign (2006, p.5) Domain Name Industry Briefing report. See Figure 4, below.
Domain Name Money Flow

There are over 100 million domain names registered (Verisign 2006, p.2) today. Three forth of them are being renewed (Verisign 2006, p.5, attachment A) annually and with a renewal charge of averaging $7.63, a renewal revenue of around half a billion dollars is generated. It is easy to see the there is a lot of commotion around domain names and their renewals. Combined, this annual renewal rate with the estimated growth rate (Verisign 2006, p.4) of 24 million domain names which also carry the $7.63 hosting rate, and one can see a healthy market.

Advertising Revenue

In the early days there were four generic marketing strategies (Bagozzi, 1986, p. 12) that created fueled traditional marketing strategies. It contained four anchors (4 Ps); Price, Promotion, Place, and Product and was, according to Duncan & Moriarty (1998, p.1) derived from Borden’s (1964) seminar work. These four anchors were later seen related to a client-oriented marketing philosophy by Lauterborn (Yudelson 1999, p. 62). Lauterborn added four Cs to enhance the traditional marketing mix – the four Ps. The four Cs added were
Communications, Customer Needs and Wants, Cost to Satisfy, and Convenience. In the figure 5, below, the four “traditional” Ps are shown with their corresponding “new” Cs. For example, one can see that P:Product corresponds to what the C:Customer want and needs. Another example is that P:Promotion corresponds to C:Communication. As outlined in the limitation section, this study limits itself to the promotional side of marketing, hence, the study will not reflect on the other three facets here.

Figure 5, Authors collaboration of Bagozzi’s (1986, p.12) four Ps and Lauterborn’s four Cs (Yudelson 1999, p.62)
Promotion

Promotion and communication is presented by Nilsson (2006, p.22) through the eyes of Richards and Curran (2002, p. 71) as “Advertising is a paid non-personal communication from an identified sponsor, using mass media to persuade or influence an audience”. Hence, advertising is a way to for an identified sponsor to use mass media, often monolog, to reach a potential non-personal consumer. So how is promotion done? As Hakansson et al (2005, p. 258) states, “The promotion issue is in the marketing model’s interpretation a question of how to send a message about a given product to potential users”. So a message over a media needs to be created by and advertiser. In this study, this is a web site (media) with a message (text or picture) on it. There are of course many media channels that can be used to approach potential buyers. Such medias can be, according to Nilsson (2006, p.8):

- Television
- Newspaper
- Billboards
- Radio
- Magazines
- Internet

Since this study focuses on the internet, we can further expand the internet section according to Nilsson (2006, p.8):

- WAP
- E-Mail
- Instant Messages
- New Groups
- World Wide Web

Lastly, since web sites are placed on the world wide web we can continue this world wide web extrapolation according to Nilsson (2006, p.8):

- Entertainment Web sites
- News Paper web sites
As the discussion will detail below, parking hotels has a service that creates entertainment web sites that are promoted via a world wide web media channel. This is the service the study will use in its investigation to see if parking hotels’ claim of advertising revenue is true.

Since the study restricts the change of advertising messages other than through suggests of key words, the final selection within this traditional advertising section is the medium selection within communication. The advertising message is therefore, through the engagement of a web hotel in this study, fixed except for directing the web sites purpose as detailed below. The study’s medium will be the World Wide Web and a web hotel. The study’s objective is to see if the web hotels’ promotional [entertainment] medium is sufficient enough to create revenue in excess of cost for a domain placed at a hosting hotel. From an ontological view the study agrees that a revenue model exist, however, epistemologically does it really provide a true value?
For clarification a recapitalization on the path, figure 7, from the traditional marketing mix’s promotion category to research medium follows. Initially, the traditional marketing mix’s four Ps (Price, Promotion, Place, and Product Bagozzi 1986, p.12) were outlined. Secondly, the study uncovered that the promotional aspect had it’s own mix (Sales Promotion, Advertising, Public Relations, and Personal Selling). Thirdly, under the advertising selection of the promotional mix there were a Communication section, which consisted of Message and a Medium (Yudelson 1999, p.62). Domain name hosting hotels, as outlined below, provide a defined message and has defined medium, the World Wide Web and is this study’s research medium.

Figure 7, Authors Theses Approach from Bagozzi (1986, p.12) and Lauterborn Yudelson (1999, p.62)
**Advertising Revenue Generation**

In order for a web hosting hotel to make money, and for the site owner to make money, advertisers need to place advertising on the sites. This flow of advertising can be illustrated through the Adwiz model, figure 8, where advertisers place their advertising material on an advertising server (Langheinrich, Nakamura, Abe, Kamba, Koseki, 1999, p.1264). This server is where advertisers store the advertisements that the web hosting hotel uses to populate a web site. As the study will outline below, the web hotel, pulls advertising from these web based upon certain key-words that are set by the web site owner.

![Figure 8, Adwiz Model by Langheinrich, Nakamura, Abe, Kamba, Koseki, 1999, page.1264](image-url)
Advertising links, as seen in Figure 9, are the clickable links created by the hosting web hotel. This picture was chosen based upon key-words that the author entered for the study’s Ativer.com site. Hosting hotel’s lets allows user of their service to pick key works that they think are associated with their specific web name. For example, Ativera.com, used in the study, were given key-words of; TV, Movie, Screen for the site. A list of each of the key-words that were entered by the domain owner per site can be found in Attachment C. The advertising was generated with clickable links and pictures that the web hotel thought were associates with the key words. In this case, Vivitek, Sharp, Pioneer, Samsung, and so forth are all suppliers of consumer TVs and can be seen associated with TV, Movie, and Screen key-words that were used.
We have seen that a web owner makes advertising money on the web when an advertising link is clicked. This click revenue is calculated by taking the number of times a web link is click times the revenue that an advertiser is willing to pay for such click. There are commonly used nomenclature around these measurements which are:

**Click-through-Rate (CTR)** represents the number of times a visitor clicks on an advertising link at the site. Such user clicks may yield revenue for the domain owner. A ratio of click-through over impression is often calculated. In other words, if 10 visitors clicked an advertisement out of 100, a 10% ratio would be achieved. Click-through rates are affected by the layout of the layout and
content of the web site. As indicated by Lohtia et al’s (2003, p. 415), the click-through rate can be manipulated by changing the use of incentives, interactions, emotional appeal, color, and animation.

**Earning per Click (EPC aka Pay-per-Click (PPC)):** When an advertising link is clicked, see click-through-rate above, the advertiser pays a fee (Hoffman and Novak 2000, p.10). The higher EPC the more revenue is generated when a link is clicked. Since the propensity to click an advertising link is dependent on the advertising message, key words to create the message is important. Nomom.com is an example from the study. If it’s domain owner think that Nomom.com associates with kids or dads that has lost their moms/wives then logical keywords could be mom, wife, divorce, single dad, raising kids, adolescence among others. The better linkage between the site name, keywords, and advertising message, the better click-through rate. Web hotel provides owners with keywords suggestion but the actual message can formulated. When a site is parked, there are three ways to choose these key words: a) The hotel can select these keywords by themselves automatically, b) The hotel can select them manually though this happens only in rare cases, c) As a domain owner one can selects these keyword by oneself. Sedo claims that this click income can range from $0.03 to as high as $3 for a click-through. This price, the amount paid by advertisers, is negotiated by the hosting hotel. The better the selected keyword, the higher the click-through price, hence the higher the domain owner’s revenue. In other words, every time an advertising link is clicked, the domain owner makes money.
Pay-per-Action or Lead (PPL), even though not applicable in this study, Shen (2002, p.60) mentions a third way of paying for specific actions namely, “the outcome-based model assumes that advertisers pay for performances, such as inquires and purchases”. In click-through, there is no consideration what happens after the visitor clicks a link. In the PPL scenario the advertiser is willing to pay (generally more) if the vistor actually provides a sellable event or actual lead. There is, however, a paradox according to Ephron (1997, p. 97) in web advertising, “web media want to be paid for interactivity but are unwilling to price on response”. In other words, the higher revenue potential of PPL is intriguing for the web site owner, however, they have to live with performance of click-through in this scenario.

**Impression Revenue**

The second avenue for revenue generation is impression revenue. This revenue represents revenue generated by the number of visitors that arrive at the site regardless of what they do there. Hence, the more visitors the more impression money is paid out. Even though impression revenue is important, Hofacker and Murphy (1998, p.704) states that “Web advertisers question traditional media’s cost per thousand pricing model based on impressions, often insisting on paying for results, click-throughs, as well as, or instead of, impressions. Advertisers want to understand who is clicking on the banner, and which factors lead to higher click-through rates”. This revenue is often described as Revenue/ or Cost-per-Mille (RPM/CPM aka Cost-per-Impression or Revenue-per-Impression (CPI or RPI), Eye-balls, or visitors) and represents a revenue that is based upon site or site-page visits. A common name is eye-balls count representing the eyes that are viewing the sites content. Hence, the name. The more eye-balls the more value the site-page carries and the more the site or site-page can charge for advertising on the site or
This revenue-per-mille (mille from the Latin’s word mille, meaning 1000) is a payout that is based upon visitors to the site. The more visitors the higher the value of the site. Advertisers pay a fee per kilo impressions that can range from $0.25 to $0.75 (Earnersforum, 2007).

**Theory Summary**

In this theory section, we learned that there were two distinct paths of revenue if a site were placed at a web hosting hotel. One being money earned through advertising. This money is earned when a visitor clicks a specific advertising link on the site. An important measurement for this advertising revenue is EPC, the factor of click-through-rate (CTR, when someone clicks on an advertising link) and earnings-per-click (EPC, how much is paid out if a link is clicked) requires a visitor clicking a link on the site. Argument that better key-words creates better link, hence, a higher propensity of click-through were provided.

We also learned about a second revenue stream, impression revenue. This revenue is earned when visitors arrive at a site regardless of what they do there. The measurement for this is Revenue-Per-Mille (RPM) and Earnings-Per-Click (EPC). To optimize RPM it is important to have many visitors come to the site.

A side discussion around domain names and valuation of domain names was also provided. This theoretical discussion allowed us to review and enhance our understanding of site ownership facets.
3. Methods

This section describes the study approach and strategy as well as the validity and reliability of the study.

Research Approach and Strategy

Subject selection

This study’s research approach stems from the authors interest in the interpretation of marketing messages received from web hosting hotels. Expectation whether to purchase something are established and beliefs are set based upon marketing messages received, which can be difficult to understand or in some cases misleading. The web hotels’ marketing messages combined with the internet boom and the new web site centric world peeked an interest to see if one could not create a money making machine through simple ownership, letting others do the job. The author’s view, at its highest level, is a study around truth visa vie lies, or shall one say, interpreted messages from parking hotels. As Zinkhan & Hirschheim (1992, p 80) exclaims, “....does it make any sense to search for "truth" as though it exists as some independent reality?” Can one challenge the web hotels’ advertising claim with empirical data to find out if there is, in the author’s view, a revenue model that is sound. Can one really challenge this truth?

Foundation

Interpretation of messages is something that develops throughout our life experience. After being exposed to marketing messages and having the responsibility to create marketing material throughout my 20 plus years in the United States corporate world it was felt that this study would fit me very well.
and scratch this place on the back that had been itching. Was there a way to see if these marketing messages made sense? It would draw upon the economical aspect of making money coupled with the technical foundation around the internet, which is close to my heart. One of my interests of making quick money was experienced during my time as a day trader, which is bombarded with many of the same marketing messages that surrounds the web hotels, easy money.

**Study Approach**

As the study elected to investigate the parking hotel’s advertising claim that they provide a revenue model that makes money, it stumbles into two philosophical aspects. It starts with an ontological, or as Guarino (1998, p.4) alludes ontology to “generalization” view of the theoretical aspect around the factual existence of a revenue model and transforms into an epistemological discussion around revenue soundness. The author’s interest in challenging these marketing messages with empirical support lent itself to this specific study. Rhetorically, the first ontological question is answer by answering by the epistemological question since it is very black and white. In other words, if revenue [IS] generated - greater than zero - then there is a revenue model in existence. The second question, however, is more subjective in nature since it all depends on what revenue is. Is it a penny or does it has to be related to cost is some fashion? Therefore, in order to answer the soundness of a revenue model, a benchmark - something to compare it to - has to be established. As the study will outline, this benchmark is subjectively set by the author to mean that revenue should be greater than cost. This position is, however, a subjective position around truth or lie. As Klein (1971, p. 471) argues, “…if one theory were to claim that a certain type of proposition is not a proper object of knowledge, and another theory were
to argue that such a proposition is a proper object of knowledge, both theories must mean the same thing by propositional knowledge if their disagreement is to be genuine.” In order to stay as objective as possible in the search for this subjective truth and the nature of web hotels’ hosting revenue model, the study is using a quantitatively approach through a case study. By using live event and collected data over a set period to establish this a sense of truth, a creation of knowledge in its definition, it tries to stay as non biased as possible until the comparison against this fictitious revenue/cost comparison has to be made. As the study seek to empirically verify the parking hotel’s advertising claim, that you will truly earn money if you place a site with them, it will challenge their service. Although, a deductive approach would seem logical since theories could be challenge through hypothesis testing, the author elected an inductive approach. The reason for this inductive selection is that there is a void around theories of parking hotels and their parking services, and thus an inductive approach would be supportive. Hence, by starts with observing empirical data the study can build its conclusion and theory rather than proving the advertising theory. This approach introduces ambiguity in that an inductive conclusion is made based upon observations, which in its own way could alter the new theory. Philosophically, can one draw such a conclusion about truth through induction? What if the conclusion was outside the error confidence interval used for conclusion? In order to get some understanding one has to measure all web sites for an infinite time, which is not feasible or doable. The objective to develop a conclusion or creation of knowledge was threefold. The first step was to determine, from a theory point of view, the revenue structure of a web hotel. Secondly, to establish as method to measure this revenue model and lastly, to interpret this data and compare it to a benchmark. By using this structure, the study will provide support for the ontological existence of the web hotels’
revenue model as discussed in the theory section. The study will seek empirical support for this theoretical discussion in the data collection to “prove” if there is revenue created “what so ever”. Lastly, the conclusion section will epistemologically discuss the revenue relevance and argue the soundness of the revenue model offered.

This ontological an epistemological discussion is illustrated in figure 10 below.

**Figure 10, Author's illustration of the study approach.**

**Theoretical Approach**

This study’s epistemological approach - trying to distinguish if the advertising model is true – must first ontological discuss if the revenue model exists. The study’s strategy is to challenge parking hotels’ advertising claim with an inductive quantitative approach. This is done by watching advertising revenue from domain names over a period so that quantitative data can be collected,
METHODS

analyzed, and statistically processed. Although, a qualitative method approach could have been chosen through interviews of domain name owners, it was found to be difficult to administer. Finding independent domain name owners without having access to the web hotels’ contact lists was considered difficult and costly. Therefore, this approach was not selected. The theoretical method is to find a vehicle to measure revenue over time so that it can be compared to the cost of the same.

Remembering Richards and Curran (2002, p.71) definition that advertising is a paid non-personal communication of an identified sponsor (in this case a buyer of a link from the study’s site to their site) that will use mass media (in this study’s case world wide web) to reach in targets. Since the study’s objective is to see if enough revenue can be generated, by placing domain names at a domain hotel, to cover the ownership and maintenance cost establish of sites ownership cost and revenue potential are required. This method of finding cost was found through the purchase of domain names and the method used to find revenue was by placing these sites at a parking hotel, creating advertising web pages, monitoring for revenue, and comparing this with the cost.

Practical Approach

In order to make this section more comprehensive and readable some information is moved to attachments. The web sites and its associated advertising key-words can be found in Attachment C, pictures and an example of a final web designs can be found in Attachment D, and the purchase order for the domain names in Attachment E. In order not to create a large document, detail layout of each individual web site layouts can be found at www.jambala.com/attachmentD.pdf.
As outlined in the Figure 11 below, the study needs to go through the following steps in order to achieve its objectives.

First, domain names needs to be purchased. Here, the study found 59 names, that were not used on the web. These names were chosen randomly by the author. They were;


**Purchase of web sites**

The above mentioned sites were purchased through a domain service, 1&1, for $5.95 each. The reason for selecting the 1&1 domain service provider was that it was the lowest priced service found at the time of the study. The total purchase, $301.05, gave the study access to these sites for one year. (Please note that even though some sites were purchased in May and some September of 2006 the study’s data collection started at the same date.)

**Selection of web hotel**

After purchasing sites, a web hotel had to be picked and engaged where the study could park the domain names. This hotel needed to provide for revenue potentials around three dimensions, CTR, EPC, and RPM. Here the study elected Sedo.com. The reason for this selection was that the study found this hotel to be the largest in the industry. Sedo claims to manage more than 1.5 million (Sedo, 2006) domain names. There is no charge for Sedo.com domain
hosting. This hotel provides statistical data on the number of visitors (RPM), the number of clicks on advertising links (CTR), and the earnings per clicks (EPC).

**Advertising Optimization**

In order to generate traffic, the study had to associated each domain name with advertising key words. These advertising keywords can be found, listed per site, in Attachment C. The study used its best efforts to link the domain name to keywords and media. By doing this, the study tried to optimize the relevance of the keywords (click-through-rate), the keyword values (earnings-per-click), and its performance (revenue-per-mille). Ones picked, the study did not change the keywords during the monitoring period.

Based upon this linkage, key-words and advertising pictures and links are important to make the most advertising revenue, hence, domain owners has to optimize the keywords the best they can. Therefore, the study used three optimizations that it felt would increase the propensity of revenue income. They are:

1) The study tried to choose the best relevant keywords for what it felt the site name was associated with. For example; Nomorefume.com could associate with smoking, cars, or energy. Likewise, nomoreshot.com could be liked with a fear of injections or medical procedures. This optimization increases the click-through-rate or CTR since it is felt that those landing at the site, via search engines, would have associations with these key words.
2) Choose keywords that have high value to the advertisers. The more value an advertiser sees the more they are willing to pay. For example, a pizzeria could see a potential pizza sale if someone clicked their link. A potential of say $20 dollar. A divorce lawyer could see a potential client spending thousands of dollars if engaged. Hence, different keyword create different advertising values. Revenue from a link at Nuveus.com, a web portal, created $0.03 while Salvatone.com, a medical, lotion, cream, created $0.19 in revenue. This is often described as Earnings-per-Click or EPC.

3) Choose keywords that lure the most visitors to your site. When a search engine looks for the search criteria then match their needs to the words of the site. The better the linkage the higher the visitor numbers. This is often referred to as revenue-per-mille (mille=1000) or RPM. Example here is Nomom.com which used *mom, work, house, and maid* as key words.

The key-words enables the parking hotel to create individually tailored sites with advertising links and pictures. One example of such site can be found in Attachment D. Each site’s layout can be found at the following link: www.jambala.com/AttachmentD.pdf.

In other words, the methods used were optimized to 1) Entice as many visitors as possible to come to the site, high impressions i.e. Revenue-per-Mille, RPM, through 2) Good keywords that increases the click-through-rate, CTR), and 3) which advertisers want to pay top dollar for, high earnings-per-click, EPC.
Monitoring

The sites were monitored for approximately three-months, September 20, 2006 to January 3, 2007. A total of 105 days.

Resources and Information

The resources and information used in this study came from a number of different avenues. Sedo, the web hotel used in this study, provided valuable verbal and written directions as to construct the best advertising layout for the site. Further, the world-wide-web was used to seek information and data around the theory section as were the school library.

Validity, Reliability, and Reproducibility

There are four aspects of validity, construct, internal, external-validity, and reliability, according Yin (2003, p. 34). The represents four logical test that establishes the operational measurement (constructive validity), relationship and data analysis (internal validity), the domain definition (external validity), and reliability (operational soundness and repeatability) which are discussed below:

Construct validity (Yin, 2003, p. 34): This study constructed validity through its “chain of events”, simplicity and binary view of the study’s objective. This combined with the epistemology research, black, white, yes, no, true, or false is validated through empirical data that is statistical process. The induction that is drawn from the empirical data and statistical processed has a binary application when compared to the fixed cost of site ownership. Here we can see the model of collecting empirical data, which then supports or rejects the binary question –
does revenue cover hosting cost. The constructive validity is also anchored in
the collection of data. The use of empiric data through the web hotel’s statistical
data tool provides consistent operational procedures.

**Internal Validity** (Yin, 2003, p. 34): Through the use of logical models, one can
construct validity. The study’s use of statistical models such as mean and
median calculations and confidence intervals are mathematical models. Further,
financial logic has been used to calculation calculate income minus cost to
conclude the revenue that a site produces.

**External Validity** (Yin, 2003, p. 34): The use of a case-study (Yin, 2003, p.39-46)
that incorporates a set of defined frames with defined objectives is assists in
establish strong external validity. The study’s design of theory and methods
creates strong relevance to the objectives. This coupled with the reproducibility
(structured methods) furthers the external validity.

**Reliability** (Yin, 2003, p. 34): Reliability is upheld thorough the use of a case-
study design with empirical data. The large sample of domain names coupled
with the long data collection time allowed the statistical calculation to use a high
probability rate (see statistical section below. The observation data used in this
study spans a total length of 105 days and this sampling method (Strauss &
Corbin 1998, p. 211) collected data until a theoretical saturation was reached
(Strauss & Corbin 1998, p. 212). Hence, the study collected daily data until it
found, that, as described by Strauss & Corbin (1998, p. 212) “there were no new or
relevant data emerging, the category was well developed in terms of its properties and
dimensions demonstrating variation, and the relationships among categories were well
established and validated”. In other words, the study ended its data collection
when new data had no impact on the results of the study. Hence, another day of data did not statistically change the outcome of the conclusions. Reliability and reproducibility’s aspect of this study is therefore considered strong. The ability to purchase domains, assign keywords, measure revenue, and compare it to the cost has defined attributes associated with each step. One could argue, and agree with, that better domain names delivers better revenue, however, by extracting the extremes from the test this argument should be alleviated.

To further ground this empirical study, the author has identified the following pertinent areas with the use of Strauss & Corbin (1992, p. 270-272) four arguments for empirical grounding an empirical study.

- **Relationship of generated concepts:** Theory discussion outlined that advertising revenue is generated through impressions and click-through for which web hotels are the providers. Their distinct relationship, how well they can serve up revenue to cover the cost of site ownership is the purpose of this report.

- **Are the conditions under which variations can be found built into the study and explained?** The study has taken consideration of variations. For example, the key-words could be chosen differently, associations of site name to key-words could be argued, pictures chosen for sites, etcetera were all concerns contemplated and explained.

- **Is the theoretical findings significant?** Through the visualization of the advertising revenue, the theory section outlined two paths of revenue
METHODS

generation; number of visitor and click-through action. The revenue engine of web hotels, to get a cut of a site owner’s advertising revenue, is directly related to the success of advertising links. However, since they do not carry the cost of domain ownership, their incentive is to have as many domain managed as possible. Domain monetization could have a significant impact on their business model and could provide information for site owner to make a knowledge decision to hold, purchase or sell a site.

- **Is this time sensitive and can the discussion become part of arguments and ideas exchanges among social and professional groups?** The empirical studies and conclusions in this study supports the domain monetization discussion. The study’s findings might be linked to the decline in domain hosting (See Post script) that the industry is experiencing. Search engine optimization might further influence the future of parked web sites. If, as Sen exclaims, “... on-line search volume continues to grow at 10–20 percent per year , and search engines account for most on-line Searches” (Sen 2005. p.9), and as the study experienced, more and more parked sites will lose in the search engine war since they are not involved in search engine optimization.
Statistics

Statistical data presented are analyzed with MiniTab15 statistical software.

In this report the click-through rate has been studied the number of visitors to a site, the revenue per click, and earnings for click-through. All of these variables are quantitative variables for which the mean is an important measurement (Dalin, 2006, p.77). This study used descriptive statistical methods to present and analyze the vast collected data with the Minitab statistical software. As Rosenfeld states that, “Descriptive Statistics is the use of numerical information to summarize, simplify, and present masses of data” (Rosenfeld, 1992. p.11) In addition to this descriptive adoption a inferential statistical analyzes has been utilized. This inferential method is used as a tool to predict the outcome of other domains purchased under similar circumstances. With this inferential prediction come two very important foundations (Rosenfeld, 1992 p. 14). First, as mentioned above, though hard to validate, is that the sites chosen in this study comes from a uniform population. However, since the study’s rate, 59, was over 30 this limitation is eradicated. Such normality (Dalin 2006, p.70) is often referred to as a “bell” distribution or “Gaussian” curve, figure 12.

Figure 12, Bell Curve.
Secondly, it assumes that the samples, the 59 sites, were picked without violation to this rule. Hence, one should not pick just names that belong to one group. Since the sample rate was above 30, statistical calculations can be performed which, assuming a confidence level of 90%, 95%, and 99%, provide a margin of error of 11%, 13%, and 17% respectively (Korner and Wahlgren 2006, p.108-9).

The study will use mean and median averages as vehicles to predict the outcome of other domains place under this style study. Since the study is seeking a dependent variable (income per domain) based upon a predictor (domain name) which is a name, there are no mathematical relationship between the predictor and the variable. In other words, income does not depend on what domain name you chose because median and mean is independent of domain name order. Consequently, the regression line will be a straight line based upon the mean or median income level of an average domain and will not depend on the order which the domain are placed. In order to estimate the income per domain, either mean or the median will be used (Rosenfeld, 1992, p.48). This selection will be decided when the data is look upon. Skewed values tends to be better represented by median then average according to Rosenfeld (1992, p.50).

Collection of Data

The quality of the data is considered to be recorded correctly by the web hotel, however, it is obviously impossible to challenge this collection without auditing their service. One way would be to let the study try some sample picks to see if they showed up, however this methods would then create data misrepresentation and this is prohibited by the use agreement with the parking hotel rendering it an illegal action.
4. Empirical Studies

This section presents with the result from the empirical data that followed the study approach outlined in the methods chapter above. Detailed data can be found at www.jambala.com/sedo stats.xls. This site provides daily information per site for visitor, click-through, and revenue. Attachment B provides mathematical calculations and figures for the collected data.

Monitoring and result compilation

The data collection and monitoring of the 59 sites occurred over one-hundred-five days, September 20, 2006 through January 3, 2007. Even though the intention was to collect data daily, some dates were missed due to travel and holidays. It is the authors’ belief that since collection of following days provides indication of the previous day the no loss of overall information is experienced. A total of 76 days of collected data produced 72% coverage of the days. Three data points were collected on these days, namely: number of visitors (RPM), click-through (CTR), and earnings-per-click (EPC). The measurements were, actual visitors, number of times an advertising link was click, and revenue earned for the clicks of an advertisement link, respectively. The data collected, through Sedo’s reporting system, used Microsoft excel software and MiniTab statistical program to process such.

Figure 1, page 10, above, shows that advertising revenue at a site is: Revenue per thousand visitors plus revenue from click-through times earnings per click-the rough or pay-per-lead.
Visitors (RPM)

During this 105 days collection period a total of 624 visitors came to the 59 sites (see below Figure 13, ■ squares). Hence, on average **11 visitors came to a site during the collection period**. The average (total sum of all visits divided by number of total number of sites) can statistical be skewed if there are extreme numbers among the population. One way of managing extreme numbers is to use a median calculation instead of average. Through the median calculation (placing the findings in order and then calculating the middle of the 59 numbers), 8 visitors came to a site every day. Annualized, the average and median becomes 37 and 28 visits per site per year respectively.

Click-Through (CTR)

When visiting, the visitors clicked on an advertising link 11 times. Of the 59 sites, only 8 had any click-through activity. Hence, 51 sites did not produce any click-through at all. In other words, 86% of the sites produced no revenue whatsoever. These value shows that an advertising link was clicked 1.8% of the time by a visiting visitor.

Earnings-Per-Click (EPC)

The gross revenue, produced by all sites over the test period, was $0.76, excluding commission (see below Figure 13, standing ◆ squares). Annualized, this revenue becomes $2.64. Therefore, on **average a site’s annualized advertising income is approximately $0.045**. The average income for a click through was approximately $0.07. The best domain, Nomom.com, stood for over
15% of all visitors and Salvatone.com stood for 29% of all revenue generated. The following Figure 13 shows the accumulated revenue created by all sites during the study period (blue side-squares dots). As stated above, there were 8 sites, which produced 11 click-through creating $0.76 of revenue during the test period. The figure 13 furthers the accumulated visitors for all sites. Again, 59 sites were visited 624 times during the test period.

Figure 13, Visitor and Revenue. The figure shows around 650 visitors creating around $0.75 in revenue.
In figure 14, we can see the total of visitors per individual site (Y-axis). We can also see the regression line for the mean and median.

![Visitor per site (RPM)](image)

Figure 14, Visitors per site and regression. The figure shows mean visitors of approximately 10 visitors per site for the duration of the 105 day test period.

Based upon all the data, 76 data collections, collecting 3 data points for each sites provided 13,452 values were used in this study. Compilation of this data yielded some statistics that are listed below. For the un-compiled data and statistical calculations, please refer to www.jambala.com/sedo stats.xls.

<table>
<thead>
<tr>
<th>Visiting statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of sites</td>
</tr>
<tr>
<td>Total number of days</td>
</tr>
<tr>
<td>Total number of views</td>
</tr>
<tr>
<td>Avg views all sites per day</td>
</tr>
<tr>
<td>Avg views per day per site</td>
</tr>
</tbody>
</table>

Revenue statistics
Since the study’s objective is to find if advertising revenue can cover the ownership, cost of domain ownership the investigation would like to point out the following calculations.

**Average revenue per site:** The total revenue for all 59 sites was $0.76 dollar. This equates to $0.013 average revenue per site, which annualized gives each site an average annual advertising income of $0.45. **Annual revenue per site equals $0.045 cents.**

**Total Revenue Generated**

<table>
<thead>
<tr>
<th>Website</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>CARDIOMINE.COM</td>
<td>$0.09</td>
</tr>
<tr>
<td>HEMATOL.COM</td>
<td>$0.03</td>
</tr>
<tr>
<td>METADOSE.COM</td>
<td>$0.06</td>
</tr>
<tr>
<td>NOMOM.COM</td>
<td>$0.16</td>
</tr>
<tr>
<td>NOMORECOLD.COM</td>
<td>$0.09</td>
</tr>
<tr>
<td>NUVEUS.COM</td>
<td>$0.03</td>
</tr>
<tr>
<td>SALVADONE.COM</td>
<td>$0.08</td>
</tr>
<tr>
<td>SALVATONE.COM</td>
<td>$0.22</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$0.76</strong></td>
</tr>
</tbody>
</table>

**Cost of ownership:** All sites purchased in this study carry an annual cost of $5.99. **Annual cost for ownership equals $5.99.**

**Return on investment:** The investment per site, $5.99, produced advertising income of $0.045. A **net loss of approximately $5.95 per annum per site.**

**Impressions value (RPI):** There were 0.1 impressions - visitors - per site per day on average or 37 visits per site per year. The 1,000 threshold (mille) required for
RPI payment were never reach, however, if one assumes a value of $0.25 to $0.75 per mille impressions a sites then Revenue-per-Impression value can be calculated to be between around one annualized. Using the higher number, $0.75 per mille, the **Hypothetical annual income for impressions is $0.00003, for all practical purposes zero.**

**Click-through-rate (CTR):** A visitor clicked an advertising link 1.8% of the times they visited a site (11 click-through divided by 624 visitors).

**Earnings per Click (EPC):** A click on an advertising link, 11 times, created an average of $0.07 of revenue ($0.76 divided by 11 clicks). The highest EPC was found at Salvatone.com where two click-through yielded $0.22, an average of $0.11. The lowest EPC was found at Hematol.com and Nuveus, where each click-through yielded $0.03.
Statistical data

The following data is derived from statistical calculations found in the www.jambala.com/sedo.xls Excel spreadsheets. The figures were produced utilizing statistical software MiniTab.

Statistical numbers for Visitors.

Using statistical analysis on the collected data we can calculate, using mean and a 95% confidence level, that there came between 7 and 13 visitor to a site during the collection period. The same calculation, using median is between 7 and 8 visitors. See figure 15 for more details.

Figure 15, Normalization curve for Visit per Site. Most sites had around 10 visits per site.
Figure 16 shows the number of visits a site had during the measuring period (105 days). One can see that there is a heavy concentration of visits per site below 18 visits per site during the collection period.

Figure 16, Dotplot of Visits per site. Most sites had 11 visits per site.

Statistical numbers for Revenue

Using statistical analysis on the average revenue collected, we can calculate, using mean and a 95% confidence level, that a site produced between $0.002 and $0.023 during the collection period. The same calculation, using median came out to zero. See figure 17 for more details.
Figure 17, Normalization curve for Revenue per Site. Most sites had no revenue during the study.

In Figure 18 we can see that most sites generated zero revenue during the collection period.

Figure 18, Dotplot of Revenue per Site. Most sites had no revenue.
5. Study Finding and Conclusion

Reflecting back to the purpose of this study, to research if domain hosting hotels’ advertising claim, that you can make money by parking sites with them is a correct representation, we can see that there is a need to reflect back to the author’s definition of making money. The author set this threshold to mean that revenue has to cover cost. Arguably, one can discuss that this revenue should exceed this cost level by some measurement to cover for inflation, though as we will see below, this is a remote point and will therefore not be discussed.

The study concludes that there was not sufficient advertising revenue generated by placing sites at the Sedo domain parking hotel. The study saw an average advertising income of $0.04 (CTR times EPC) and an average visitor income of $0.02 (RPM) per sites, totaling $0.06. This income is insufficient to cover the sites’ annual ownership cost of $5.99. In order to cover cost, one has to reach between 3,000 and 7,000 annual visitors, a 250 times increase (using averages) and one 1,000 increase (using medians) respectively. This level is inconceivable even at the top level of the normal distribution curve. Consequently, the study conclude that the purchase of a domain name should not be done based upon advertising revenue from a parking hotel such as Sedo [if the purpose is to cover cost]. One has to takes the best scenario – Nomom’s visitor rate (RPM) of nearly 1 a day, Salvatone’s earnings per click (EPC) of $0.11, Salvatone’s click-through-rate (CTR) of 15%, the highest earnings-per-mille of point $0.75 per thousands, and no Sedo commission – in order to come to generate an annual income of $5.60 in order to come close to the cost of a sites annual ownership cost of $5.95. This assumption has a fifteen times higher click-through rate then what is generally seen (Moneymakergroup).
The author argues that it would be more sufficient to leave the site unused then to place the site at a hotel considering the time it takes to establish the URL links and key-word associations. Considering a minimum wage of $5.15 (Will 2007, p.A17.) one has to spend less than 10 seconds per site before it becomes a losing proposition. Therefore, one should not purchase sites for the purpose of making advertising money nor should one renew expiring sites for the same reason. A nickel in income compared to a $6 outlay does not make sense. One should also reflect back to the 51 sites, or 76%, that did not produce any revenue what so ever. In other words, more than 3 out of 4 will be a flat loss. This approximately $0.06 income can be applied to our theoretical revenue model as per below.

![Figure 19](image.png)

Figure 19, Empirical revenue data superimposed on the theoretical revenue model.

Although there are different strategies to promote and tailor marketing messages to consumers, such as those in the classic marketing mix, the overarching epistemological question remains; does parking hotels’ uphold their claim that they produce revenue. Before we can answer this, we will have to review our ontological question around the revenue model existence. Arguably, one has to agree that a revenue model exists since the empirical data showed revenue in excess of zero. Here we concluded that an average site created approximately
$0.06 in revenue, which is unquestionably greater than zero. One can therefore NOT argue that the web hotels’ marketing claim is not upheld since they in fact have a working revenue model. The web hotel does assist in the traditional marketing mix’s communication and they do promote web sites.

However, solely looking if the revenue exceeds zero can be misleading from a totalistic point of view. Why would someone engage in this activity if his or her purpose were profit or not to have a loss? There in lie the epistemological question around soundness and fairness of the promotional messages communicated. So if one agrees that there has to be positive profit from this business transaction then one could conclude, by accepting this study’s empirical data, that the income is so far from the cost side that it would not make sense to do this.

As seen in this study, receipt of promotions and communications exposes us to messages that may or may not relay the full picture. In this study, it is represented by the distance between advertising revenue and cost. Some information might be correctly represented (yes, they have a revenue model) but might not communicate a full picture or relay the real value (pennies in income and dollars in cost). Herein lays the epistemological discussion around messages trustworthiness. Can one believe marketing messages without validation them, and if validation is required, who should validate them? The author believes that messages interpretation has to be synchronized between the senders and received for them to be believable. The more the messages are unsynchronized, meaning that the receiver does not believe in the messaged communicated, the more they create mistrust between parties. For example, if RyanAir sells travel for a Euro, and the traveler then ends up paying hundreds of Euros for an
accompanied bag, is it misleading marketing? Understandably, the advertiser could have created the messages to initiate consumer activity with full knowledge that the message lacked the full story. However, the more consumer mistrusts messages the more they increase their suspicions for companies, industries, countries, or maybe even the world of marketing. For example, the car industry is generally known for misleading advertising; however, does it mean that Mercedes’ and BMW’s advertising are viewed untrustworthy? Will more misleading advertising create inflation in advertising messages since it induces more and more mistrust about what is a supported claim? One could argue that increase in mistrust could lead to more trust in external validation sources or organisations such as "Motormannen or Konsumentverket. Therefore, more companies could make it a strategy to synchronize their messages with consumers so that they become more trustworthy compared to others. Thus, this study has tried to increase the readers’ awareness around marketing messages claim by challenging one (of many) messages out there.

Throughout the study, there has been references around web hotels revenue models, however, if one examine these in detail none communicates success or promise success. Ontologically, the study has provided references to visible argument of revenue model existence, however, there has not been any quotes anchoring the models soundness included in the study from the web hotels. One of the author’s thoughts is that this missing information is due to a smart marketing or legal team protecting liability. Without promises then there are no responsibility for success. Hence, the interpretation of web hotels’ marketing messages are left up to the receiver as to their legitimacy. This interpretation around words and messages has, in this study, been interpreted by the author and accentuates around a gray area, meaningful and legit revenue. As these
observations are the legitimatizing foundation of the study’s conclusions, it does not unite arguments for or against web hotels’ revenue existence or its truthfulness. The author’s creation of knowledge around web hotel’s truthfulness in their marketing messages are colored based upon the author’s definitions and interpretations. Hence, the study, which anchors its conclusions around empirical data creates arguments and theory from an author centric view as to what is acceptable as theory. There are, however, many truths and it is only from the eye of the beholder (Klein 1971, p. 471) that its relevance can be evaluated.
This study’s conclusion is that the parking hotels’ claim, that one can make money, carries misrepresentation, however, it is not untrue. If one places a site at a parking hotel only negligent income will be derived. In short, domain cost is higher than domain revenue and domains should not be purchased or renewed unless they [the owners] can find other valuations such as name protection or trading in mind. Further studies to find new avenues to generate revenue or other evaluation methods of the “actual” domain name value could augment the advertising model. Hence, this report should not take away the value a site name could have if sold or its value for protecting company or product names. Lastly, the author argues that all marketing messages should always be viewed critically.

Figure 20, Conclusion articulation. The picture illustrates that domain cost is larger than annual revenue for a domain.
Post script

As mentioned in study above, domain name valuation was not part of this study. The author did receive an unsolicited bid for CoardioMine.com for $1,000. The negations following this bid deteriorated, and after a counter bid of $40,000, the negation ended.

There are, however, some areas of caution if this study is reproduced. They are:

- Web hotels purpose. As the business plans changes for web hotels they could alter the ability to reproduce the study, and
- Domain name prices. A lower price in domain name hosting cost will obviously change the dynamic of this study, and
- Domain names. The “better” the domain names used the better the advertising results in that they will lure more visitors, and
- Picking the keywords. The domain name’s association with keywords have a unique relationship. Improved key-word selection could change the click-through rate.

An interesting observation from Verisign’s Domain Name Industry Brief 2007, the world wide web domain guardian, was the decline in parked domains (Verisign 2007, p.5). Even though the decline is, only 1% it represents over 1 million sites that are not hosted today versus yesterday. At $6 a site for hosting, a loss of $6 million is realized.
6. Future Research and Recommendation

If sender and receiver have different views of promotion messages does it create animosity between the parties and does it have impact business. Hence, the more mistrust or unsynchronized marketing messages are delivered between the sender and receiver could it have an impact on future business.

Recommendation: To study if misrepresentation has an impact business.

Since the study utilized only the parking hotels’ ability to tailor the advertising content, one recommendation that the author has is that a similar trial is done whereby each site is tailored to a specific subject with individual layout, pictures, and text. Utilization of pop-up, pop-under, flash, video, or music to enhance the visitors experience could potentially increase the advertising revenue. Hence, a customization of the Promotional P in the traditional marketing mix (Bagozzi, 1986, p. 12) as well as Lauterborn (Yudelson 1999, p. 62) Cs’ Communication branch. This test would increase the cost for infrastructure cost, server and connection fees.

Recommendation: Create individually customized tailored web site layouts.

If a site averages $0.04 in advertising income, parking hotels who claim to have over 1.5 million sites under their wings would make only $6,000 dollar in commission based upon a 10% commission rate. An assessment of the web hotels cost structure compared to this income could yield their validity.
Concurrently, one should follow the domain sales managed by such parking hotel to see if there other valuation properties for their companies.

Recommendation: Investigate parking hotels revenue and cost structure.

Interestingly, Nonmom.com was found to be a valuable name for 1&1, the domain management company used to purchase the sites in the study. Without prompting, 1&1 executed a submission of the site information to search engines to improve its find-ability. See Attachment G for a copy of their email to the study. They submitted the site to the following search engines: admcity, Aesop, alexa, canadaone, canadiancontent, cdnet, google which includes:

- Abrexas UK
- AOL
- AOL Canada
- AOL UK
- ATT Worldnet
- Euroseek
- FindSpot
- Google Australia
- Google France
- Google Italy
- Google Spain
- InternetPortals
- MNPage.com
- Netscape
- OnWashington
- StartingPoint
- AngelServe Internet
- AOL Au
- AOL Search
- AOL UK Search
- Earthlink
- Findinfo
- Goo.ne.jp
- Google Canada
- Google Germany
- Google Japan
- Google UK
- Mccammond
- My Way
- Netscape Search
- Seekon
- Virgilio

lycos, msn, search.ch, splatsearch, walhello, yahoo, and zen. They further provided a list of sites that required manual submission. They were:
1001 Searches
1greathost.net
Aattrax
Adam2.org
Aldar.net
All Search Engines
Allthesites
Angle Shopper
Armenia Search
Babieca Search Engine
Bangkok.com
Beebz.net
Best of the Net
BitPile
British New Media’s Directory
Business Nation
Categoryweb
Cool4kids.com
Delphi
Dygo
Education America
Eksploara.com
Fat Duck
FrannySoft Web Directory
Gimenei
Grandma’s Pantry
iBoogie
InOneSearch
Invisible Hande
Kaboo Search
Kartoo
Kunani.com
Latzikatz
Mail Choose
Mediterranean Sea Directory
MetaSE!
Milliseconde Portal
MusicMoz
Net-Fetch.com
NetFinder USA
Networld
Omnicient
Pandia Plus
Planet Celtica
Quijote
Searchalot
Searchuno
Slider.com
SpyOrg.com
Surf-site
The Snowman
TopXML Directory
Tradex
123 Student
A-Z Index
Abacus Search
Adi Gaskell
All Meta
Allsitesnow
Anancii
Anysearchinfo
AskComet
Bali Vision
Beebware Web Directory
Berka
BigTome.com Search Engine
Bomis.com
British News Media
Bysurf.com
Chicken World
Create Hits
Dhq
Dynamic Directory
Ehcid.com
EVacaville
First Productions
GeoBoz
GoMyTown.com
HootingOwl
IincyWincy
Instant Directory
Jiffy Seek
Kanitamil.com
Kazam
L5S1.com
LookGood.com Search Engine
Mainseek.com
MetaGer.de
MetaSpinner
Multishop: ODP
NavySites.com
Net-Fetch.com Web Directory
NetSurfer
Nexet
Opportunities Unlimited
PCTV Central
PlanetSHOP
Reference.com
SearchBug.com
Silly Dog 701
SmallShop
Surf Potato
Talking Africa
The Web World
TotalSeek
TutorialUSA
An interesting research would be to submit the sites to these search engine and rerun the study to see if more revenue can be generated. None of the above recommendations were followed during the study.

Recommendation: Submit all sites to the search engines to see if click-through rates and visitor numbers changes.

How will search engine optimization influence the future of parked web sites. If “… on-line search volume continues to grow at 10–20 percent per year, and search engines account for most on-line Searches” (Sen 2005. p.9) and search engine optimization becomes more important will parked domain sites come further and further down the food chain providing less visitors and click-through?

Recommendation: Investigate how the lack of search engine optimization impacts parked sites. In other words, see if the results are impacted if search engine optimization is utilized.

As mentioned in the limitation section, the 59 sites are assumed to come from a normally distributed sample. It would be interesting to redo this test to seek if other names would show the same normal distribution as this study did. This study could if site names are indicative to the success of revenue generation.
Recommendation: Redo the test with another set of web names with the same length of test period to see if it can be concluded that the domain names are truly normalized.

Although this study focused on advertising income, the hosting hotels provides a valuation vehicle for domain names. Since this study provided support that insufficient revenue could be generated through advertising models to support the cost of ownership, it did not investigate the domain name value.

Recommendation: It is recommended that the web hosting hotels’ domain name valuation model to be validated to see if they are making money.

Key-words selection could affect the outcome. One possible study would be to keep the same web site names but change the key-words to see if the visitor volume and click-through changes indicating that key-word selection could change the reason for web site ownership.

Recommendation: Keep the same site names but change the key-words to see if visitor rates and click-through changes.
References


Internet Corporation for Assigned Names and Numbers (ICANN) Url: www.icann.org


Microsoft (2007)

Minitab, Inc. Software version 15. Url: www.minitab.com

Moneymaker. Url:


In this attachment A, you will find two figures from Verisign’s (2006) Domain Name Industry Brief. Verisign is the global register operator for .com and .net domain names.

Figure 20 provides information regarding new registrations per quarter for .com, .net, .org, .biz, and ccTLD (Country Code Top Level Domains) domain names. There are more than ten-thousand new registrations per day (Verisign 2006, p.3).
Figure 21, shows that the renewal rate is approximately 76%.

Figure 22, Renewal rates per Verisign (2006, p.5).
**STATISTICAL CALCULATIONS**

In this attachment B, you will find statistical calculations. For detailed formulas and data references, please go to www.jambala.com/sedo stats.xls. Figure 22, shows a sample page of the data calculations.

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
<th>I</th>
<th>J</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>8</td>
<td>9</td>
<td>10</td>
<td>11</td>
<td>12</td>
<td>13</td>
<td>14</td>
<td>15</td>
<td>16</td>
</tr>
<tr>
<td>7</td>
<td>RPM:</td>
<td>Visitor (RPM)</td>
<td>624</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>CTR:</td>
<td>Click-throughs</td>
<td>11</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>CTR:</td>
<td>Click-through Rate (CTR)</td>
<td>59</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Test period:</td>
<td>105</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Total test period revenue:</td>
<td>$ 0.78</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Calculations:</td>
<td>Value</td>
<td>Calculation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Average visits per site (test period):</td>
<td>11</td>
<td>RPM/Number of sites</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Mean visits per site (test period):</td>
<td>0</td>
<td>The middle visits of all sites</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Average visits per site (daily):</td>
<td>0.1</td>
<td>Average visits per site (test period) / test period</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Average visits per site (annual):</td>
<td>37</td>
<td>Average visits per site (daily) * 365</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Median visits per site (annual):</td>
<td>0.08</td>
<td>Median visits per site (test period) / test period</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Average visits per site (annual):</td>
<td>28</td>
<td>Median visits per site (daily) * 365</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Number of sites that had click-through activities:</td>
<td>8</td>
<td>Any sites that had more than one click-through (CTR)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Percentage sites with activity:</td>
<td>14%</td>
<td>Number of sites that had click-through activities / number of sites</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Percentage sites with NO activity:</td>
<td>86%</td>
<td>Number of sites with NO click-through activities / number of sites</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>Annualized revenue all sites:</td>
<td>$ 2.64</td>
<td>Total test period revenue * 365 / test period</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>Average site’s annualized revenue:</td>
<td>$ 0.645</td>
<td>Annualized revenue all sites / number of sites</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>Standard deviation Visitors:</td>
<td>12.39</td>
<td>From Visitor sheet</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>Standard Error Visitors:</td>
<td>1.61</td>
<td>Standard deviation / (number of sites * 0.5)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>95% confidence level Visitors:</td>
<td>3.23</td>
<td>Plus minus 1.96 times standard error</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>Standard Deviation Revenue:</td>
<td>0.04</td>
<td>From Revenue sheet</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>Standard Error Revenue:</td>
<td>0.01</td>
<td>Standard deviation / (number of sites * 0.5)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>32</td>
<td>95% confidence level Revenue:</td>
<td>0.01</td>
<td>Plus minus 1.96 times standard error</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>33</td>
<td>Mean site’s annualized revenue:</td>
<td>$ -</td>
<td>The middle income of all sites</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>34</td>
<td>Highest site’s visitor count’s value:</td>
<td>55</td>
<td>Highest value of visitor counts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>35</td>
<td>Site with the highest visitor count:</td>
<td>nemon.com</td>
<td>Site corresponding to the highest visitor count</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>36</td>
<td>Site with the highest revenue:</td>
<td>0.22</td>
<td>Highest revenue value</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>37</td>
<td>Site with the highest revenue % of total visits:</td>
<td>0.22</td>
<td>Highest revenue value / total number of visits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>38</td>
<td>Site with the highest revenue % of total revenue:</td>
<td>29%</td>
<td>Highest revenue value / total test period revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>39</td>
<td>Visitors per site per day:</td>
<td>0.10</td>
<td>Total visits/number of sites/test period</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>40</td>
<td>Annualized visitors per site per year:</td>
<td>37</td>
<td>Visitors per site per day * 365</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>41</td>
<td>Average earnings per click through (EPC):</td>
<td>$ 0.07</td>
<td>Total Revenue / total click through</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>42</td>
<td>Click through Rate (CTR):</td>
<td>1.8%</td>
<td>Click throughs / total visitors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>43</td>
<td>Revenue per visits per site at $ 0.75 per mile (RPI):</td>
<td>$ 0.0075</td>
<td>Averagemean visits per sites / miles * $0.75</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>44</td>
<td>Revenue per visits using average:</td>
<td>$ 0.01497</td>
<td>RPM * CTR * EPC</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>45</td>
<td>Revenue per visits using medians:</td>
<td>$ 0.00075</td>
<td>Only using RPM since there are no advertising income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>46</td>
<td>Needed visitors to reach $5.99:</td>
<td>3.644</td>
<td>$5.99 / revenue per visits using averages</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| 47 | Needed visitors to reach $5.99 in income using medians: | 7.987 | Needed visitors to reach $5.99 in income using medians /

The median is zero.

---

Figure 23, Statistical calculations (www.jambala.com/sedo stats.xls)
In this attachment C, you will find a list of each domain name and its associated advertising key-words. See figure 23, 24, and 25. The following domain names and key-words were used in the study:

Figure 25, Domains used in study, 2 of 3

Figure 26, Domains used in study, 3 of 3
In this attachment D, you will find a copy of Ativera.com, one of the domain names used in the study. See Figure 26. For a complete view of each of the domains used, please go to: www.jambala.com/AttachmentD.pdf

Figure 27, Sedo’s Web layout after the study had entered its associated key-words. From www.ativera.com.
1and1 PURCHASE ORDERS FOR DOMAIN NAMES

In this attachment E, you will find a copy of the purchase order for the 59 domain names that were purchased at 1&1. See Figure 27 to 32. The information shows the cost for a domain name to be $5.99 annually. Some account information has been blanked out for obvious reasons.

---

**Invoice Summary (1&1 Instant Domain)**

Billing period starting: 05/29/2006

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Service</th>
<th>Charges</th>
<th>Usage</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Basic Fee 05/29/2006-05/29/2007</td>
<td>$0.00 per year</td>
<td>12</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

---

Figure 28, 1&1 purchase order, 1 of 6
## Table

<table>
<thead>
<tr>
<th>Item No</th>
<th>Service</th>
<th>Charges</th>
<th>Usage</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>comsite.com</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>11</td>
<td>comsite.com</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>12</td>
<td>comsite.com</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>13</td>
<td>comsite.com</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>14</td>
<td>comsite.com</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>15</td>
<td>comsite.com</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>16</td>
<td>comsite.com</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>17</td>
<td>comsite.com</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>18</td>
<td>comsite.com</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>19</td>
<td>comsite.com</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>20</td>
<td>comsite.com</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
</tbody>
</table>

**Total amount due**: $113.81

The total amount due will be charged to your credit card. Thank you.

1&1 Internet Inc. • 06/15/2006 • Account #: 5145086 • Bill #: 06100099 • State code: 01

---

**Figure 29, 1&1 purchase order, 2 of 6**
**Invoice Summary (1&1 Instant Domain)**

Billing period starting: 09/29/2006

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Service</th>
<th>Charges</th>
<th>Usage</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2728</td>
<td>1&amp;1 instant Domain</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>2 2728</td>
<td>1&amp;1 instant Domain</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>3 2728</td>
<td>1&amp;1 instant Domain</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>4 2728</td>
<td>1&amp;1 instant Domain</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>5 2728</td>
<td>1&amp;1 instant Domain</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>6 2728</td>
<td>1&amp;1 instant Domain</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>7 2728</td>
<td>1&amp;1 instant Domain</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>8 2728</td>
<td>1&amp;1 instant Domain</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>9 2728</td>
<td>1&amp;1 instant Domain</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
</tbody>
</table>

**Figure 30, 1&1 purchase order, 3 of 6**
<table>
<thead>
<tr>
<th>Item No.</th>
<th>Service</th>
<th>Charges</th>
<th>Usage</th>
<th>Total</th>
</tr>
</thead>
</table>

Figure 31, 1&1 purchase order, 4 of 6
<table>
<thead>
<tr>
<th>Item No</th>
<th>Service</th>
<th>Charges</th>
<th>Usage</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>24</td>
<td>2728</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$6.00</td>
</tr>
<tr>
<td>25</td>
<td>2728</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>26</td>
<td>2728</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>27</td>
<td>2728</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>28</td>
<td>2728</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>29</td>
<td>2728</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>30</td>
<td>2728</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>31</td>
<td>2728</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>32</td>
<td>2729</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>33</td>
<td>2729</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>34</td>
<td>2729</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>35</td>
<td>2728</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>36</td>
<td>2728</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>37</td>
<td>2729</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
</tbody>
</table>

Figure 32, 1&1 purchase order, 5 of 6
<table>
<thead>
<tr>
<th>Item No.</th>
<th>Service Description</th>
<th>Charges</th>
<th>Usage</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>2728 .com.net Domain</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
<tr>
<td>19</td>
<td>2728 .com.net Domain</td>
<td>$5.99 per year</td>
<td>12</td>
<td>$5.99</td>
</tr>
</tbody>
</table>

Total amount due: $233.61

The total amount due will be charged to your credit card. Thank you.

1&1 Internet Inc. - @1.com, N.A. - Account #: 5343295 - AIA #: 031000009 - Styf code: 000320

Figure 33, 1&1 purchase order, 6 of 6
ACCUMULATIVE VISITORS PER SITE

The following Figure 33, provides the accumulative visitors generated over the test period, September 20, 2006 through January 3, 2007, some six-hundred-twenty-four. One site, Nomom.com accounted for 95 of the six-hundred-twenty-four visitors, over 15%. For detailed information please refer to the excel sheet at www.jambala.com/Sedo stats.xls.

Figure 34, Visits per site (Accumulated)
REVENUE GENERATED

The following Figure 34 provide the total accumulative revenue generated over the test period, September 20, 2006 through January 3, 2007 and the total click through per site. Of the 59 sites, eight had click-through that generated advertising revenue. These sites generated total revenue of $0.76. For detailed information please refer to the excel sheet at www.jambala.com/Sedo.xls.

<table>
<thead>
<tr>
<th>Domain Name</th>
<th>Revenue Generated</th>
</tr>
</thead>
<tbody>
<tr>
<td>CARDIOMINE.COM</td>
<td>$0.09</td>
</tr>
<tr>
<td>HEMATOL.COM</td>
<td>$0.03</td>
</tr>
<tr>
<td>METADOSE.COM</td>
<td>$0.06</td>
</tr>
<tr>
<td>NOMOM.COM</td>
<td>$0.16</td>
</tr>
<tr>
<td>NOMORECOLD.COM</td>
<td>$0.09</td>
</tr>
<tr>
<td>NUVEUS.COM</td>
<td>$0.03</td>
</tr>
<tr>
<td>SALVADONE.COM</td>
<td>$0.08</td>
</tr>
<tr>
<td>SALVATONE.COM</td>
<td>$0.22</td>
</tr>
</tbody>
</table>

Total Revenue Generated $0.76

Figure 35 shows the eight sites that generated revenue.

Figure 36, Revenue per site (accumulated)
Figure 36 shows the number of click through that occurred on the 8 sites that generated revenue.

![Bar chart showing the number of click through per site (accumulated)](chart.png)
The following Figures 37-40 provides a copy of the 1and1 email they submitted to search engines to better promote Nomom.com.

Hakan Andersson

From: support_sn@1and1.com
Sent: Sunday, December 17, 2006 4:33 AM
To: hakan@jambaia.com
Subject: Your 1&1 Submission Report

1&1 Submission report for:
http://nomom.com/logs

Your url has been submitted to the web's top search engines and directories. Most engines take 8-10 weeks to index new sites. Your url is in queue to be indexed by these engines. During this time between submission and indexing use the 1&1 online tools available in your site management area (www.1and1.com) to optimize your web page.

<table>
<thead>
<tr>
<th>Admity</th>
<th>Status</th>
<th>Successful</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Aesop</th>
<th>Status</th>
<th>Successful</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Alexa</th>
<th>Status</th>
<th>Successful</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Canadace</th>
<th>Status</th>
<th>Successful</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Canadiencontent</th>
<th>Status</th>
<th>Successful</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CDNNet</th>
<th>Status</th>
<th>Successful</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DMOZ</th>
<th>Status</th>
<th>Requires Manual Submission</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Due to nature of DMOZ's submission process, submission to DMOZ has not yet occurred because it requires manual submission by the site owner. We have made this process easier for you by including a submission wizard in your site management area. Simply log into your SEO account and visit the "Submission Options" page to find the DMOZ submission link. DMOZ feeds or supplements listings for the following third party search engines.

1/3/2007

Figure 38, 1&1 search engine submission, 1 of 4
<table>
<thead>
<tr>
<th>Google</th>
<th>Status</th>
<th>Successful</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abreza UK</td>
<td>AngelServe Internet</td>
<td></td>
</tr>
</tbody>
</table>

Submission to Google was successful. Google feeds or supplements listings for the following third party search engines:

- Abreza UK
- AngelServe Internet

1/3/2007

Figure 39, 1&1 search engine submission, 2 of 4
<table>
<thead>
<tr>
<th>Engine</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotbot</td>
<td>Successful</td>
</tr>
<tr>
<td>Lycos</td>
<td>Successful</td>
</tr>
<tr>
<td>MSN</td>
<td>Previously Successful</td>
</tr>
<tr>
<td>NerdWorld</td>
<td>Successful</td>
</tr>
<tr>
<td>Search.ch</td>
<td>Failed</td>
</tr>
<tr>
<td>Splatsearch</td>
<td>Successful</td>
</tr>
<tr>
<td>Wallhello</td>
<td>Successful</td>
</tr>
<tr>
<td>WebCrawler</td>
<td>Successful</td>
</tr>
<tr>
<td>Yahoo</td>
<td>Previously Successful</td>
</tr>
</tbody>
</table>

Due to the nature of MSN's submission process, we only make one successful submission to their engine. Our research indicates that sparse submission to MSN will give you a better chance of being listed. If you have made major changes to your web site, it is possible to resubmit to MSN and other single submission search engines and directories by running the "Submission Options" tool in your account and selecting "Force Resubmission to Single Submit Engines and Directories".

1/3/2007

Figure 40, 1&1 search engine submission, 3 of 4
research indicates that sparse submission to Yahoo! will give you a better chance of being listed. If you have
made major changes to your web site, it is possible to resubmit to Yahoo! and other single-submission search
engines and directories by running the “Submission Options” tool in your account and selecting “Force
Resubmission to Single Submit Engines and Directories”. Yahoo! feeds its supplements listings for the following
third-party search engines:

<table>
<thead>
<tr>
<th>Zen Search</th>
<th>Status</th>
<th>Successful</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submission to Zen Search was successful</td>
<td>1&amp;1</td>
<td></td>
</tr>
</tbody>
</table>

1/3/2007

Figure 41, 1&1 search engine submission, 4 of 4