

Tuesday, April 24, 2007

### OpenDNS' address bar labels is a signpost to the type-in domainers

Predictably, most of the reaction to my Domain Aftermarket Due for an 'Asset Repricing' post awhile back was disgruntled and hostile. The domainer traffic king Rick Schwartz called it "One of the worst and most inaccurate[sic] articles on domains I have ever read." and on the various forums I was called a total idiot and worse.

Since I'm talking about it, I should mention that I did get some of the numbers in the article wrong, like way off wrong. Drugs.com sold for 800K, not 4M and Yun Yi's Ultsearch portfolio was bought by Marchex for 165 Million, not 65. Next time I shall endeavour to google the numbers before reciting them.

Be that as it may, the numbers may be wrong, the premise isn't. And I saw some pretty flimsy arguments why type-in traffic will increase in the future, not decline. One hopeful domainer posted:

As time passes and more and more (maybe?) parked generic domains are (finally) developed to yield their full potential I see more direct navigation activity, not less, as people will increasingly be rewarded for their direct navigation actions.

Yes, when people type something into the browser navbar and are confronted with this:

They feel rewarded and inclined to do that more often in the future.

Another key component of my premise was that type-in traffic faced impending competition from browsers, network carriers and DNS resolvers.

Along comes David Ulevitch at openDNS to prove my point: Shortcut your way around the web describes their new service to use keywords in the browser location bar.

It is no surprise that pureblood type-in domainers don't like this. They'll be quick to tell you you're an idiot if you posit an overall decline in type-in usage in the future, but they only want the browser bar to be used in the way that suits them. Hands off to the actual makers of the browsers and if somebody from out in left field like a DNS resolver company steps in, then that's even worse!

This all goes toward what I was saying. Dave may be doing something that lends itself to more type-in activity in the browser navbar than less, but it's type-in that will take reach away from the pure type-in domainers. Remember where you heard it first:

The [domainers'] underlying premise is that internet users will grow less sophisticated over time and that there will be no further or meaningful user interface changes from here on in, that...access providers, network carriers, web browsers and even root or recursive nameserver operators are going to stay out of the realm of "errant or exploratory internet traffic" and leave it all to the domainers.

The outcry from writing that article led me to believe there was something to what I was saying (having said that, there was a lot of super constructive criticism and very well crafted counterpoint. Probably the best was from Frank Schilling) and even a few smatterings of "he may have a point" could be found if you dug around enough.

Nobody likes to hear "last call" being called. Everybody likes to think the business they are in is recession proof and poised for boundless, perpetual growth. The lemmings who are buying GOOG at nearly \$500/share today are impatiently wondering how long it will take to go to \$1000, the guy who spends a million or two on walnuts.ws (made up example) thinks he'll recoup in a year when Marchex or Ireit buys it for 4.

None of this is to say that domainers are fools. In fact most of the successful ones are smarter than I. The established ones, the big portfolio owners and the guys with the generic monsters built their empires years ago. They saw what was in the future, they started accumulating at well below market values, either registering the names fresh, buying below

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market in the aftermarket or amassing them via the expiry drops.  
My hat is off to these guys because they saw it before the explosion and they acted.

By contrast, the herd mentality is to look at what made a lot of money recently, buy-in at current market prices, assume trend continuation in perpetuity, and wait for the easy profits to roll in. Which would mean, as I always say, if it were that easy, everybody would be rich.

I think there is a lot of big money being thrown at domains today which just won't be recouped, let alone turned into a profit down the road.

I'll close with some sage advice from two very old books which had to do with speculation in the stock markets. It was Jesse Livermore in *Reminiscences of a Stock Operator* who observed that most people experience greed and fear at precisely the opposite time they should be. They are greedy when they should be fearful (when the market is HOT) and they are fearful when they should be greedy (when it's not).

In 1917, a Wall St. insider named Don Guyon undertook a study of the trades and performance of every client of the brokerage house we worked for. Detailing his results in *One Way Pockets* he found that 90% of them lost money overall and displayed the same pattern almost universally. They would enter a trade, it would show a small profit, and they would sell too early. Then seeing the stock leave them behind, buying back in at higher prices, holding on too long and then after the stock peaked, riding it all the way back down to the bottom where in the final cruel cut they would capitulate and sell and what would become the perfect entry point for the next cycle up.

So it goes.

Posted by Mark Jeftovic in Tech Wreck 2.0 at 11:31

Thanks sincerely for the blog-plug Mark.. I was going to comment on my blog but then thought this would be the logical forum to post my view.

You are absolutely correct that there is a professional jealousy at play here. Domain folks have been ridiculed since the dawn of the commercial internet, first (incorrectly) as squatters, then as unseemly opportunists. The Web's™ techie purists will never like anyone getting rich from the foundational elements of the net. Domainers were historically viewed in a worse light than that NOC guy who loaded up on Class C's back when they were free.

So today when domain registrants are "finally"™ beginning to collectively come into the mainstream and they see an innovation like David's; some will view it as browser encroachment and lash out in contempt or disdain. There is an undercurrent of "Hey, this is moving in on sacred turf!"

I've genuinely tried to be open-minded about it... I find it a bit sharp or edgy because it monkeys with something that was traditionally meant to be authoritative. Everything needs an address of some kind and when you say take me to X location, you "want"™ to go to 'X'. You don't want somebody to place a roadblock in the way, or roll out an innovation akin to gator's "wallet" or a "smiley screen-saver" which sells itself as a "Navigation Enhancement" with the ulterior motive of monetizing error searches.

That said, I have personally come around on this and welcome this innovation for precisely the reason you point out: "This gets more people to use direct navigation" You are using the address bar rather than the Google search box and that balancing force is a healthy thing. Also, people have to opt-in to this by downloading it. If this is what people really want then give the people what they want. You could argue that David has really just created a new domain extension which anyone can map. We have seen new domain extensions before and they have not threatened existing extensions.

The concern of course is that David's™ horns come out and this gradually gets more and more "encroachy" (for lack of a better word). A world where people are constantly impeded from navigating to the place they really intend to go and you get to the unfortunate outcome where two different people on two different computers have great difficulty visiting the same website at the same time, thanks to all the corporate self-serving "enhancements". That would be unfortunate. I may not like coming to a page filled with pop-ups but at least "I was free to choose" and that freedom should be in the user's hands.

Unimpeded navigation is a core tenet of the net. People need to be able to go where they want without clog or restriction to keep the Internet from turning into a walled garden. It would be the heart of irony if those looking to clean up all these pop-up and paid search pages with "enhancements", only served to make users "less"™ satisfied by denying the folks the ability to explore, or created a world with a "different flavor"™ of the same advertising at the expense of user freedom.

Anonymous on Apr 24 2007, 19:00

Mark -- a great post. And Frank, a great comment.

Frank said: Unimpeded navigation is a core tenet of the net. People need to be able to go where they want without clog or restriction to keep the Internet from turning into a walled garden. It would be the heart of irony if those looking to clean up all these pop-up and paid search pages with "enhancements", only served to make users "less"™ satisfied by denying the folks the ability to explore, or created a world with a "different flavor"™ of the same advertising at the expense of user freedom.

I couldn't have said it better myself (so I won't). I know we are reinforcing the use of the address bar as the best means of navigating the Internet. That's what consumers want. That is fundamentally what makes for a better experience. Having three different search boxes (when you have the Google toolbar installed) is not just a waste, but it's confusing to consumers. Heck, it's confusing to me.

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Everything we do at OpenDNS (even if we make money on some of the ads) is done by putting the users interests first and the advertisers second. As long as we keep those values clear in our minds, users will get a superior Internet experience. When we lose sight of those values, the users will stop using us and the advertisers will walk away. It's my job to make sure our goals and our business stay clear.

Frank -- If you're in town for Ad:Tech, come to the DomainFEAST Ron Sheridan and friends are hosting tomorrow night.  
Anonymous on Apr 24 2007, 21:00

Mark;  
For a strange reason you just reminded me the movie "Dumb and Dumber", when 'Dumb or wasn't Dumber?' takes the wrong turn and they ended driving hundred of miles the wrong way , next "To completly reedem himself" he goes into town and trades the "Dog Furry Van" to a little-boy for a mini-scooter.  
Best.  
Robert.  
Anonymous on Apr 25 2007, 09:18

I just read the article that initiated this controversy again, reprinted in Trendinews.  
That article was superb and you said really important things there.  
When some say things like "People need to be able to go where they want without clog or restriction to keep the Internet from turning into a walled garden." we are mixing idealism with business. I read your article from a purely business point of view.  
Of course I would prefer the world to be different.  
But the reality is what I am interested in, when we talk money.  
When I want to talk about how I would like the world to be, I write in my personal blog.  
When I write for Trendirama, I am interested in how the future will be, not how I would ike it to be.  
In that respect, your article made a lot of logical and economic sense to me.  
Of course there will be people who won't like it, and may even insult you (it has happened to me before when pioneering ideas).  
That's because you were brave enough to go against the current and say clearly what you think. And that's very valuable.  
I respect everyone: you, domainers, everyone. But when talking business, I am in search of the ultimate truth for all of us. Where is the real opportunity? That's all I care for.  
Many domainers seem to be starting to drift awat from reality to a world as they would like it to be. Some of them mix in their blog posts business and emotion.  
Make your mind up guys, either talk business, or "wishes". If people are REALLY smart, they should be hearing all opinions, respecting them all, and taking appropriate action based on them. That's it. Anything else belongs to the children world. And we are not children...are we?

regards  
Javier Marti  
Anonymous on Apr 27 2007, 20:46