



AZOLA CREATIVE

CASE STUDY | Marketing Effectiveness in the Domain Aftermarket

DOMAIN AFTERMARKET ONLINE AUCTIONS

Azola Creative was hired by an online auction organization specializing in the domain aftermarket industry.

The domain aftermarket is a niche, but highly competitive international marketplace where the United States and China makeup 96% of the buying.

When Azola Creative engaged with the online auction business, they were coming down from a two-year bubble in Chinese sales. They had experienced rapid growth, but now needed to make more insightful decisions in marketing their inventory to buyers to retain revenue expectations.

Their organization had one-person managing all of their marketing. This marketer was challenged to meet the expectations of the board of directors because of the level of output expected to be completed as well as the new demand of developing better market data insights.

The following is how Azola Creative served as a strategic advisor to assist their marketing resource and increase sales in a down market.



MARKETING ROI



A/B TESTING



MARKET INTELLIGENCE



CHINA ENGAGEMENT



MARKETING EFFICIENCY



MARKETING ROI

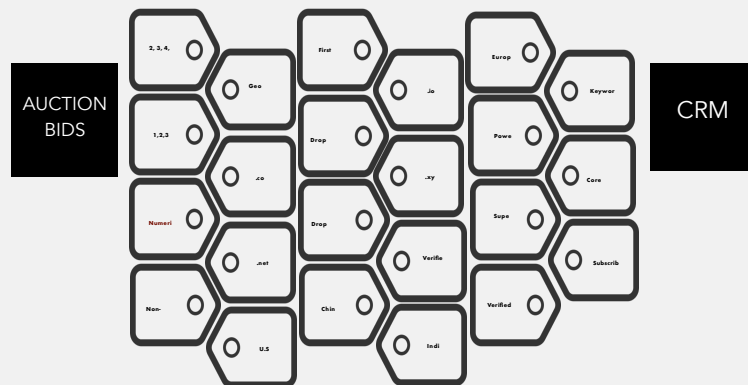
Prior to working with our Client, they were primarily using email newsletters to market their inventory to buyers.

Their emails were inconsistent in that they were sending them sporadically and did not have any accountability into understanding the value or Return on Investment (ROI) of their campaigns.

SEGMENTATION

One of the first things we accomplished was to breakdown their subscribers and buyers into segments.

Buyers in the domain aftermarket are complex. Some purchase frequently and at low dollar amounts, some frequently at high dollar amounts. Others may not buy for several months and when they do, they buy several names at varying prices.



Based on customer buying data, we were able to assign four segments tags based on dollar amount and units (domains) sold.



MARKETING ROI

MINING OUR VALUE PER BID

Next, we had to evaluate what the value of a bid is in this market. Many people bid on names with no intention of winning, they put basic bids on several names and watch to see how others respond to assess speculative market value.

With all of this bidding activity, and many people not winning or aggressively competing, we needed to back away from sales revenue numbers and break down the value at a very granular level.

Once we identified this value, we now had a dollar metric we could use to measure the ROI of our marketing spends.

This metric was applied to sponsorships, email marketing, social media and any other campaign that leveraged our marketing resources.

Our ability to report ROI to the board of directors increased their confidence in our marketing efforts. They could now identify with the efforts of the marketing output.

Additionally, we were able to make better investment decisions with marketing spend because we had more accountability as to what the right ROI expectations were. This had an instant effect in the direction we took.



A / B TESTING

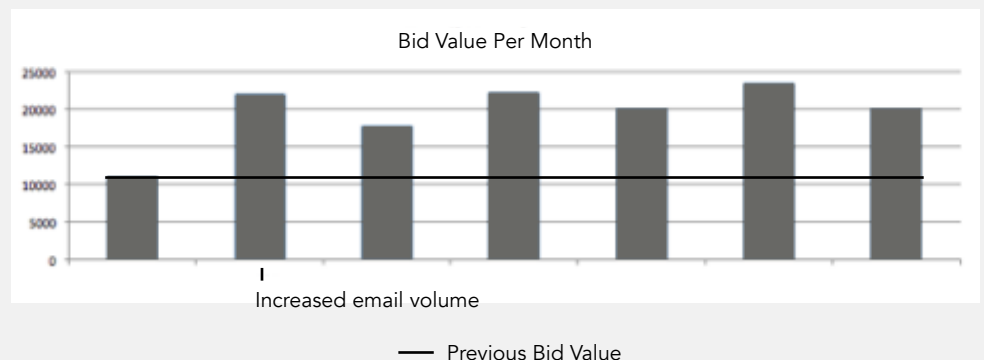
Prior to working with our Client, they were primarily using email newsletters, social and sponsorships to market their inventory.

However, aside from not tracking ROI, they were not testing any of these marketing channels to confirm results.

TURNING UP THE VOLUME

Even though they were using email marketing, they were only sending emails 1x to 2x per month. There were two challenges here: one was bandwidth issues for the marketing resource. The other was that they were afraid to send too many emails because of the possibility of turning off their customers and driving up unsubscribes.

To address this issue, we systematically increased the email volume. First, we did 1x per week. What we found was that the more emails we sent, the more bids we saw on the auction platform which is what we had hoped. We continued to increase the volume of emails to a healthy 2x per week and saw no negative effects, only increased engagement with our inventory.





A / B TESTING

Next, we tested several components of the actual email performance.

We tested multiple components over several emails.

- Subject Lines
- Design
- Content
- Call-To-Actions



Again, following our tests, we saw a significant increase in bids placed month-over-month.

We continued this form of testing with Social Media and other marketing channels.



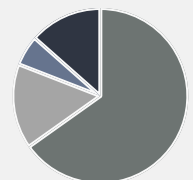
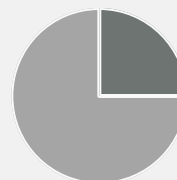
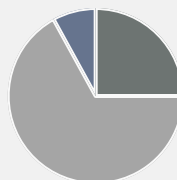
MARKET INTELLIGENCE

Despite being immersed in the daily operations of connecting buyers and sellers together on the platform, there were still several misconceptions or vague details about the psychology and behaviors of domain investors.

Over the course of a year, we conducted several market research studies to gain better insights into buyer behavior.

Some of the research included:

- Webinars
- Surveys
- Polls
- 1:1 Interviews with Buyers



Using these findings, we were able to make better informed decisions about what drives the sales of the bids placed. We were able to make price changes, commission changes and reduce some of the less effective efforts to engage with more power buyers in the customer base. These practices had a direct increase on profitability



CHINA ENGAGEMENT

China makes-up 48% of the buying market in the domain aftermarket. China's domain buyers are complex in their approach to purchasing domains.

The recent bubble had been a result of speculators with a 'get rich quick' mentality making them buy up names aggressively. Many of those names fell flat on ROI because the buyers did not have enough of an understanding of the market they were in.

There are several nuances as to what makes a domain valuable. Those nuances expand greater when you enter the Chinese market. Numbers, letters, vowels are just a piece of it. Superstitions around the number 4 or the number 8 could be enough to drive up the price of a single domain.

When it comes to marketing to China, it's even more complicated. There are several restrictions and firewalls in place due to China's government. The risk of fraud and/or failure to pay on a name won is a constant challenge.

The language barrier is yet another challenge. Tiny nuances in Chinese language that could change the meaning of what you say or why you said it.



CHINA ENGAGEMENT

Due to the growth of domain acquisitions in China, there were many vendors and agencies clamoring to offer marketing services in China. Our Client's board of directors were insisting they work with one of these groups to get more aggressive in China.

Before making any moves in the direction, we immediately paused all discussions to better understand the market. We found several interesting items that enabled us to make smart decisions in the Chinese domain aftermarket.

First, email was a primary driver for marketing domains to our Client's customer base. However, that was not going to be the case in China. Only 44% of the Chinese market leverage email. 82% of Chinese consumers use WeChat.



WeChat is proprietary to China and we only had access to a light version in the United States. The Chinese version is a combination of E-Commerce store, social media platform, and news app. The majority of domain investors were using WeChat to get their information and make purchases. With limited access in the states, we were not in a great place.



CHINA ENGAGEMENT

CRAWL, WALK, RUN

Even though we knew email was not going to be a driver, we still had opportunities to leverage it and optimize it.

We developed a direct replication of our newsletters we were sending to our other subscribers and segmented out all Chinese buyers.

Next, we contracted a Chinese domain buyer to translate a boilerplate email subject line, and body content. To confirm, the accuracy, we tested it against some trusted resources to verify the accuracy of the content translation.

We then targeted our email sends to arrive at an optimal time in China. Previously, they were receiving the same emails, but in the middle of the night.

With these changes, we saw an increase in open rate and bids.





CHINA ENGAGEMENT

We were able to establish a trusted connection with Chinese consultants in the domain industry who enabled us to establish a Chinese based WeChat account. Working with them, we promoted inventory more effectively.

Along the way, we discovered additional technology challenges including high website latency on traffic coming from China.

↓ 61%

PAGE LOAD TIME DECREASE

↑ 41%

AVERAGE SESSIONS INCREASE

↑ 36%

AVERAGE BIDS INCREASE: 36%

↑ 35%

AVERAGE BIDS VALUE INCREASE

Working with our Client's engineering team, we were able to target specific areas of concern. Making these changes generated an immediate increase in performance and bid value.



MARKETING EFFICIENCY

Although we leveraged some 3rd party resources to support some of the initiatives we carried out, the majority of these outcomes were generated by the same marketing resources that previously struggled to keep up with bandwidth constraints.

By developing a marketing calendar, testing the performance of initiatives and removing initiatives that were not generating desired ROI, we increased the marketing effectiveness with far more efficient marketing operations.

SUMMARY

By the time Azola Creative completed our project, our Client's marketing effectiveness increased across multiple components for their business. They were marketing more efficiently and gained insights that drove future investment in marketing resources as well as increasing the value of the marketing team's role in the organization.

Coming into a down market following the bubble burst of China's domain buying, we were able to reverse downward trends by engaging more effectively with power buyers and clarifying the three top factors that drove their business' growth.

ABOUT AZOLA CREATIVE

Azola Creative specializes in increasing marketing effectiveness for established and growing SaaS organizations who require creative marketing strategies to cut through the noise of a crowded marketplace. Serving our Clients temporary or long-term needs, Azola Creative can quickly adapt to your organization's current marketing practices and create growth through increased market intelligence, A/B Testing, team efficiency strategies or new product or new market launch initiatives. Visit AzolaCreative.com to learn more.