



Tactical Domain Monetization Allocation: A Statistical Approach

Alex Tajirian

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Abstract

The paper points out the limitations of the current popular domain monetization allocation tactic and outlines a statistical approach to overcome them. Based on a domain name's characteristics, it outlines a model to predict the best monetization service provider for the domain name.

Current Methodology & Limitations

The current popular approach is based on splitting a portfolio of domain names among various monetization service providers, then comparing the performance of each sub-portfolio. This approach, however, has three limitations: it can only determine relative performance; the comparisons are based on unlike items, like apples and oranges; it cannot distinguish between random and systematic performance. The first issue has been discussed elsewhere.¹ Thus, this paper develops a statistical approach to tackle the other two limitations.

Overcoming Current Limitations

To ensure that apples are compared to apples, domain names need to be identified based on significant distinguishing characteristics, such as use popularity of the implicit keywords and pay-per-click rates.² Such an approach has been used to determine premiums among domain name marketplaces and can be easily adapted to measure return premiums among monetization service providers.³

Revenue performance over a period of time has two components: systematic and random. Thus, historical monetization performance can be important in predicting future performance of the systematic component. Hence, the model is re-estimated monthly.

Performance Prediction

Using the history of estimated models, based on a domain name's characteristics, one can predict the service provider that is expected to generate the highest revenue for the domain name. Predictions based on the most recent month's data are weighed more heavily.

Concluding Remarks

This analytical tool is timely, as there are currently over ten monetization service providers and the field is growing.

¹ Alex Tajirian, "[Your Domain Parking Monetization is Under-Performing.](#)"

² See Alex Tajirian, "[Appraisal Based on Estimating the Value Generating Process](#)" for a list of characteristics and the methodology to determine their significance.

³ Alex Tajirian, "[Price Inefficiencies in Domain Name Markets: An Empirical Investigation.](#)"