

Business Case Proposal For Purchase of Domain Name [Hosting.mx](#)

To compete in the hosting industry, web hosts must utilize every advantage to boost sales and grow their customer base. Domain names that describe the exact service their customers want and need, provide an incredible edge by virtue of their inherent type-in traffic, SEO value, and natural authority when it comes to branding.

This report gives detailed projections for a potential Return On Investment (ROI) for the purchase of Hosting.mx, based on the domain's current traffic statistics along with additional estimates from professional third-party sources to predict its likely value for Search Engine Optimization (SEO). The combined data shows how owning Hosting.mx could help to significantly grow your hosting business over a short period of time.

Overview

Industry:	Web Hosting
Domain:	HOSTING.MX (hosting.mx)
Purchase Price:	\$10,000 USD * <i>*(Can be spread into a monthly payment plan or lease-to-own agreement, if desirable.)</i>
ROI Potential:	- On Type-in Traffic – 100% in the 3 rd year; 600% in 10 years. ** - On SEO Traffic – 17% to 794% possible in 1 to 2 years; 4600% to 35,000% possible in 10 years ** <i>** (See Figures 1 & 2 below for variables and detailed projections)</i>
Ideal Buyer:	- Established hosting company within Mexico looking to dominate the competition; - Startup hosting company within Mexico looking to become a serious player; - Global hosting company looking to expand or cement position in the Mexican market.
Trademark/ Legal Concerns:	None

Benefits & ROI Projections

Direct Type-In Traffic:

Hosting.mx receives new traffic each day. In 12 months it has gathered over 900 visitors to its landing page. These visitors did *not* come through search engines, since there is no website associated with the name. Instead, this traffic arrived at Hosting.mx from people typing the domain directly into their web browser (aka 'type-in' or 'direct navigation'). The great majority of these visitors type in Hosting.mx naturally because they are looking to find a web host. This makes the traffic *highly targeted*, and when you own Hosting.mx, these visitors find *your* business.

Of those 900 visitors in the past 12 months, 238 performed a search for more information, and 49 clicked on an ad. These clicks paid out nearly \$345 in ad revenue, or \$7 per click. Advertisers in the web hosting industry whose ads appear on Hosting.mx pay good money for each click or lead, because *the lifetime value of each new hosting customer they acquire is high*.

Research indicates that the average shared hosting plan costs between \$90 to \$150 per year. Given that figure, \$100/year is used in the sales projections below as a conservative estimate. It is possible your ROI would be much higher if you are able to command above industry-average prices or if you are selling premium hosting plans such as VPS or Dedicated Hosting.

For the purpose of these projections, it is also assumed that your company retains the business of the average hosting customer for a length of 5 years. In that case each customer you acquire earns your business \$500 in sales over their lifetime, on average.

While the actual lifetime value of a hosting customer may be difficult to pinpoint, the author is satisfied that these estimates are conservative, and in addition to any third-party sources cited herein, includes the following personal data points:

As a hosting customer, I have been with my current provider (Hostgator) since 2007, where my current lifetime sales value stands at over **\$1,800**.

As a freelance web-designer and webmaster since 2009, I don't recall a single client ever changing web hosts over the life of their website.

Assuming that Hosting.mx maintains an average of 900 type-in visitors each and every year, a conversion rate of just 2% – near the median for ecommerce websites, and below median for all websites – then your business would gain 18 new customers each year *by doing nothing other than buying the domain and pointing the natural traffic to a well-optimized landing page*.

Given the above figures, we conclude that your business would grow sales by \$1,800 in the first year, recoup the purchase price of the domain by year three, and within ten years have realized a total ROI of over 600% or more than \$62,000 (\$6,200 per year on average). These estimates are given by *Figure 1* below.

Variables						
Direct Traffic/Year *	900					
Conversion Rate **	2.00%					
Hosting Plan/Year	\$100.00					
Avg Customer Retention	5 years					
Year	New Customers Delivered	Total Customers Delivered	Total Rolling Customers ***	Annual Sales	Cumulative Sales	ROI
0						-\$10,000.00
1	18	18	18	\$1,800.00	\$1,800.00	-\$8,200.00
2	18	36	36	\$3,600.00	\$5,400.00	-\$4,600.00
3	18	54	54	\$5,400.00	\$10,800.00	\$800.00
4	18	72	72	\$7,200.00	\$18,000.00	\$8,000.00
5	18	90	90	\$9,000.00	\$27,000.00	\$17,000.00
6	18	108	90	\$9,000.00	\$36,000.00	\$26,000.00
7	18	126	90	\$9,000.00	\$45,000.00	\$35,000.00
8	18	144	90	\$9,000.00	\$54,000.00	\$44,000.00
9	18	162	90	\$9,000.00	\$63,000.00	\$53,000.00
10	18	180	90	\$9,000.00	\$72,000.00	\$62,000.00
* Source: Domain parking stats						
** Source: SearchEngineLand.com						
*** Based on avg. 5-year customer retention						

Figure 1: Buy Hosting.mx, point it to a well-optimized landing page, do nothing else, and see a return on your investment in the 3rd year. See 600% ROI after 10 years, if type-in traffic remains consistent (it could grow, just as well as stay the same or shrink).

SEO Traffic:

So far this report has only considered the advantages of natural type-in traffic, but have not yet talked about the SEO benefits that are possible should your business develop a web presence with content on Hosting.mx in order to get it ranked in Google and other search engines. Even today, domain names that exactly match the keyword of your product or service still impart an advantage to your website ranking in search engines for that keyword.

Of Note: It is no surprise that when you search 'hosting' in Google.com, the very first organic search result is for Hosting.com. Similarly, with proper SEO it should be very possible for your business to optimize Hosting.mx to rank in the first page of results for 'hosting' in Google.mx, local to Mexico.

This advantage cannot be overstated!!

Can you imagine how well your business would do if *yours* was the *very top result* for 'hosting' in Google.mx results? **Your business would surely take off like a rocket ship.**

See Figure 2 below for detailed SEO projections local to Mexico. Here again the figure of \$100/year and 5 years customer lifetime are used. However the median conversion rate for SEO traffic is 4%, based on data provided by MarketingSherpa.com.

<u>Variables</u>						
Search Volume (Annual) *	97200	(for keyword 'hosting', local to Mexico)				
Conversion Rate **	4.00%					
Hosting Plan/Year	\$100.00					
Avg Customer Retention	5 years					
SERP Result	Traffic Percentage	New Customers Delivered	Annual (new) Sales	1-Year ROI	Cumulative Sales after 5 Years ***	Cumulative Sales after 10 Years ***
1	23%	894	\$89,424	794%	\$1,341,360	\$3,576,960
2	16%	622	\$62,208	522%	\$933,120	\$2,488,320
3	13%	505	\$50,544	405%	\$758,160	\$2,021,760
4	10%	389	\$38,880	289%	\$583,200	\$1,555,200
5	8%	311	\$31,104	211%	\$466,560	\$1,244,160
6	6%	233	\$23,328	133%	\$349,920	\$933,120
7	5%	194	\$19,440	94%	\$291,600	\$777,600
8	4%	156	\$15,552	56%	\$233,280	\$622,080
9	3%	117	\$11,664	17%	\$174,960	\$466,560
10	3%	117	\$11,664	17%	\$174,960	\$466,560
* Source: semrush.com						
** Source: MarketingSherpa.com , 2012 Search Marketing Benchmark Report – SEO Edition						
*** Based on rolling total of customers at avg 5-year retention.						

Figure 2: Through applied SEO techniques, your business can capture a huge share of the hosting search pie within Mexico.

Final Remarks

Many, many businesses have used the simple strategy of acquiring the domain name that matches the keyword of their product or service in order to multiply their profits by capturing steady type-in traffic, unlocking natural SEO benefits, and capitalizing on the natural authority and trust factor that the domain conveys, and this is a strategy that can still work today.

At first glance, \$10,000 USD may seem like a good sum of money to spend up front for a domain name, but that is only if you see the cost and not the full value it can bring to your business. Remember that once you own Hosting.mx, you own it forever, and it has the potential to seriously impact your sales for the better over the entire life of your business. After you've recouped your initial investment (as shown by the figures above), Hosting.mx continues to pay you new dividends year after year, after year.

Not only that, but because they are such a powerful investment vehicle, premium domain names such as Hosting.mx retain their value over time, meaning that should you ever decide to exit your business, the domain name is an additional asset that adds to your bottom line. Therefore buying Hosting.mx should not be seen as a sunk cost. Unlike tangible assets such as office furniture that depreciate in

value the longer you own them, the Hosting.mx domain name stands a good chance of actually *rising* in value over time, as it become core to the success of your business.

Can you see how owning Hosting.mx could make for a wise investment? Behind a solid business plan and the right motivation, it could even lead to you becoming one of the most recognized hosting companies in all of Mexico.

Summary

Purchase of Hosting.mx could be one of the smartest decisions you will ever make for your hosting business, and can provide you a return on your investment like no other. To secure Hosting.mx as your new domain name, contact us today.

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Sources:

SERP Data:

- <http://www.analyticsseo.com/blog/seo-click-through-rate/>

Median Conversion Rates:

- <http://searchengineland.com/7-conversion-rate-truths-will-change-landing-page-optimization-strategy-191083>

- <http://www.wordstream.com/blog/ws/2014/03/17/what-is-a-good-conversion-rate>

Median SEO Conversion:

- http://content.marketingsherpa.com/data/public/reports/benchmark-reports/BMR-Search_Marketing-SEO_Edition.pdf

Search Volume:

<https://www.semrush.com/mx/info/hosting?db=mx>

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