

Investors find little market for mobile-centric domains

June 3 2010, By Bridget Carey

Rick Schwartz made his fortune the new-fashioned way, raking in millions of dollars buying and flipping domain names, like Candy.com, which he sold for \$3 million.

But the South Florida "Domain King's" wish-I'd-thoughta-that money-making formula has gone sour of late. And he's not alone.

Schwartz and other Internet tycoons who paid tens of thousands or more scooping up [domain names](#) that end in ".mobi" -- which are designed to be easily viewed on mobile screens -- have found the names are now all but worthless.

The iPhone is to blame, of course. Newer phones can load websites easier, plus with a multiplicity of apps and built-in Google search bars, it's unnecessary to use a specific dot-mobi URL.

If only someone had told Schwartz that before he shelled out \$200,000 for flowers.mobi in 2006.

"I'm not prepared to say it's a flop," Schwartz said of that particular purchase. "When you win big, sometimes you lose big also. I swing for the fences all the time."

The dot-mobi land rush is a cautionary tale for investors. The faster mobile phone technology changes, the smaller the window of opportunity is for speculators.

Speculators like Mark Sandulli. In 2006, the Deerfield Beach, Fla., domain name investor spent \$40,000 to gobble up 500 dot mobi names -- most with three letters, like wiz.mobi, paw.mobi, rum.mobi and doh.mobi. Made sense at the time.

A year later came the iPhone and its apps. He sold dui.mobi at auction in '08 for \$7,000, but that was his last big payday.

Sandulli said it's too early to call dot-mobi names a failure, for it could take a few more years for it to catch on. He owns zap.mobi and is developing that to be a search engine just for mobile-friendly sites. What gives him hope is that large brands, such as Fox News, BMW, Disney, Bank of America, Zagat, Hilton, Time Magazine and Hertz, have bought dot-mobi sites.

He's working with Pompano Beach, Fla.-based domain registrar Moniker to auction off about 50 to 100 of his mobi names later this year.

"The whole domain market went down, just like the economy," Sandulli said. "I'd like to be the one to breathe more life into this again."

It's not just the [iPhone](#) that made mobi domain names mobile equivalent of an eight-track car stereo. The extension is unnecessary now, thanks to advances in how websites are built. Formerly, a mobi extension was required to follow design rules that made web pages easy to read on a mobile phone screen.

But now, a site can detect that a user is on a mobile device and automatically display in a cell-phone-friendly format. Plus, phone keyboards now come with ".com" shortcut buttons -- piling the dirt on dot-mobi's young grave.

Before the bottom fell out, there were some eye-opening sales in mobi.

Poker.mobi was purchased in 2007 for \$150,000 -- but fast-forward to today, and it only has basic instructions on how to play the game.

Also in 2007, ringtones.mobi sold for \$145,000 and news.mobi sold \$110,000 -- both of which don't have any content besides a few ads. SportsBook.mobi, which someone bought for \$129,800, still says "coming in 2007." Casino.mobi was the star of 2009, when it sold for \$135,000, brokered by Moniker.

People can still buy sites that end in .mobi. But it would be a waste of money, says online marketer Jacques Hart, chief executive of Roar Media in Miami. Does that mean mobile apps are the future of mobile? Not so fast. "Apps are going to go by the wayside," he said. "It sounds shocking, because it's been such a dominant growth industry."

Hart, who does mobile marketing and search engine optimization for clients, said when cell phone browsers get to lightning-fast speeds, users will be more likely to search directly on Google, rather than use an app.

But even if apps lose their popularity, Sandulli and other investors may have an impossible fight against Google and the phones that have the engine built into it. Consider: If someone searched for the phrase zap, or paw -- or any of the generic phrases Sandulli bought -- it won't be at the top of the results because [Google](#) will always rank .com and .org names higher.

Mike "Zappy" Zapolin, a domain investor in Aventura, Fla., who made millions selling names like beer.com, diamond.com, computer.com and creditcards.com, thinks those who invested in dot-mobi domain names missed the moment and are pretty much out luck. He said investors trying to sell those names today are "just really hoping that somebody is going to be a bigger sucker than them."

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