WEBSITE FLIPPING

FOR CASH

The Beginners' Guide On How to Make a Killing Online Buying and Selling Websites

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Introduction

Like most people, you've heard of flipping houses. The idea behind it is straight-forward. You start by locating a promising fixer-upper property. Next, you purchase the property and put some work into it. Finally, after renovating, you put it up for sale, aggressively seek buyers, close the deal, and hope to make a profit.

If you've ever watched one of the TV shows on flipping, it probably seemed quite attractive. In most cases, they do the renovation in a short period of time; and then close the sale in a matter of weeks. In no time, it appears that they have turned a profit while taking on no risk whatsoever.

In reality, however, you know that flipping houses is not always a profitable business. If you aren't a skilled renovator or if you don't time the market correctly, you could easily end up selling at a loss or getting stuck with a property that won't sell. To see that this happens, you needn't look any further than the most recent recession in the U.S., where real estate speculators and flippers were left with massive amounts of debt and houses that were rapidly depreciating in value.

Now, this information alone might be enough to make you re-consider the idea of "flipping" altogether. However, there's some good news to be had: there's another type of flipping that you can do and it involves considerably less risk; and plays specifically to your set of skills—not the set of skills of a property developer or renovator.

That's right: I'm talking about website flipping. To do it successfully, all you need is an eye for a bargain, Internet marketing skills, basic site development skills, and a willingness to learn.

If you do it right, site flipping offers the possibility for you to make a large sum of money—and without risking much in the process. Instead of taking out a several hundred thousand dollar mortgage, you can put down $1,000 or less of your own money on a site. And instead of spending months to find a buyer for your site, you can do it in a matter of days.

Of course, if you do site flipping wrong, there's a distinct chance that you'll lose money on every sale, rather than making it. But fortunately for you, I have created this guide precisely so you can avoid this possibility.

After working through my guide, you will not only know all of the vital steps involved in flipping a site, but you will also know how to do it consistently and correctly; and to profit each time.

But enough talk—let's get into the content.

Overview of Site Monetization

Why Site Monetization Matters for Flipping

When it comes to flipping sites, there are many different ways in which you can make money. However, one of the most profitable approaches to flipping involves taking an otherwise successful site that is under-monetized; and then improving its monetization.

This approach works well for the following three reasons:

Reason #1: Sites Are Usually Sold for 8-11 Times the Monthly Profit

Consider two sites that are identical in terms of the profits that they generate and the products they sell, but one receives three times as many unique monthly visitors. Surprisingly, in many marketplaces, these two sites will sell for the same price, since they both generate the same amount of monthly profits.

This creates an excellent opportunity for bargain hunters like you: recognizing that one site receives three times as much traffic as the other, you know that if that site had a higher conversion rate, then it could generate more in profits than the other. From there, it's simply a matter of determining whether or not there is room to improve the site's monetization.

Reason #2: Monetization Can Be Improved Quickly

The most difficult and time-consuming parts of building a successful website involve generating traffic and creating content that retains consumers and promotes their return. One you begin generating traffic and solidify your brand with outstanding content, everything else you do can be summarized as a form of monetization.

Monetization is generally fast. It involves putting up AdSense ads, or hiring a freelance writer or programmer to create a product. It might also involve creating a newsletter to retain and convert readers.

In brief, getting more traffic and better content is difficult and time-consuming, but monetization is not. This means that if you find a poorly monetized site, you will be able to make all of the necessary changes in a short period of time; and then flip it in a matter of days or weeks.

To the contrary, if a site is well-monetized, but gets no traffic or has no content, it could take months or years to turn it into something that you can sell for a sizable profit.

Reason #3: Monetization Can be Improved Inexpensively

Another benefit of finding sites that are poorly monetized and flipping them is that this tends to be less expensive than other methods. As an example, consider purchasing a well-monetized, low-traffic site.

In order to boost the amount of traffic it receives, you would have to pay to list it in directories, purchase articles for an article marketing campaign, and spend hundreds on various traffic-generation campaigns.

To the contrary, monetization can often be improved through very inexpensive (and sometimes even costless) means. For instance, improving monetization may be as simple as adding AdSense ads—or placing existing ads in places that are likely to convert better.

In short, purchasing poorly-monetized sites and improving monetization is the cheapest, fastest way to flip sites; and consequently, it is almost always the most profitable way.

For these reasons, it is vital that you learn how to spot a poorly-monetized site; and how to correct errors that you spot.

How to Spot a Poorly-Monetized Site

In general, sites usually generate revenue through one of the following methods:

1. Advertising. By either selling links directly to advertisers or using Google AdSense, site owners are able to generate revenue whenever visitors click or view ads.

2. Products. By creating their own products (or hiring someone else to do so), site owners are able to generate revenue from direct product sales (often through PayPal or ClickBank).

3. Affiliate Sales Commissions. By selling products as an affiliate through http://www.clickbank.com, http://www.commissionjunction.com, or http://www.linkshare.com, site owners are able to generate affiliate commissions, which are often paid out on a bi-weekly or monthly basis.

4. Feeding Traffic to Other Sites. Another way in which site owners generate revenue is by taking the traffic from one site and sending it to another in a

network that they own. At the second site, they usually close the deal by selling a product or enrolling visitors in a newsletter.

As a prospective site flipper, it is your job to analyze each site you see in order to determine which of these methods it is using to generate revenue. From there, it will be up to you to determine whether or not you could improve the site's monetization by either employing a method not used or by improving upon an existing method.
Here is a list of things to ask each time you see a site that you might purchase:

1. Which of the four types of monetization methods does it use? Does it focus primarily on one type of monetization, rather than the others? I.e. does the site primarily generate revenue from AdSense or from direct sales of a product that it owns? You should be able to find this information, along with supporting documentation at the site auction.

2. Could the site benefit from eliminating one type of monetization and focusing on the others? For instance, if a site generates revenue primarily through direct sales, but includes AdSense ads and other links, could it benefit from eliminating these links that tend to draw visitors away from the site; and instead focusing on increasing the conversion rate of the sales page?

3. Is this site leaving money on the table in obvious ways? For instance, does the site contain a number of links that don't open in a new window or a new tab? If it does, it is needlessly sending away visitors; and this is probably leading to at least small revenue losses.

4. Is the sales letter for the product poorly written? If it is, there's a good chance you could relatively easily and inexpensively double or even triple the revenue that the site generates by paying a copywriter to create a better sales letter.

5. Could the site benefit from a squeeze page? In many cases, sending a reader directly to a sales page will result in much smaller lifetime earnings per visitor than if you send them to a squeeze page that captures their email address and name. The reason for this is that you get the chance to do extensive pre-sales; and then have the opportunity to pitch multiple products to them over the course of months.

6. Can the site benefit from better AdSense ad placement? Even if you don't know the optimal placement, you should be able to infer from the documentation whether the percentage of visitors who click through the ads is low or high.

While the list above doesn't capture everything you need to know about visiting a site and determining how well it is monetized, it does capture many of the important items to look at when purchasing sites.

Overall, the most important question you can ask when purchasing a site is whether it is poorly monetized according to these criteria. If it is poorly monetized, then that's a good sign that you should go ahead with the purchase. On the other hand, if you're having a hard time figuring out how the site could potentially make more money, then it may be best to move on and look for new sites.

How to Identify Sites with Good Monetization Potential

The first step in finding a site that has good monetization potential is to find one that satisfies at least one of the criteria given in the list in the previous section—that is, there is at least one serious problem with how it is monetized.

With that said, there are other things you should consider, too, when evaluating the monetization potential of the site in question. In the list below, we'll consider some of these other factors:

1. The permanence of traffic sources. One thing that buyers often overlook in the market for websites is the permanence of traffic sources. Often, when a seller attempts to pitch a site, he will show only the traffic statistics; and will say little or nothing about the sources.

It is important to keep in mind, of course, that these sources could be entirely transitory. For instance, the traffic might be coming from a PPC campaign or from temporary links on high PR websites.

As soon as the website owner in question stops paying for the campaigns and the links, the traffic will die down, leaving you with a site that has no semi-permanent sources of traffic.

Furthermore, even if the site owner claims that you can easily replicate the traffic generation via PPC or purchasing links, it's important to be weary of these claims, as the effectiveness of PPC campaigns can often vary from week to week; and may need your constant attention, resources, and ideas.

Instead, when it comes to identifying sites with good monetization potential, focus very narrowly on sites that have strong, permanent sources of traffic. More specifically, try to find sites that receive a lot organic search engine traffic; and traffic from a broad-base of inbound links that were not purchased.

You can start this process by asking the seller to provide documentation on the sources of traffic. In addition to this, you can search Google using this command: link:http://www.siteyouwanttobuy.com. This will pull up a list of all sites that link directly to the URL in question.

Using these results, you should be able to figure out whether the bulk of the good inbound links were purchased; or whether its simply a broad-base of sites that have chosen to link to the site and are unlikely to change that once the website changes hands.

In addition to finding all of the high-quality inbound links pointing towards the URL in question, you should also make an attempt to verify the authenticity of the traffic records through third-party sources. You might try this by using a site like http://www.alexa.com, which allows you to obtain detailed records about the traffic history of a site.

There are many things you can do with Alexa. Among them are the following:

   i.   Check the traffic quality and type. Under the "Traffic Stats," you can observe a range of different important pieces of information. Personally, I suggest that you focus on the traffic rank, the pageviews per user, the amount time on the site, and the search %.

   ii.   Examine how much of its traffic it receives from search engines; and what keywords and keyphrases it receives it for. Under the "Search Analytics" tab, you will find a detailed breakdown of the most popular searches used to find the site. Additionally, you can also look at keywords by "rise" and "decline" to determine where the site is losing visitors and gaining visitors.

   iii.   Audience demographics and clickstream. For some sites, you can obtain a demographic break-down of visitors. This can be especially useful if you are planning to introduce a new product after taking over the site. Additionally, you may also be able to determine the "clickstream," which tells you the sites that visitors are most likely to visit after visiting the URL in question. This can be useful when trying to create a picture of the types of people who visit the site.

Overall, remember that your goal is to create a detailed description of the site's traffic sources and permanence. Once you do this, you will have a better idea of whether or not the site is likely to have strong monetization potential.

2.   The quality of its product. Usually, sites either sell services, access to content, or products. While this may be difficult to you do if you do not work in the site's niche, you should attempt to assess the quality of the site's product.

If it offers a book or a piece of software, consider how it fares relative to its competitors. Does it contain high-quality features and information? Or is it a weak product that could cost hundreds or thousands to re-work until you have something that could generate a high conversion rate?

One way to check this for yourself is to perform a "SWOT" analysis. That is, evaluate the product or service for its Strengths, Weaknesses, Opportunities, and Threats. In addition to this, you can also ask the site owner explicitly for documentation related to product sales. In addition to getting the sales volume from these numbers, you may also be able to infer the refund rate and the conversion rate, which could prove to be very helpful.

3. The size of its email lists. One of the most important assets that is sold along with a website is its email list. This will contain all the names and email addresses of individuals who signed up through a squeeze page or a mailing list form (usually in exchange for receiving a free product or a free newsletter).

The reason why email lists are important assets to consider is that they allow you to continue to make sales off of individuals who have already purchased from the business before. Not only is this group generally easier to sell to, but they are often willing to more than they would have on an initial purchase. Additionally, once you have a person's email address, it is considerably less costly to get them to purchase a product than it is to find an entirely new person and get her to buy.

Of course, just like all things in Internet marketing, there are good email lists and bad email lists. Just because someone selling a site claims that he has an email list with thousands of subscribers doesn't mean he is profiting from that list. And for this reason, it is always a good idea to ask for documentation before you buy. As an example, you might ask the buyer for screenshots of the account's control panel that show the following things:

i. The size of the list. Regardless of what the seller tells you, it is always good to get a screenshot to back it up.

ii. The open-rate on the previous six bulk emails. This will tell you a lot about whether or not the mailing list is active. If it's not, then you shouldn't be willing to pay much for it.

You should also consider signing up for the email newsletter to get a feeling for its quality and length. If you get the sense that it isn't high-quality, then there's a good chance that other readers are also getting this impression; and, more likely than not, are not paying serious attention to it.

How to Identify Good "Networks" of Sites

A final consideration when buying a site is whether it will fit well as part of a "network" of sites. Creating such networks is a common strategy among site flippers. Generally, there are two parts to any good network.

The first part of the network should be a site that generates a lot of traffic, but cannot convert well. This is one of the "poorly" monetized sites I suggested that you should look out for earlier. These types of sites should have a lot of permanent sources of traffic, should have permanent, inbound links, and should receive most traffic from organic SEO.

The second part of the network should be a site that converts well and is in the same niche, but does not receive a lot of organic search engine traffic. It is important to note that in both cases, you should attempt to verify the authenticity of the conversion and traffic claims independently and with the seller's documentation.

Separate, these sites won't sell well. Even a great product with a powerful sales page won't sell for much if there's no traffic coming to the site. And a site that generates a lot of traffic, but struggles to make sales of any kind will also suffer from the same problem. While the high traffic may give its price a boost, you can expect that it still won't sell for much more than 10 months profit.

Combined, however, these sites will sell for much more. This is why it is always a good idea to look for sites that could be added to your current network of sites; or sites that could be purchased to form a network.

Examples of possible networks include the following:

1. A niche social networking site and a related product. Often, niche social network sites draw tens of thousands of regular visitors, but do a poor job of closing sales. This is why it is often a good idea to combine them with at least one high-quality product site.

2. A high traffic site and a number of related, content sites. Often, high traffic sites make poor content sites. The reason for this is that the AdSense ads generated for them do not yield a lot per click. This is why it is often a good idea to send visitors from the high-traffic site to a large network of content sites that have AdSense ads that yield a lot per click.

Overall, if a site generates a lot of traffic, but does not look like it could be monetized by itself, consider purchasing it for a low price; and adding it to a network in which its traffic can be used to make sales.

Monetizing Sites with Ads

When it comes to monetizing sites, one route you can take is to sell advertising space. This usually works in one of three ways. The first way is to sell advertising at a fixed rate per period of time (i.e. $50 to place a banner on the top of your site for one week). Usually, you will have to find the buyers yourself in this case (however, there are now sites that will help you with this for a nominal fee).

The second approach is to sell advertising on a on a cost-per-view basis. For instance, you might sell a rotating banner spot on the top of your site for $5 per 1,000 (non-unique) views.

The third approach is to sell advertising on a cost-per click basis. This usually involves usually a third party, such as Google AdSense or Yahoo! Publisher Network. In this case, the third party will collect the payments and transfer a fraction of them to you.

As I've mentioned in previous sections, good site flipping typically involves finding a poorly-monetized site, buying it, improving its monetization, and then re-selling it in a matter of days, weeks, or months.

Often, for content site acquisitions, this means examining how each of the three forms of advertising are used; and then determining whether or not there is a simple, low-cost way to improve it. Let's consider how to improve the use of each of these types of ads.

  i. CPC Ad Placement. Typically, when it comes to CPC ads, there's not much to consider other than page placement. The third party—be it Google or Yahoo—finds the advertisers for you; and even generates the blocks of ads to match the content on your site.

It is simply up to you to decide where you are going to place those ads, so that they will generate the most revenue. Surprisingly, this is where many webmasters make a big mistake: instead of attempting to optimize their ad placement, they slap down one block of AdSense ads; and then don't how changing the placement changes the revenue generated.

The following rules-of-thumb can be used to assess where is best to place ads:

  1. Always place blocks of text ads above the fold. When a visitor lands on your site, he is most likely to click on and interact with content that is placed above the fold. This means that if you want him to click on text ads, you should place them above the fold, so that he sees them, no matter how much he reads on the site.

2. Do not replace your logo with a block of text ads. Many webmasters have begun this practice in an attempt to draw more clicks. Unfortunately for them, it usually backfires for one of two reasons. The first reason occurs if you have a banner ad displaying. If that's the case, then many will mistake the banner for your logo and won't click. Alternatively, if you have a block of text ads displayed, many who land on your site will think that it is a disreputable spam site and will leave without reading further.

3. Use text link menus. Of all types of Google AdSense ads, these menus of links are perhaps the highest converting. You can either place them directly under your logo and banner to make them appear to be typical menu; or you can place a horizontal stack of them along the left or right side of your website, so that they appear to be a menu.

Many visitors will think they are menu options or "sponsored links" and will click on them, which will send them to a page full of AdSense text ads online. From there, there's a good chance that they'll click an ad.

Overall, if a site isn't using AdSense link menus, it is leaving a lot of money on the table. It could probably have a significantly higher conversion rate without sacrificing much else in the process. Look out for this when buying sites.

4. Embed blocks of text ads within content on your site. Additionally, attempt to pick a color mix that makes them blend well with your site. This will maximize the probability that someone will on one of the ads.

5. Avoid using small or unknown third party ad providers. Often, they will have bad contextual matching technology; and will have weak competition among their advertisers. For this reason, you are likely to end up with fewer clicks and less per click. In particular, stick to http://www.google.com/adsense and http://advertising.yahoo.com/publisher/index. Other possibilities include http://chitika.com/publishers/.

So, remember—before you acquire a site, consider whether you could use one of these methods to improve the site's monetization. And, after you acquire one, make sure you put these to work to maximize the profit you generate.

ii. Cost Per View Ads. When it comes to CPV advertising, many sites simply opt to sell space on their sites without help from a third party. For instance, they might sell a banner spot or a skyscraper ad position. Usually, these ads are non-rotating; and the views are based on the number of pageviews registered by a publicly-viewable traffic statistics meter.

Of course, if you want to make things easier on yourself, you could always use a third party advertising service instead. For instance, site likes http://www.cpvmarketplace.com/, http://www.directcpv.com/, and others will allow you to place contextual CPV ads on your site—similar to how you would for AdSense ads.

Overall, your choice of whether to use CPV ads or CPC ads should be based on which is more profitable for your site. Most of the time, this is likely to be CPC; however, it might not be a bad idea to try both.

   iii. Fixed Rate Advertising. If you plan to purchase a site that has high PR or a lot of traffic, one possibility is to sell fixed rate ads. Usually, this involves selling a number of one-way text links on desirable pages.

In the past, this was difficult to do, as it required tracking down buyers for your text link spaces. However, today, this is considerably easier. You can use a link broker, including any of the sites below, to sell spaces on your site to advertisers:

   1. http://www.textlinkbrokers.com
   2. http://www.linkadage.com
   3. http://www.textlinksforum.com/
   4. http://whylink.com
   5. http://www.roboads.net/

If you want to use fixed rate advertising by selling text links, there are a couple of things you should take into consideration when trying to get the best price for your advertising spots:

   1. The price a link space on a given page will sell for increases as the number of links on that page decreases.
   2. The price of a link space will increase in the age of the site.
   3. The price of the link space will increase if the link is placed on a highly visible part of the website (i.e. near the header as opposed to the footer).

Overall, when you sell text link ads, your goal should be to capitalize on extra space that you cannot use for CPC ads served by Google or Yahoo. This may allow you to increase your site revenue by about 20-30% each month without adding any additional invasive ads to your site.

The Basics of Buying

Where to Buy Sites

When it comes to flipping sites, the buying stage is critical. If you do your homework, find a good site, and pay a reasonable price, your chance of making is much better than if you pay little attention to the buying stage and focus all of your effort on the sale.

In this section, we will focus closely on how you can get the best possible deal from buying. In particular, we will look at the most popular marketplaces for selling and buying sites; and explain how best to buy in these markets.

    i.   http://www.bizmp.com

While http://www.bizmp.com hasn't been around as long some of the older site marketplaces, it has one of the cleanest, easiest-to-use interfaces; and this has lead to its rapid ascendency into popularity in recent years. Rather than allowing visitors to buy and sell websites, it works by pulling site listings from dozens of different marketplace feeds and then aggregates them together in a single place.

When you visit http://www.bizmp.com, you'll notice that the initial display gives the following pieces of information about sites: 1) the amount of time that has passed since the listing; 2) the amount of inbound links the site has; 3) its Alexa.com ranking; 4) the site's age; and 5) its PageRank.

Each of these items provides an important piece of information. While it might not be enough information to tell you whether you should buy, it may help you to screen out some sites before reading the longer description.

For starters, it's a good idea to check out the site's age, its PageRank, and the amount of inbound links it has. The site's age will tell you three things: 1) whether or not the site is old enough to be out of the Google Sandbox (and, thus, whether it is going to be easy to obtain organic search engine traffic); 2) whether the site's text links will sell for a high price on fixed rate advertising sites; and 3) whether the site is sufficiently well-established to yield a high price when you sell it again.

PageRank is also important because it will help you to determine how much you can sell text link ads for on fixed rate networks. Since getting inbound links from high PageRank sites increases your PageRank, this is an important factor that most site owners take into consideration when purchasing fixed rate ads.

Finally, the amount of inbound links a site has will tell you a lot about it. If a site has very few high-quality inbound likes, but claims that it receives a lot of traffic, then there's a good chance that the traffic is actually coming from purchased links and PPC campaigns. Furthermore, when it comes to selling fixed rates ads or reselling the site, having a lot of inbound links will ensure that the price is higher.

With this in mind, here's what I suggest you do when looking for your initial list of sites:

1. Follow the procedure above to narrow down your options. Create a list of sites that perform well along at least one dimension (i.e. are either old, have high PR, or have a lot of inbound links)--and preferably along more than one dimension.

2. Once you have narrowed down your options, look through the actual site listings. You'll be able to recover a lot of additional information, including a) whether the site has been listed in directories like DMOZ and Yahoo; b) whether the site has been indexed by major search engines; c) the amount of backlinks the site has on each major search engine; d) the type of coding it uses; and e) how active its auction listing is (on the site it was pulled from).

Most importantly, however, you can read the actual auction listing, which is scrapped from the site it was originally posted on. Typical information on these auction listing includes the following:

i. The amount of type-in traffic the site receives. This information is especially useful for undeveloped domains, as this is often the only source of traffic. However, for good domain names, this is often listed, too.

ii. The amount and sources of SEO-related traffic. For instance, you might find out that the site has been extensively marketed using articles, which will provide a strong, semi-permanent infrastructure of inbound links.

iii. CPC advertising statistics. It is common now to list the average CPC for the most-searched keywords for a site listing. You will often find these figures on http://www.bizmp.com. Note that the higher the CPC is, the more profitable the site is likely to be. However, there are two important caveats to keep in mind: 1) the targeted keywords might not always be the ones that are displayed on the site (rather, they might be lower-paying keywords); and 2) if the click-through rate is low or the site doesn't receive much traffic, it won't be profitable even if it

generates a lot of revenue per click.

iv. Google exact searches. Another figure you are likely to see with the site listings on http://www.bizmp.com is the number of Google exact searches. This can help you to figure out the estimated search volume for the keywords for which the site is optimized.

3. Augment actual listings information with independently-verified information. For instance, if a seller claims that the site's domain alone is estimated to be worth $500, then use an independent appraiser, such as http://www.estibot.com (a free service) to check this for you.

In addition to this, you should dig through the site's listing on http://www.alexa.com. Use the strategies I mentioned in earlier chapters to determine whether the information you can extract from Alexa about the site is positive or negative—and, more importantly, whether it verifies or negates claims from the seller.

In addition to using Alexa, you should also consider using the Adwords' Keyword Suggestion Tool: https://adwords.google.com/select/KeywordToolExternal. Simply look at the URL in question to find out what keywords Google believes are a good match for it. From there, see how much it would cost per click to create to ads for that site.

Finally, you should attempt to screen the seller. For instance, if the original auction was posted on a forum, you should look at that seller's past sales and posts to determine how other members of the forum perceive him or her. For instance, does she appear to be a reputable seller? Do past buyers seem satisfied with the site he or she received? Are there any complaints about the seller on the forum?

These are all important questions to ask and answer when acquiring a site.

4. Combine the listing information with your augmented information and then decide whether or not it has monetization potential using the criteria given in the previous sections. In particular, you should try to:

i. Determine where the site has serious monetization deficits. For instance, is it using AdSense ads poorly—and, as a result, getting low click through rates? Or is not selling any fixed rate text link ads at all, when it could be picking up an extra $50-100 per month by doing so? Or, is it using direct sales strategies, when it might be better off using an autoresponder with a follow-up series?

If there are large monetization deficits, then this means there is ample room for creating a profit. Let me give you a simple example to illustrate the point. Imagine

that you're considering buying a site that makes $200/month; and you think that you could improve the site by shifting around the AdSense ads, so that it makes $300/month.

At first, this change of $200 to $300 per month might not seem very impressive, but when you think about how sites are typically priced (10x monthly profits), you would probably pay around $2000 for the site and sell it for $3000. This means that you would make $1000—and all you had to do was make some minor alterations, document the results, and then put it up for sale.

So look for deficits, no matter how small they appear to be; and then mark down how much you think you could profit from them, as well as approximately how long you believe it would take to do so.

After you complete this part, move to the next step.

5. Take all of the sites you are considering; and rank them according to monetization potential. Be careful to consider both the profit the site will yield and the amount of time it will take to flip.

Finally, after you finish ranking sites according to monetization potential, move on to the next step.

6. Consider site networking options. You can do this with either sites that you deemed would not have good stand-alone monetization potential; or you can also include sites that do have strong monetization potential.

Whatever you do, keep the end goal in mind: to create a network of sites that are profitable together, but when taken alone, are missing an important component that makes them profitable.

For instance, you might take one site that generates a lot of traffic, but cannot close sales; and you can pair that site with a network of high-quality content and product sites that do not receive any traffic.

Since each site by itself does not yield a sizable profit, you will probably be able to purchase each part of the network for a low price. However, once you combine the network, it will become very profitable, which will allow you to make a handsome sum from the resale.

7. Make your final buying decisions. After you have considered and ranked both stand-alone and network options, sit down and work out exactly how much you are willing to pay for each of the top 15 sites on your list.

When it comes to network bids, this can be considerably trickier. For this reason, you may want to come up with a contingency plan. For instance, if you have only

one high-traffic site possibility, but many product and content site options, then you should focus on purchasing the high-traffic site first; and then acquiring the rest of the network after that.

8. Put in bids for your top choices; and then monitor the auctions. While rules-of-thumb are not always correct, I personally suggest that you follow (or at least consider) the following ones when bidding:

i. Never go over your pre-determined max bid unless you have a very good reason to do so. It's easy to get emotional during auctions; and to get caught up in the heat of the moment. But 3 months down the line—when you're still stuck with an over-priced site—you'll wish you had cooled off, let that site go, and went for another.

ii. Never tell yourself that site buying-opportunities only come once. If your goal as site flipper is to make profits for years from sites, then it cannot simply be the case that your only option is to make money from a single, perfectly-timed site sale—or to make no money at all. Instead, back off from whatever decision you were making, and wait for another one to come around.

iii. Try to learn from other bidders. For instance, if no one is bidding on a site, that doesn't necessarily mean that the site isn't good, but it does mean that most people in that marketplace cannot think of how they could profit from it. On the other hand, if 3-10 people are bidding on a single site, that means that a lot of people think it has some potential (either by itself or part of a network). This should be a strong signal to you that is likely to be a profitable site.

iv. Treat every site-buying opportunity with scrutiny. Throughout this guide, we've discussed the many ways in which you can verify the authenticity of claims; and the many ways in which you can learn more about sites. Rather than letting this information go to waste, you should use it each time you bid on an auction. Make sure that the deal you're getting is the deal that is described the auction listing.

And there you have it: a full-blown strategy for purchasing sites using the listings from one of the biggest site-aggregators, http://www.bizmp.com.

In the following section, we will consider another important site-buying marketplace: http//www.websitebroker.com.

ii. http://www.websitebroker.com/new-listings.html

Another great place to buy websites is http://www.websitebroker.com. Unlike http://www.bizmp.com, Website Broker doesn't aggregate site sales, but instead facilitates sales between buyers and sellers.

Currently, it breaks down site sales into a number of categories, including things such as Apparel, Directory, Computers & Technology, Music, and Legal Sites. The cost of the sites ranges tremendously from lower-end sites priced at $200 or less; and higher end sites going for well over $200,000.

One major benefit of this site is that it provides users with a wide range of information about the sites being sold by creating a detailed template for site listings. When browsing for sites, I personally recommend that you look at the following information provided:

    i.   Under the website profile section, look at the status of the site, the number of visitors, the number of page views, the income, the expenses, and the asking price.

For starters, status and income are always important to look at. If the site isn't fully-developed and/or doesn't generate income, that's very problematic. Unless the site generates a lot of traffic and simply hasn't been monetized yet, it's not clear that it has any potential at all. In fact, it may make more sense to purchase a new domain and hosting and make the site yourself, rather than paying $200 or more for a site that is unproven.

Next, consider the expenses. This figure is important for two reasons. The first is that—combined with the site income—it will tell you how much you're making in profit per month. The second reason is that it will tell you how much financial risk you are taking on when you purchase the site.

Unfortunately, this is something that many buyers do not consider. They simply look at the profit margins and don't think too hard about anything else. Little do they realize that both income and expenses fluctuate on a monthly basis; and if expenses are high, it's very possible that a weak month of income could result in a steep loss that they cannot afford.

This is why—if you don't have a lot of funds to draw from—you should look at this figure carefully; and possibly even consider only site that have expenses that are under, say, $100.

With this method, you could not only make the same amount in profits, but you could completely eliminate the financial risk that is involved when you have to pay to constantly maintain or advertise a website.

    ii.   Under the "technical info" tab, almost all of the information is potentially useful. As I mentioned earlier, you should pay attention to Google

PageRank, which is given on this page. If you are buying the site primarily for the purpose of selling advertising space, then getting a site with a PageRank of 3 versus 6 could easily mean that you generate $50 per month in fixed rate link space sales versus $500 per month.

In addition to PageRank, you should check to make sure that the site owner does have traffic statistics available, which will also be given on this page. Next, in the Google Analytics section, focus primarily on unique visitors and pageviews. The number of unique visitors will tell you how many individuals visit the site each day, which is a lot more useful than know the number of "hits" the site received or the number of "non-unique visitors"—both of which provide lower-quality information about the site.

Taken together, the amount of pageviews and the amount of unique visitors tells you something important about the site: the number of pageviews per unique visitor to the site. If this is high, it means that each individual who visits the site is likely to spend a long time on it; and possibly even return frequently.

Finally, in the search engine data section, focus primarily on the Google Backlinks Count, the number of Google Indexed Pages, and the number of Bing Indexed Pages. Together, these measures will give you a good sense of how well-established your site is; and how well it is likely to perform with regards to generating organic search engine traffic.

   iii. Under the "business info" section, you should try to capture the following three pieces of information about the site: 1) the types of products it sells (i.e. physical products, electronic products, memberships, etc.); 2) exactly what is being sold with the site; and 3) precisely what the site owner owns.

While you probably already know 1 and 3 from reading the description of the site, it is very important that you pay attention to 2. If you don't do this before bidding on a site, you could be very unhappy to find out that you purchased only the domain and some of the basic features of the business, but not important licenses and trademarks that you need to carry out business. And since all of this information is technically contained in the listing itself, there's really nothing you can do about it.

With all of this said, it is important to note that your approach to buying sites through http://www.websitebroker.com should be nearly identical to what it was when you were using the http://www.bizmp.com listing aggregator. The most important difference is that with http://www.websitebroker.com, you will encounter only one type of auction: a sealed-bid auction with an indefinite ending time.

Now, when it comes to bidding, you should take some time to put thought into your strategy. Given the sealed-bid nature of the auctions, you should be aware that the seller could have multiple bids at the same time; and could be working through the bargaining process with dozens of other people, so it will be difficult to tell where you rank relative to other bidders.

A good starting point is always to do an evaluation yourself. And, if you think there is a strong chance that you will end up buying the site (i.e. you are willing to pay as much as the asking price), you may even want to pay for an independent evaluation of the site, too.

If you're planning to purchase a blog, you could use this tool to check the value: http://www.business-opportunities.biz/projects/how-much-is-your-blog-worth/. It is important to note, however, that this tool generally tends to overestimate the value of sites, so don't be surprised if it suggests a price that is above the asking price—or is at least significantly higher than you want to pay.

One alternative, free way to get an independent valuation is to use the following tool: http://ebizvaluations.com/. As it turns out, this valuation tool has something that most others don't: it bases its valuations on the outcomes of thousands of past auctions, which means that the valuations you generate are actually based on prices that people have paid for similar sites, rather than some type of arbitrary valuation algorithm.

Overall, your goal should not be to extract a max bid, but rather to collect evidence that you can use to support an argument for a lower price. In addition to this valuation, you can also consider finding similar auctions through http://www.bizmp.com; and see what they sold for.

Finally, one other thing you can do is work hard to find any deficits on the site. When you submit your bid, you can argue that these deficits should reduce the price significantly below the posted ask price. It may not work, but it will definitely have a much better chance of success if you have some evidence to back up your claims.

Another important part of these sealed-bid negotiations is to be willing to walk away from the table if you cannot get the final offer down to a reasonable price. Not only is this a useful strategy for preventing yourself from falling into the trap of buying based on emotion, but it is also a good way to put pressure on the seller.

At first, you might think this strategy is risky. You might wonder "how can I just create a bid ceiling when I do not know what everyone else is bidding"? But when you think about this more, you will understand why this is important to do.

The first reason is that sellers know that you don't know anything, so they can essentially tell you anything they want and you have no choice but to believe them. For instance, after each bid you make, they can say "I have another buyer who is willing to pay more." They can then use this to inch your offer up again and again until it is close to the asking price.

To the contrary, if you set a max bid, and simply walk away after you reach it, it will put pressure on the seller. You might even say something like "Well, that's the most that I can justify paying for this site. If you chance your mind or if your other bid falls through, let me know."

If the seller truly doesn't have another bidder, he'll quickly find himself in a bad situation; and will probably contact you in a matter of days to settle at the final price you offered. When that happens, you might even say that you've changed your mind; and ask for a lower price.

In brief—when it comes to auctions of this variety, it is important to keep in mind what a good seller would think and do. Expect that this is the person you are up against whenever you put in a bid.

iv. Other Sites

In addition to http://www.bizmp.com and http://www.websitebroker.com, there are dozens of other places at which you can buy sites. I personally suggest that you try the following ones:

1. http://www.flippa.com
2. http://www.sitepoint.com
3. http://www.ebay.com
4. http://www.tidget.com
5. http://www.digitalpoint.com
6. http://www.namepros.com
7. http://www.dnforum.com
8. http://www.sedo.com

Note that each of these sites offers a variety of different methods for providing information about sites and for auction them off. Each will require careful thought and a detailed strategy.

Avoid Buying Sites that Sell Illegal Products or Violate Copyright

There's one final thing about buying sites that you should understand and understand well: buying and attempting to flip illegal sites is never a good idea; and is certainly not a foundation on which you can build a business.

If you suspect that a business is violating copyright laws (perhaps by using content that it does not own) or is selling a product that it does not own, then do not buy the site. What you're doing is equivalent to stealing; and there's a very good chance you'll get caught for it. Many large businesses now have several employees dedicated to doing nothing else other than locating websites that are selling their products illegally; and then making sure they are shut down and that the owner is sued for any damages incurred.

In short, it's not a good idea, so don't do it. Focus on buying sites with solid, long-term, legal business plans.

Improving Your Site through Basic SEO Techniques

a. Increasing the Amount of Traffic Your Site Generates

It's no accident that we decided to dedicate the bulk of the book to monetization techniques. In general, if you purchase a site, you will purchase it because it generates a lot of traffic, but does a poor job of making sales or displaying ads. It's monetization that you should focus on, but in fact, it definitely doesn't hurt to tweak the SEO at the same time, too.

In this section, we'll discuss some inexpensive and permanent ways in which you can increase the amount of traffic your site receives without wasting too much time in the process.

i. Linking Campaigns

One of the most essential components of any SEO campaign is a linking strategy. When it comes to getting inbound links, there are few strategies that have proven to be winners in the long run. We'll consider each of these below:

1. Submit Your Site to Directories

One way to get free, inbound links is to submit your site to directories. Directories are websites that list other websites according to some system of organization (usually by the category of the content). There are literally hundreds of directories that will allow you to do this for free—and dozens that charge a fee (which may or may not be worth it).

The following site offers a list of the better directories, including with the site saturation and whether or not they are free to list your site in: http://www.strongestlinks.com/directories.php.

I personally suggest that you work through the three sites on that list according to saturation. When creating directory listings, there are three things to take into consideration:

1. The text directly surrounding your link matters. For this reason, you should try to use keywords that are relevant to your site in the description that will be directly below the link.

2. Using a boilerplate site description will save you time with the submissions, but may ultimately work against you. Since search engines will see this piece of boilerplate (along with the link) as duplicate content, they may only count one inbound link, rather than each of the separate inbound links.

3. In addition to making your site description search engine friendly, you should also try to make it human-friendly. If it isn't human-friendly, you could miss out on a lot of direct, click-through traffic from directories.

After you complete this task, it's time to move on to the next strategy for optimizing your site for search engine traffic.

2. Article Marketing

Another way in which you can get inbound links pointing towards your site is to use a technique called article marketing. In short, this involves creating or purchasing articles; and then submitting those articles to directories. When you do this, the directory will allow you to include a resource box, which can include a link to your site.

While article marketing is an excellent way to obtain natural search engine traffic in the long run, it may not be the best option in the short run, as it takes a while for your articles to get published; and for the links to then get indexed by search engines.

For this reason, I highly suggest that you do not use article marketing for your site unless you are planning to hold it for 4-12 months before the resale. However, if you are planning to do this, then article marketing is a good option.

Another important thing to take into consideration when doing article marketing is the cost of the site. In general, article marketing is best and most profitably used when the cost of a site is over $1000.

Now, if you're a good writer, you could always write the articles yourself and submit them to directories by hand. To the contrary, if you don't feel comfortable

writing, you could always hire someone to do the job for you. I suggest taking the following steps:

i.   Go to http://www.elance.com or http://www.guru.com and post a project for 25 articles. If possible, try to pay no more than $7 per 300 words, but at the same time, avoid low-balling the price, as you could very easily end up with low-quality or plagiarized content.

ii. Post a separate project on http://www.elance.com or http://www.guru.com for someone to market the articles for you. This consists of submitting them to article directories; and then including a resource box that you approve of that links to your site.

iii. Alternatively, if you want to submit the articles by hand, you could go through the following list of directories: http://www.seoresearcher.com/articles-directories-list-alexa-rating-ordered.htm.

Similar to what I said for site directories earlier—remember to vary the resource box that you select for each different directory. Also, consider re-writing each article at least once, so that it appears as unique content on at least two different sites. You can use http://www.dupecop.com to make sure that the articles are mostly unique.

3. Posting on Forums and Blogs

Another way to get inbound links pointed at your new site is to post links on forums and in the reply section of blog entries that point at your site. Just remember to keep your comments relevant and high-quality; and this shouldn't be a problem.

ii. Adding a Blog

Another good way to generate traffic for your site is to create a blog. For most hosting services, you can do this by installing the WordPress plugin using the script. For the services that don't have the script, you can still download Wordpress; and then upload it to your site.

Once you have your blog up and running, you should make an effort to start posting to it regularly; and then using it to link to different pages on your site. Additionally, you should "tag" your blog posts according to the categories under which they fall.

After each time you update your blog, you should ping all relevant blog directories using http://www.pingomatic.com. This will give your site a short term

traffic boost (as your blog is bumped to top spots on directories temporarily), as well as some inbound links from high PR sites.

As is generally true in Internet business—the better your blog posts are, the more attention you can expect them to attract. And the more attention they attract, the more inbound links you can expect.

iii. Adding a Forum

Another way in which you can boost traffic to your site and retain existing visitors is to create a forum for the site. Of course, in many situations, this won't work well. However, if you think it seems like a promising option for the site you purchased, then you should definitely go ahead with it. If worse comes to worst, you can always delete the forum at some point in the future.

When it comes to setting up a forum, this is generally a simple process. All you will have to do is check your hosting control panel for forum scripts. In most cases, you will be able to set everything up with a click of a button. From there, you can enter the forum's administrative panel and do things such as determine who can post (i.e. anyone, registered members only, etc.) and setup sub-forums.

Once your forum is in place, you should put some effort into stimulating discussion. If you don't do this, it's unlikely that your new forum will take off quickly. Rather, it will probably become a "ghost" forum, where occasional posts are not met with replies; and, as a result, posters do not return.

iv. Improving the Visual Appearance of a Site

While marketers often stress that the visual appearance of sites is not as important as other details, it is important to understand that this generally does not hold when you enter the world of site flipping. In many cases—especially with ecommerce sites—visual appearance is critical.

If your site looks even slightly disreputable, that could significantly decrease the conversion rate on all products you sell. For this reason, if you end up scooping up a site that is poorly-designed, it's usually a good idea to hire a programmer to re-design it.

If you're not sure what a reasonable price for the re-design should be, you should post it on http://www.elance.com or http://www.guru.com. If you don't like any of the proposals that you get, you can always choose not to go forward with the project.

With all of this said, we now move on to the final topic: how to sell your site and make a profit in the process.

The Basics of Selling

Build a Reputation Before You Sell

One of the curious things about selling sites is that there's a good chance you'll end up doing it on a forum or in another setting where buyers can track what you've done and said over time. And if they're smart buyers, this is precisely what they will do before they ever consider purchasing a site from you for hundreds of dollars.

In fact, if you remember, this is exactly what I told you to do when you purchase sites: do your due diligence. Not only should you try to collect independently-verified information about the site, but you should also do the same about the buyer; and, likewise, you should expect buyers to do the same about you.

So how can you use this to your advantage? You can start by cultivating a strong reputation on whichever forum you plan to use to flip your sites. You can do this by posting regularly, making useful contributions, and being firm on issues of ethics.

At first, you might feel like this is all very artificial, but in fact, what you are doing is making valuable contributions to a forum; and, at the same time, creating a record of publicly-available thoughts and discussions that will allow people who do not know you to piece-together your personality.

In summary—before you start selling any domains at all, you should begin by creating an account on the forum or site you plan to use; and you should then begin working on your reputation. Only after you have done this should you start selling regularly.

How to Present Your Site

When it comes to presenting your site to buyers, copywriting skills are important. Simply adding a giant, poorly-written paragraph of information about your site could ultimately result in a price that is 40% lower or more.

This is why I suggest that you divide your listing up into the following parts:

Part #1: Vital Information

At the top of your listing, readers should be able to find all of the vital information about the site. This includes the URL, the name of the business, its monthly

revenue, and its monthly expenses. For most buyers, this section will help them to determine whether or not they should go further towards a purchase.

Part #2: Top Selling Points

In the next part of your listing, you should focus on the top selling points for your site. For instance, you might mention that it will fit well as part of a network of sites (and that the other sites in the network could be obtained inexpensively). You could also mention that traffic has been growing for months without any additional heavy SEO work.

Of course, the specific points you choose to highlight will depend on the website, but the general approach should be clear: find the best selling points for your site and include them immediately below the vital information section.

Ideally, if possible, you should use bullet points for this section. This will make it easier for buyers to skim your listing; and to take away the most important information.

Part #3: Documentation

After you top selling points, you should provide detailed documentation related to sales and traffic. This should include screenshots of your sales, refunds, traffic, and any other information you collected about the site. Remember to edit the photos to black out any vital information about your account, so that the screenshots cannot be used to steal your personal information.

Part #4: Additional Details and Links

In this section, you should include any additional information you have about the site. For instance, you might include its Alexa ranking and the number of inbound links it has that are indexed on Google.

It might also be a good idea to link to a page that summarizes traffic statistics. For instance, you might link to an Alexa search for your site. Or you might link to a search on Google for all sites that have links pointing to yours.

Part #5: Guarantee

This isn't absolutely necessary, but if you wish to inspire confidence in your prospective buyers, you might consider offering a guarantee of some sort. For instance, you might allow the buyer to return the site within 12 hours of purchase if anything does not match the description in your auction.

It is important, however, to be careful not to have an unconditional return policy unless you believe it is important. The reason for this is that, if you're selling a

successful business and you offer an unconditional return policy, this will attract people who just want to purchase the site temporarily, steal relevant proprietary information about how the business runs, and then give it back to you.

How to Pick a Minimum Price and an Asking Price

One of the most difficult parts of selling a website is picking the two relevant prices for your site auction: the minimum selling price and the asking price. The minimum selling price is the lowest price at which you are willing to sell your site. And the asking price is the price that you post on your auction.

When it comes to setting an asking price, I suggest that you pick the highest price that you could ever expect someone to feasibly pay. Picking a price that is too high will discourage people from bidding. On the other hand, picking a low price will discourage anyone from bidding over it, since this is the price you're asking for—and, thus, buyers expect that you will accept it immediately.

As far as the minimum price goes, I would suggest setting it close to 5 months of profit. This is usually the lowest amount you can expect for a site that has well-documented sources of revenue and traffic; however, I highly suggest holding out for a higher bid if possible.

How to Negotiate with Buyers

One important part of selling is negotiation. Often, when it comes to selling your site, you will not simply hold a sealed-bid auction with a definite end time; or an ascending bid auction with a definite end time. Instead, you will post an asking price; and leave your listing up indefinitely until you get an offer that looks good.

And this is where the negotiation part comes in. When buyers submit an initial bid to you, there's a good chance that this isn't the most they will be willing to pay. In most cases it will be anywhere between 50% and 75% of what they are willing to pay. This is why it is important for you to negotiate with them and to try to find out what they are willing to pay at most, so you can push the price close to it.

Fortunately, the strategies you will (or at least should) employ when you sell are almost identical to the strategies we discussed earlier for buying. The primary difference now is that you have all of the information and the buyers have nothing (other than their maximum bid and their initial offer).

When it comes to negotiating with buyers, your strategy should be simple. First, try to push each buyer up to their max bid. This will be very easy to do if you

already have a high bid. You can simply say to a buyer that you already have a bid for $X, so you cannot accept anything lower (although, you will entertain it in case the $X bid falls through).

Once each buyer appears unwilling to budge, start pulling out additional information. Point out the site revenue, the amount of inbound links, and its projected success. Whatever you do, try not to cave in.

Finally, once you've worked offers up to the maximum the buyer is willing to pay, start trying to close the deal. If the highest bid is someone who walked away from negotiations, then email that person anyway and offer to sell at the highest price he gave. Otherwise, simply close the deal with the highest bidder; and make the sale.

Conclusion

Throughout the course of this guide, we have covered site flipping in its entirety. We have walked through the process of buying and of selling. We have discussed how you can spot a site that has strong monetization potential; and how you can capitalize on it once you have acquired that site.

We have also talked about how to avoid the many pitfalls that can occur when you don't approach site flipping carefully and thoughtfully. We've considered the financial risk imposed by high expense sites (even when they have high revenue, too); and we've discussed a host of different buying strategies, as well as some of the different sites at which you can buy.

Overall, after reading this guide, you should have a strong picture of what the market for developed sites looks like. And you should know exactly how you can interact in it to capture a large profit.

With all of the requisite knowledge at your finger tips, all you have left to do is to buy and to sell—again and again. And when you do it, keep the principles of this book in mind, be patient, and avoid illegal or questionable deals—and you'll soon make your fortune as a site flipper.