# Effectively Manage Online Real Estate

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**Red Door Interactive's president talks about why online real estate deserves hype, and gives tips on how to maximize your online real estate's value.**

In the last several decades many of the big retail companies in the world have shifted focus from the consumer-facing businesses they're in to their ability to acquire, manage and cultivate real estate as a complement to the rest of their business. McDonald's and Wal-Mart, for example, are both great case studies of how companies can effectively apply this concept.

This practice of effective real estate strategy is really about optimizing a component of the business to maximize overall value. Prowess in this area is not something that is generally overt to the consumer; however, it is something that a consumer may innately recognize in convenience, experience and even pricing. It is also something that shareholders care deeply about because it increases the stock value and minimizes investment risk.

To be effective in the long term, companies need an effective real estate strategy in the online world as well. And, while I am no real world real estate expert, I've prepared some obvious linkages to online real estate investment and management.

My hope here is to persuade companies to consider reviewing their internet presence strategy, housed predominantly in corporate marketing departments, as they would a comprehensive corporate real estate strategy. Companies should approach internet property investments with the same strategic view as they do physical real estate, use real estate-oriented financial models to evaluate the success of these properties and, over time, properly care for their investment properties to enhance performance. Each of these tactics should create greater value for the business similar to many real estate investments.

**Recognize valuable property**
Online, there is what might be considered "ocean front property," as well as highly trafficked retail space, shopping mall locations and even outlet malls.

**Ocean front property:** Ocean-front property can be as simple as acquiring the right domain. For example, Business.com (well known for its exorbitant purchase price several years ago) and other simple, keyword-rich and easy-to-recall domains might be considered ocean-front property. It inherently draws traffic, if maintained properly and is of limited quantity. Property like that will at least maintain its value for a long time.

**Highly effective retail space:** Top, effective retail space can be "leased" by achieving the top three spots on a search engine results page on applicable, frequently searched key phrases. Again, this space is only leased and the cost per square foot can be higher than other, less popular key phrases. The cost to maintain that space will only continue to increase as competition for those terms grows.

**Shopping malls:** Then, there are the "shopping mall locations" that are available, as well, which might be various directories, sites like Amazon and even consumer review sites such as portions of CNET. These locations are frequently visited by consumers who are in the market for a

product, but are effectively just browsing. They seek information from expert salespeople, other shoppers and product owners, and are typically willing to be convinced to purchase.

**Outlet malls:** There are even "outlet malls," such as eBay and Overstock.com, for companies to set up their discount stores as a way to unload their excess inventory. There are companies that have utilized this strategy quite well in recent years to supplement other online initiatives.

**The corporate office park/retail storefront:** Most corporate websites reside in the equivalent of office parks where users will have to basically know who and/or where the company is to locate them. Some companies set up a retail storefront within corporate headquarters and expect consumers to purchase from that location exclusively. Those companies invite consumers to navigate through the executive suite, browse through customer service, check the company's stock price and take note of the job board on their way into the shopping experience. In the offline world, this would be an unusual way to sell, but online this happens a lot.

**Multiple audiences, multiple stores, more front doors**
The more properties a company has, the more chances there are for consumers to find that business through search, portals and affinity sites. More properties create more front doors for customers to enter through appearing on more search engine results pages, as well as offer the ability to offer customized, themed experiences.

There are a lot of good examples of companies online that are building themed stores based on the consumer's interests, as well as the company's various product lines. Nike, one such example, has their themed stores for any sport, where they immerse the consumer in the experience but do so in a way that is consistently and uniquely Nike. They've not abandoned their corporate identity just because they've chosen to locate on many different properties; they've just invested in building and maintaining these themed stores complete with music, action and pure commerce (as you'd expect in the offline world).

Additionally, many companies believe that they should solely drive users to the primary brand site as a means to tie users to the corporate brand. They fear operating multiple locations and spreading the brand too thin. However, identifying customer needs or desires and providing unique experiences based on those needs, desires and/or geography can all contribute to an effective brand experience, as well as cover valuable search engine property that those companies should own.

**Proper property maintenance**
Aside from selecting locations based on a company's strategy, it is important to maintain those locations as one would in the offline world. Keeping up with design trends, cleaning the windows and updating the salespeople with appropriate product information are all tactics that companies employ throughout the offline experience and are also tactics to consider in an online world.

What this means is that the sites and properties need to mirror the consumers that visit the location and locations around those properties (i.e. referring sites). On-site merchandising needs to be up to par with that of the rest of the company.

**Dealing with graffiti**
It is easy for people to graffiti companies in the online world through message boards, product reviews, blogs, countersites and more. Companies need to take care in assessing the state of their online presence and attend to its upkeep in ways other than just their unique web properties. Be sure to regularly monitor the company's brand and assess any situations that need to be resolved as you would around a physical storefront-- walk around it once in a while. Check the parking lot, stores around you and the characters walking in and out.

Having multiple unique websites can also help to push some of the graffiti to the dregs of the internet to minimize exposure.

**Use the right vendors**
When you see a physical piece of property or building, you can always tell whether or not it has been properly maintained. That will often help you decide whether or not you want to visit that location. A dilapidated restaurant, for example, is not a place that you'd likely bring your family for dinner (unless you really know and trust the place for some other reason-- such as word of mouth or for an adventurous experience).

As with the construction and maintenance of any facility, it is critical that the appropriate vendors are in place to service the property. Just like landscapers, plumbers, security and other providers may have contracts to regularly maintain a property, there should be designers, security experts, writers, search engine optimizers and other providers that keep a site up-to-date and maintained regularly.

**Capitalizing on a successful real estate investment**
In many cases, it is unlikely that a website owner can resell a website like a physical piece of property unless it is sold as an individual business in entirety. However, there will be a number of ways that a well-executed online real estate investment may pay off like a physical piece of property. Home Depot recently presented an option like this to companies by allowing them to advertise on their commerce website. This would be similar in concept to allowing billboards to be placed on a physical location.

There are myriad other concepts, including sly use of partnerships and affiliates, which will allow companies to monetize investments like these beyond their primary business.

**Conclusion**
As we continue in this world that places a greater dependence on the web as a commerce tool (among other things), companies are going to need to use more sophisticated methods to make better, smarter investments to create true value for the company. The way to do this is to place the importance of the web strategy at the executive level and recognize that the web can be an investment strategy that can build long-term, sustainable value for the company.

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