

Phone names starting to add up

Simon Canning

The Australian

August 16, 2007

TELSTRA has sold a dedicated phone name - 1300 HOMELOANS - for an Australian record \$1.195 million dollars in the face of predictions the price of vanity phone numbers is set to explode.

Phone name specialists expect some vanity numbers could be fetching up to \$20 million within three years as companies look to take control of generic names for entire sectors.

Mortgage broker XM Inc won a closed-envelope auction for the home loan number this week, out-pacing another bidder for the number, which was put on the market by Telstra phone name division 1300 Australia.

The bid outstripped the previous record set for the auction of the word taxi three years ago, which sold for \$1 million.

1300 Australia chief executive officer Gavin Scholes told Media the number had proven a popular property, with offers coming in even after the close of tenders.

Mr Scholes said that while 1300 Australia tended to lease numbers, there was growing pressure from the corporate sector to buy them outright: "From our point of view there are some other numbers that we will do this with in the future."

With interest growing, he said he was disappointed with the final bid, but rumours are already rife in the close-knit phone name industry that a number will sell in coming weeks for twice the price of 1300 Homeloans.

"We believe a number like homeloan within three years will be worth somewhere between \$5million and \$10 million," Mr Scholes said. "It just shows what is happening with this market. Up until now we have sold numbers up to around half a million dollars."

He said companies were seeing that a dedicated name number was proving far more effective as a marketing tool than relying on traditional numbers.

"The penny has finally dropped with most large organisations."

Sources suggest that since its original sale for \$1 million in September 2004, offers for 1300 TAXI have grown to between \$6million and \$7 million.

XM Inc chief executive officer Jennifer Nielsen said she was also surprised how low the company's winning bid was.

"We are certainly surprised at how cheap it went and we have had two approaches already to sell it for more than we paid for it, so that makes it cheap. But it is certainly not for sale though. We have bought it for pure marketing purposes."

However, despite having spent nearly \$1.2 million on the number, Ms Nielsen said there was no rush to incorporate it in XM's marketing: "Our first move was to take it off the market because we also own 13LOANS and we have been doing quite a bit of work on positioning it in the market. It's one thing to own a word, it's another to actually utilise it."

She said the company would assess whether to move forward with the original number or incorporate the new one.

Mr Scholes said the phone name industry remained in its early stages, just under 10 years after efforts first began to get the federal Government to allow name numbers to be commercialised.

"Annualised at the moment I would think it is worth somewhere between \$20 million and \$30 million," he said.

"Forgetting about selling, but just looking at leasing, we expect that to be close to \$100 million by the end of 2008, early 2009."

Companies poised to launch their own dedicated numbers include Vodafone and Harvey Norman, which is believed to have secured names including Domayne, Joyce Mayne and Go Harvey.

Generic names likely to come on to the market in coming months will include watertank, flowers and fitness.