The line between subdomain leasing and alternative revenue strategy

Sites operating under a subdomain or subfolder of another brand are attracting attention from SEOs as well as search engines. This trend has most recently involved coupon sites that use a subdomain of well-entrenched media outlets, but could potentially be applied to any number of industries.

Global Savings Group's CNN and Business Insider coupon sites rank first and third organically for the query "nike coupon code" – above competitors RetailMeNot and Groupon.

Whether this practice is incentivized or discouraged by search engine algorithms has huge ramifications for the main site owner, third parties as well as their competitors that do business on their own domains.

Subdomain leasing

Third parties may publish content onto a subdomain that is owned by another brand, with an unclear amount of involvement from the main site owner. Take coupons.cnn.com, for example – there's even a banner stating, "CNN Coupons is a destination that provides deals and discounts for online retailers. It is a collaboration between CNN Digital and Global Savings Group. CNN news staff is not involved. When you make a purchase, CNN earns a commission."

Coupon sites operating under this model are very common. Global Savings Group, which also runs a coupon site using a subdomain of businessinsider.com as well as dozens of similar properties on subdomains and subfolders of European websites, is a major player in the online coupon arena.

“We work closely with all of our partners to connect their different offerings like news, tips, recommendations or coupons to ensure that their user experience remains top of mind,” Andreas Fruth, co-founder of Global Savings Group, explained in a statement to Search Engine Land. This may be the case with some of Global Savings Group’s media partners, but the banner on CNN Coupons is somewhat at odds with this statement – after all, how closely could you work with a news outlet if their news staff is not involved?

The main site owner’s level of involvement and the relevancy to the purpose of the main domain are key factors in determining whether such an arrangement is actually a partnership or just a ploy for third parties to gain an unfair search advantage and publishers to make a quick buck.

How does it work?

The third-party content operator (such as, but not limited to, coupon platforms) rents a subfolder or subdomain from a publisher (such as a reputable media outlet) in an attempt to piggyback off of the trust that search engines extend to the publisher’s content.

This, in turn, gives the third-party content a questionable advantage over competitors in the search results, which may lead to more visitors and more revenue, which is then split with the main domain owner. This strategy has mainly been

applied to coupon sites but could potentially be applied to any unrelated third-party content.

Third-party content operators may seek partnerships with media outlets, in particular, because of their credibility with search engines; however, Fruth cites the history of coupons in print media as part of the precedent for this relationship.

“Different types of commerce content (such as coupons) have always been part of newspapers’ offerings in the print world. As newspapers look to diversify their revenue streams, given the challenge of falling CPMs on online advertising and the subscription plateau, building a dedicated commerce content strategy is a fundamental pillar for most media companies out there.”

The comparison isn’t quite apples-to-apples as traditional newspapers don’t rely on search engine algorithms to get their coupons in front of potential customers. And, as evidenced by Google’s many updates, algorithms can be manipulated.

Partners or domain landlords and subdomain tenants?

It is unlikely that these sites perform so well organically based on their own merit. They do not exactly offer unique content – many feature the same coupons and are even structured very similarly.

If SimilarWeb’s data on coupons.businessinsider.com is representative of subdomain coupon sites as a whole, then it’s also unlikely that backlinks play a major role as referrals account for less than 0.5% and 94% of traffic comes by way of search.

There are dozens of other factors at play, but the elephant in the room is the connection, if any, these sites have to the main site's purpose.

"As they [publishers] are building up their portfolio of new content, some of that content they create and produce remains in-house (e.g., [Business Insider's] Insider Picks, CNN Underscored), while other content is being amplified with the support of specialized 3rd parties, such as us," Fruth explained, reiterating, "the core message: this is part of a dedicated strategy of the media company."

If this is the case, we might expect to see more cohesion between the coupon site and the main site; however, coupons.cnn.com ditches the news category header navigation present on cnn.com and neither of Insider Picks or CNN Underscored's e-commerce content appears on their coupon subdomains.

"The success of partnerships between large media brands and specialized technology and content partners, like the Global Savings Group, is not based solely on the strength of associated domains," Fruth said, keen to distinguish between his company's business model and what is typically referred to as "subdomain leasing." "Our team of around 400 employees worldwide, together with the editorial and commercial teams of each of our partners, works hard to negotiate exclusive, high-quality deals for our partner's users and to create valuable content to improve the overall user experience."

"It has been shown that consumers prefer to receive their commerce content (e.g., coupons) from brands they know and trust," Fruth added. "This is easy to see if you compare CTRs on comparable positions between the coupon offerings of a

large media brand, with higher brand equity, with the offerings of a standalone site without the same recognition."

The scale of the situation

Anonymous Twitter account @theloish first blogged about this phenomenon as it pertained to European publications in June, 2018. In their Medium post, they estimated that discountcode.dailymail.co.uk's annual revenue was roughly £8 million (about $9.7 million) per year. Discountcode.dailymail.co.uk is a partnership between Global Savings Group and the Daily Mail; it is unclear what percentage of revenue each partner receives.

User @theloish has also compiled a Google Sheet of over 220 coupon-related subdomains and subfolders, along with their operators and traffic estimates. Discountcode.dailymail.co.uk receives more traffic than the vast majority of the sites listed, but it's safe to assume that the revenue generated from these sites, for their operators and their media partners, is considerable. That also suggests that the potential loss of revenue for dedicated coupon sites that exist on their own domains is likely to be significant, although some dedicated coupon sites may not profit from coupons submitted by users.

The reaction

Webmaster Trends Analyst John Mueller fielded a question regarding this issue during the Google Webmaster Central office hours session held on June 28.

"Maybe the right approach is to find a way to figure out what is the primary topic of this website and focus more on that, and then kind of leave these other things on the side," he said, elaborating, "When it comes to quality, we try to look at the quality of a website overall. So, if there are

particular parts of a website that are really low quality …. then overall, that could be degrading the quality of that site a little bit."

Google also addressed the practice via a three-part tweet from its Google Webmasters account on August 14. It stated: "We've been asked if third-parties can host content in subdomains or subfolders of another's domain. It's not against our guidelines. But as the practice has grown, our systems are being improved to better know when such content is independent of the main site & treat accordingly. Overall, we'd recommend against letting others use subdomains or subfolders with content presented as if it is part of the main site, without close supervision or the involvement of the primary site. Our guidance is if you want the best success with Search, provide value-added content from your own efforts that reflect your own brand."

User @theloish and other members of the SEO community have noticed a substantial dip in traffic amongst some of these coupon sites, such as coupons.businessinsider.com, which has seen its visits decrease by nearly a third between June and July 2019, and gutscheine.focus.de, which experienced a 30% decrease between March and July 2019 (both according to data from SimilarWeb). Not all coupon subdomains are experiencing traffic decreases and it is unclear whether they are a result of actions taken by Google or other search engines.

Members of the SEO community have also been monitoring these sites as they spring up, which has facilitated conversations about the relevance of such sites and the ethics surrounding how they operate.

Some agree with Global Savings Group's position that coupons and news publications provide value for all parties involved. Others point to the nature and accessibility of coupons that make it ripe for this type of arrangement between third parties and publishers. The tweet below even attributes the

traffic reduction to the aforementioned @theloish's publicizing of the issue, and the link within it accuses @theloish of "denouncing competitors as a last resort to seek justice for failure in the market."

> *Agreed and I am not really that familiar with these, so might be wrong, but aren't they serving user intent much like the coupon flyer in a newspaper used to?*
>
> *— Kristine Schachinger (@schachin) August 29, 2019*

The implications

Whether coupon sites are relevant to media publications and serve their audiences is just one scenario, and search engine algorithms will have to compare a countless number of match-ups across numerous industries.

For third-party content creators, where search engines draw the line may necessitate a new business model, or open the floodgates for a proliferation of subdomains with tenuous relationships to the main domain.

For site owners, renting out a subdomain to an unrelated, unsupervised third-party may have consequences on your own organic visibility, which may impact revenue. If it doesn't, then we're witnessing a new way for publishers to generate revenue – and, perhaps, a method for those publishers to use their influence in one sector to gain a questionable search advantage in other sectors.

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