



# New TLD Domain Launch Perspectives

An Executive White Paper

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# I. .INFO Domain Status

## A. Introduction to .INFO Analysis

Afilias, a global provider of domain name registry services, recently reviewed the four-year history of the .INFO domain. This study:

- **Underscores the value of expanding the Internet domain name space;**
- **Illustrates the success factors for the launch of a new top-level domain (TLD);**
- **Outlines issues that remain to be resolved regarding new TLD launches.**

The .INFO domain is the most popular of seven new generic top-level domains (gTLD) that were approved in November, 2000 by the Internet Corporation for Assigned Names and Numbers (ICANN). Since it launched in July of 2001, .INFO has grown to over 3,500,000 registrations, 60% of which are active, and over 850,000 of which are dedicated .INFO sites.

This analysis explains .INFO's evolution from a "new" domain to the sixth largest domain on the Internet. .INFO's intuitive appeal – supported by Afilias' reliable, stable and fast technology – has fueled excellent overall registration volume, solid renewals, high site usage levels and a burgeoning popularity by registrants for use in advertising and marketing.

## B. Brief History and Background

In 1972, the United States Defense Systems Information Agency created the Internet Assigned Numbers Authority (IANA). IANA was responsible for assigning unique 'addresses' to each computer connected to the Internet. In 1973, the Internet Protocol (IP) addressing system became the standard for locating all networked computers.

In 1985, the Domain Name System (DNS) was implemented and seven initial gTLD names were introduced by IANA: .COM, .NET, .ORG, .EDU, .GOV, .MIL, and .INT. In addition to the seven gTLDs, more than 200 country code TLDs (ccTLD) were also approved (see ISO 3166).

Dramatic expansion of the Internet in the 1990s (the dotCOM "boom") created a perceived compression in the domain marketplace. .COM was the defacto standard domain, but with over 20,000,000 registrations, it was increasingly difficult for registrants to obtain memorable, intuitive and short names. During the same time, ICANN – the successor to IANA – began stimulating competition in the registrar space by accrediting a large number (over 100) of new registrars. Many of these registrars considered expansion of the TLD space as a means of competing with the previous monopoly provider. Hence, a movement began to add TLDs to the root.

In September of 2000, ICANN released a request for proposals for new TLDs. In October of 2000, 47 applications were received and in November, ICANN selected seven new TLDs: .INFO, .BIZ, .NAME, .PRO, .AERO, .COOP, and .MUSEUM.

These new gTLDs have now all been launched, with .INFO achieving the highest success level in terms of total volume and general usage. Hence, .INFO is a good case study for understanding some of the key factors for domain success.

### **C. How .INFO Underscores the Value of Expanding the Internet Domain Space**

All of the seven domains approved with .INFO were approved as “proofs of concept,” and each was built on different business/launch models. The .INFO launch was the first of seven to begin operations with the commencement of the .INFO sunrise in July of 2001. Several aspects of the .INFO launch underscore the value of expanding the TLD space of the Internet:

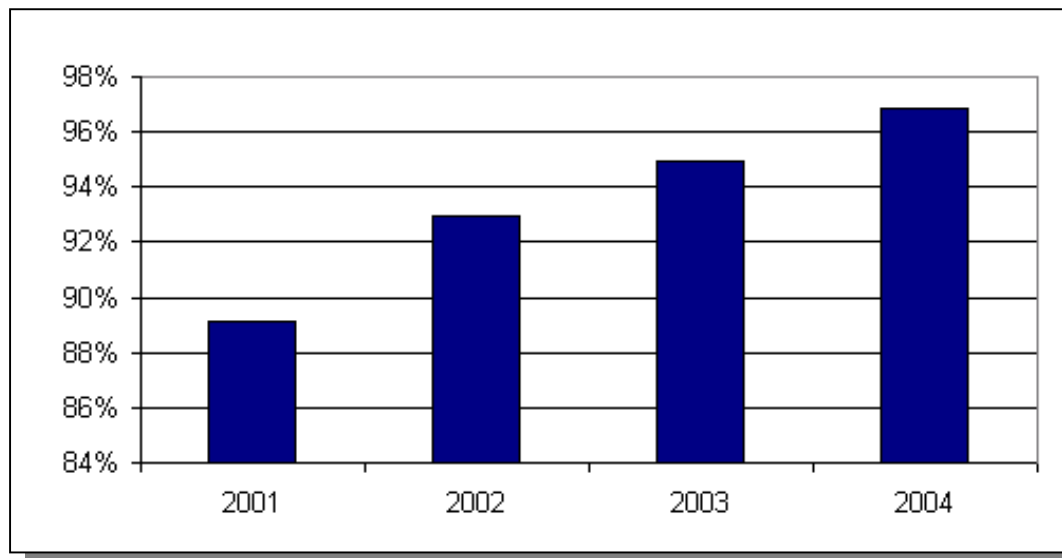
- Internet stability was preserved during the launch. Part of the proof of concept was to determine whether the Internet infrastructure in general would be stressed by the addition of new domains into the root. The .INFO experience showed that the root is robust enough to withstand the introduction of domains of .INFO’s magnitude without difficulty.
- Generic but Intuitive TLD name concept worked well. The abbreviated word “info” was expected to be popular due to the natural link between the globally intuitive meaning of “info” and the information-based nature of the Internet itself. Further, .INFO joined .COM as the only completely unrestricted gTLD available.

.INFO began trademark registrations (Sunrise) in July, and launched live, real-time registrations to the public on October 1, 2001 (the “land rush”). Fueled by a high volume of applications taken by registrars in advance of the public launch, Afilias registered over 400,000 domains during the initial “land rush.” Within ninety days of launch, the domain reached over half a million names, quickly establishing .INFO as a success. New registrations in the subsequent four years have grown steadily, and .INFO is now the sixth largest gTLD on the Internet.

- Renewals have underscored .INFO’s value. Despite .INFO’s initial appeal, no domain can succeed without renewals – a solid indicator of value. Through late 2003, .INFO experienced very steady growth. In the fall of 2003, however, the 400,000 initial 2-year Land Rush names came due for their first renewal, as expected. The renewal rate was very healthy for these domains, confirming that these registrations were not just initial speculative interests. Although healthy, it was of course less than 100%, yielding a short-term reduction in overall domains under management. Once these names worked through the system, growth resumed at its prior pace and continues to set new records each month.

- Global success shows appeal beyond North America. .COM development has been primarily in North America. In contrast, .INFO enjoyed its greatest success in Europe early on. Data released by Afiliias in July 2002 indicated that, at that time, 52% of .INFO's total registration base was from Europe, with 40% from North America. These numbers have been consistent over the first three years. Most recently, however, growth in North America has accelerated behind aggressive marketing by some North American registrars against the "Free INFO" program.
- Broad adoption by distribution channel proves value. Distribution is the single biggest challenge for new products, domains included. For domains, a sound name coupled with operational simplicity and registrar-friendly policies is required in order to gain access to the world's markets. Upon launch in 2001, .INFO was available through 88 registrars, accounting for a bit less than 90% of all gTLD registrations. Currently, 169 registrars carry .INFO, accounting for about 97% of the market (see Figure 4).

**.INFO Registrars' Percentage of Total Domain Marketplace**



Source: Based on September, 2004 market share data from Webholding.info

- Domain Usage in Advertising indicates widening acceptance. As the domain has matured, more and more organizations are adopting .INFO as their official Web site. Many of these organizations were unable to get their original name in a legacy gTLD, and did not want a domain with too many characters. Others have developed whole new Internet strategies and found that .INFO is the best way to implement them. And still others have found that the educational/informational flavor of a .INFO name fits their needs better than any alternatives. While many registrants are using .INFO in their marketing, three examples illustrate the breadth of application: Franziskaner, SAP, and 1&1.

## 1. Example 1: Franziskaner

“We decided on [www.franziskaner.info](http://www.franziskaner.info) because we wanted a short name that was easy both to communicate and to remember,” says Volkmar Goebel, brand manager for Spaten and Franziskaner with the Munich-based Spaten-Löwenbräu Group. The brewer also believed that a .INFO top-level domain was more international, language-neutral and therefore more likely to achieve wide acceptance among an international audience. Goebel adds: “Overall, we felt that a .INFO TLD was the ideal type of address to serve as an international entry point into our web offering.”

## 2. Example 2: SAP

SAP uses a .INFO address to complement its brand name. The company, located in Walldorf, Germany, has been publishing its *SAP INFO* customer magazine for over 10 years. *SAP INFO* provides relevant company information packaged in a journalistic format in both German and English. Before .INFO was available, SAP began an online version under the URL [www.sapinfo.net](http://www.sapinfo.net). To coordinate the two, SAP then changed the name of the print version to “SAPinfo.net.” But the *SAP INFO* title had already developed into a real brand name in the SAP world, and the new name of “SAPinfo.net” was not well received by the readers, explained Bernhard Hochlehnert, editor-in-chief of *SAP INFO* and head of Global Publications at SAP. “In the past, Internet users had to enter the correct name, sapinfo, using the correct spelling to access the magazine site; otherwise, they ended up landing on the regular SAP sites, such as [sap.com](http://sap.com) or [sap.de](http://sap.de),” explained Hochlehnert. “Now that the domain name is the same as the magazine name, the search engines list the SAP INFO Web site even if the user is just looking for ‘Info’ and ‘SAP’.” Today, [SAP.info](http://SAP.info) records some 3 million page views and about 250,000 page visits per month.

## 3. Example 3: 1&1 Internet

The world’s largest Web hosting company by number of active sites, 1&1 Internet, changed to a .INFO domain with their German language hosting portal. “A .INFO address is much more international than the .DE address we used before, so it will play an important role in our international expansion”, says Andreas Gauger, CEO of 1&1 Internet AG. “Using the .INFO address will reduce our costs significantly, because we can address customers in Germany and Austria with the same marketing campaign. The positive image of the .INFO domain perfectly corresponds with our innovative and competitive web hosting products.” With some 40 % market share, 1&1 is by far the market leader in Germany.

- In addition to these stories, a number of other organizations have adopted .INFO sites and use them in their advertising for many different purposes. These include the Montreal and New York City transit authorities, as well as countries like Spain and South Africa, and cities like Cancun that use their Web site as part of destination marketing campaigns.

Overall, .INFO has grown to the number 6 position worldwide (behind only .COM, .DE, .NET, .UK, and .ORG) and is enjoying continued expansion of acceptance. It is clear from this experience that adding .INFO to the root expanded registrant and registrar choice, added an element of competition to the registry level of the domain industry, and helped fuel overall internet growth without jeopardizing the stability of the system.

#### **D. Success Factors for the Launch of a New Domain**

Several factors combine to enable the success of a domain. These include:

- Intuitive/Appealing/Familiar concept: It is important that a domain stand for something meaningful for its intended audience. In .INFO's case, "info" is shorthand for information around the world. This simplicity of concept helped .INFO gain immediate acceptance and usage. Other domains must find the power in their extension and focus on making it understandable and known to the target customer.
- Registrar acceptance and support: As noted above, domains must have broad distribution to become a choice in the global marketplace – few registrants will expend the energy required to find a domain that is carried by only few registrars. In the domain industry, registrars play an important role as "gatekeepers" to the registrant. Without registrar acceptance and support, domains cannot develop and reach their full potential.
- Standards-based technology: In order to gain registrar support, domains must be supported by familiar technology that requires little (or no) customization by the registrar. Further, the technology MUST be reliable, secure and fast. Fortunately, domain technology standards exist that enable providers to offer such familiar processes to the channel. Small providers often do not have the resources to support fully standards-compliant technology, and even though the standards are published, a "do it yourself" approach is often much more difficult than it may appear at the start.
- Aggressive channel marketing: Another aspect of gaining registrar support is offering effective channel programs that easily fit in with the marketing activity of the largest registrars. These can be rebates, adaptable marketing materials, ideas on how to promote, etc. – but they must be easy for the registrar (and their resellers if applicable) to understand and leverage. Further, it must be economical for the registry – a difficult goal when the annual revenue per customer is typically well under \$10.00.

- Competitive pricing: .INFO pricing was approved by ICANN at the time the domain was approved, with a registry price of \$5.75 domain year. At launch, this was the lowest gTLD price in the market (.COM sells for \$6.00). Since .INFO was in the same range as other gTLDs, with a slight advantage, registrars understood how to position it competitively, helping it to succeed.

## **E. Issues That Remain to be Resolved Regarding New TLD Launches**

Even though the launch of .INFO has been a tremendous success and has resulted in the expansion of valuable domain name space, there remain a number of issues that require further development in order to cement the success of new TLDs in the overall domain market.

- Technical issues remain for those who must support new domains. The evolution of the Internet has been plagued by legacy technology that makes the adoption of new TLDs more difficult. In particular, a number of system administrators have developed Web applications that restrict e-mail fields to only allow a legacy list of approved TLDs (.COM, .NET, .ORG, .GOV, .MIL, .EDU, or .INT) or restrict the TLD length to three characters or less. Since ICANN has approved a number of new domains that exceed three characters (.INFO, .MUSEUM, .AERO, .COOP, .MOBI, .JOBS, and .TRAVEL) this presents a significant issue moving forwarded as more new domains may be added in the future.

Many speculate that this issue stems from either a lack of best practices in assuming that the legacy list of TLDs would infinitely remain the same, or from poorly-coded generic contact and newsletter scripts that contain this error in the e-mail field. Regardless of this issue's origin, organizations must ensure that their Web sites support new TLDs so that they do not disadvantage millions of customers who adopt e-mail addresses utilizing new domains.

The official list of approved TLDs is maintained at the Internet Assigned Number Authority (IANA) at <http://www.iana.org/gtld/gtld.htm>.

In addition to this TLD filtering issue, some SPAM filtering applications have begun to score e-mail addresses and URLs containing new domains as a criterion to be considered SPAM. While it is true that some of the new domains contain domains used for SPAM, this percentage does not appear to be any higher than .COM, .NET, or .ORG. Scoring new TLDs as indicators of SPAM only serves to detract from the evolution of the Internet to meet growing international and specialization needs.

- Internationalized Domain Names (IDNs). One of the most important developments of the last few years is the introduction of standards-compliant Internationalized Domain Names (IDNs) that enable non-English speakers to own Web addresses in their native language.

Since the DNS was originally constructed to only process domain names in ASCII or plain text, international characters such as ö, ç, or Φ, cannot be interpreted by the DNS and therefore cannot reside in a domain name registry as a registered name.

‘Punycode,’ is a recently adopted international standard for converting these characters into ASCII. It provides a mechanism for words with non-ASCII characters to be represented at a domain registry in ASCII format, but used by the general public in their expected native form. ‘Punycode’ is used to translate the word containing international characters into an ASCII string that can be registered by a domain name registry and resolved through the DNS.

As this technical capability has emerged, more and more linguistic and technical experts are working together to develop language tables that map these international characters into defined conversion systems that respect the language, culture, and policy issues surrounding different languages.

Only a few language tables exist today and more countries must work to develop approved tables so that generic TLDs, such as .INFO, .ORG, and others can roll out standards-compliant IDNs that are ubiquitous to end users.

Of course, Web applications and browsers must also evolve to support this important new trend. Afilias believes the introduction of IDNs is an important step in expanding the domain market. Its introduction of German script IDNs brought in over 18,000 registrations in the first month and over two thirds of those names were registered to brand new .INFO customers.

- User Awareness builds slowly. Another key unresolved issue in the expansion of the domain name market is increasing end user awareness of the availability and meaning of new TLDs. Even though .INFO has been available for close to four years, many Internet users are confused by e-mail addresses that end in a .INFO or other new TLD extensions, since they are accustomed only to .COM, .NET or .ORG.

This issue has even affected some country code TLD customers, as users may be unaware of ccTLDs that have been re-purposed for commercial applications.

The root cause may be that end users are not purchasers of domain names and are therefore unaware of changes in the market. Most rely on ISPs to provide e-mail addresses for them. However, as the availability of new domains provides end users with the opportunity to purchase more personalized and specialty addresses, and market prices continue to decrease, users may have more interest in new domains and customized addresses.

In addition, user awareness will expand as more and more organizations make the decision to alter their Internet strategies, like Fraziskaner, SAP and 1&1, to promoting Web sites and branding their Internet presence around a new TLD.

## II. Conclusions

In the four years since .INFO launched, it has built a strong, steady business and now supports more than 3,500,000 domains – about 4.5% of the global domain marketplace. .INFO's availability has also increased during this time as the distribution channel has expanded with new registrars.

.INFO's usage has expanded as well, with over 850,000 dedicated Web sites. As the number of active and live sites has grown, so have the number of organizations adopting a .INFO address in marketing and advertising activities. While current evidence is only anecdotal, initial case studies of .INFO usage are promising and illustrate .INFO's benefits as a truly global Internet address.

The .INFO experience underscores the value in expanding the Internet via the introduction of new TLD's. Further, .INFO has illustrated some of the key factors affecting the success of a TLD launch. And finally, the .INFO experience shows that there is still work to be done to aid in smoothly integrating new TLDs into the Internet and allowing all Internet users to quickly gain the advantages that new TLDs have to offer.

## III. About Afilias

Afilias, a fully integrated global provider of domain name registry services, maintains international headquarters in Dublin, Ireland, sales offices in London, England, sales and operational facilities in Toronto, and administrative offices in the U.S. near Philadelphia, PA. In November 2004, Afilias established Afilias India Pvt. Ltd., headquartered in New Delhi, India.

Afilias provides a full range of registry services leveraging proven technology that is fast, reliable and secure.

Afilias was formed in September of 2000 and was the first new gTLD operator selected by ICANN in November of 2000 to launch a new registry system using a thick registry model based on the new Extensible Provisioning Protocol (EPP) standard.

For more information please visit <http://www.afilias.info/> or write us at [info@afilias.info](mailto:info@afilias.info).