New gTLD:

a new Big Bang for domain names

You dreamt about it, now ICANN (Internet Corporation for Assigned Names and Numbers) has done it! The arrival on the market of new gTLD represents a giant leap forward in the Internet ecosystem. While there are more than 250 million domain names in the world, most of them are «.com» and country code TLD, and the market is moving towards diversification and dynamism.

With the new gTLD, you can create a website with the «.bzh» suffix if your business is in Brittany, with «.paris» if you prefer to associate your name with the city of light or with «.hotel» if you own a hotel! Everyone can now find exactly what they need, underlining the fact they belong to a geographic area, adopt a targeted communication approach, diversify their domain names or increase their Internet presence, for example by creating theme sites.

.asia .com .mobi .paris .travel .name .org .job .corsica .music .info .eu .bzh .pro .aquitaine .radio .fr .tv .hotel .net .biz .us .alsace

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Launched in 2008 by ICANN, the global expansion program for the domain name system will be implemented from the second half of 2013 onwards with the appearance on the market of the first new TLD.

In France, Afnic, a local stakeholder contributing to the development of safe, stable Internet, in charge of the «.fr» TLD in particular, has decided to assist ICANN by allowing businesses, communities and users to benefit from its expertise.

This guide is aimed at the general public, from brands to bloggers wishing to keep track of development of the system of domain names, and for all those who want to understand and benefit from the contributions and challenges of the new TLD.

Typology of Top-Level Domain (TLD)

A technical term attempting to translate computer phrases that are necessarily coded, TLD, or «top-level domain,» represent a component of website addresses that are part of the everyday life of all Internet users.

Just as a postal address consists, according to the current standard, of the addressee's title, street number, postal code and locality, a Web page (or URL) complies with specific rules. It includes, for example, a protocol name (http://, ftp://, etc.), the 3 W (www.) identifying a web page, plus the domain name. The latter is divided into two parts: the name of the website (Afnic) and the TLD to which it relates (.fr).

Example : http://www.afnic.fr

What is a Top-Level Domain (TLD)?

In a domain name (www.afnic.fr), the TLD or «top-level domain» is the rightmost part of the address: «.fr» in the example above.

There are several types of TLD:

- «ccTLD» or country code TLD are TLD that are characteristic of a geographic area or a country. For example, «.fr» means France «.de» means Germany, «.es» means Spain, etc. These TLD are limited to two characters.

- gTLD, or generic TLD, have three or more characters. They consist of three families:

  - Open gTLD without any specific target: the best-known is undoubtedly the «.com».
    It was originally created to designate commercial or for-profit organizations.
    This category also includes the ".net" which originally designated networks, «.org» for non-profit organizations, «.biz» for businesses, ".info" for information services, and so on.

  - Open gTLD for specific targets in terms of the type of holder, marketing, positioning and applications. They represent a sleeping partner, a community, or a business. This category includes «.asia» (the continent of Asia) «.jobs» (employment), «.mobi» (mobile communication devices), etc.

  - Semi-closed gTLD, reserved for a specific target. This is the case of «.coop» for cooperatives or «.museum» reserved for museums.

Distribution of TLD in volume

In terms of volume, there were nearly 110 million «.com» TLD out of 252 million domain names registered at year-end 2012, all TLD combined.
The «.com» alone therefore still represents nearly half of all the domain names in the world.
Driven by a powerful dynamic, the 270 geographic TLD however are gradually eroding the «supremacy» of the «.com». In France, the «.fr» TLD includes more than 2.6 million domain name (April 2013).

In general, the first TLD, created in 1985, are well established in practice. Alongside the «.com», there is the «.net» and the «.org».
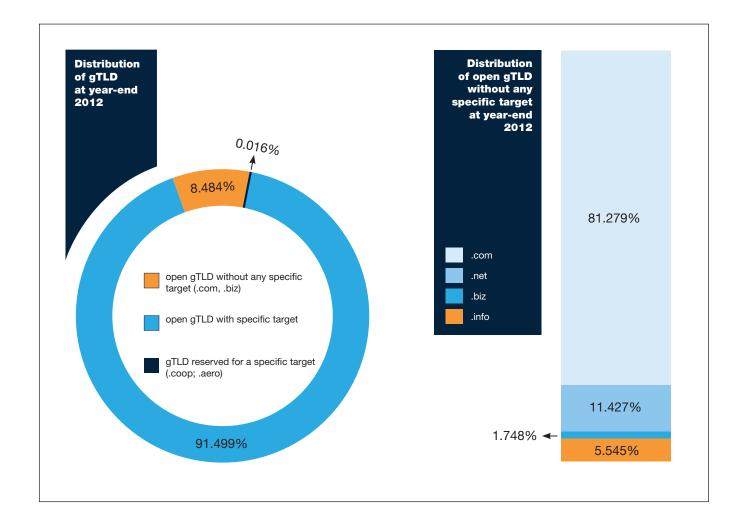
TLD created later, since the early 2000s, have had greater difficulty in gaining a foothold on the market. Their success is often mixed.

With respectively a little more than 2 million sites for «.biz» and 7,000,000 for «.info», these TLD have not really found their public compared with the potential of their catchment area. On the other hand, with only 61,000 sites «.cat» - the TLD for the Catalan language and culture - has met with a certain degree of success, with by definition a relatively small target (websites in Catalan).

TLD aimed for a niche market do not succeed equally as well. For example, «.coop» which is reserved for cooperatives, only represents 15,000 sites worldwide, a drop in the ocean compared with the number of existing cooperatives. Do cooperative managers remember to register their site under the sign of the «.coop» and thereby become members of their corporation? There is no way of knowing. Maybe they do not even know of the existence of the TLD.

Some TLD, initially reserved for a community or industry, and which have not found their public - as is the case for «.travel» for the travel industry, «.jobs.» for the employment market and «.pro» for American professions - have been forced to relax their eligibility conditions in order to expand their customer bases.

Finally, some TLD that made the headlines with their targeting as the case of «.xxx» for sites offering «adult» content, but even the .xxx today only has between 110,000 and 120,000 domain names, a large part of them registered for defensive purposes by rights holders who will never use them.

Distribution of gTLD at year-end 2012

0.016%

8.484%

open gTLD without any specific target (.com, .biz)

open gTLD with specific target

gTLD reserved for a specific target (.coop; .aero)

91.499%

Distribution of open gTLD without any specific target at year-end 2012

.com
.net
.biz
.info

81.279%

11.427%

1.748%

5.545%

2

The challenges of the new TLD

ICANN, the global regulator of naming on the Internet, has opened up the Web by giving the green light to the creation of new TLD. Public stakeholders, brands, businesses, and communities are all hard at work.

An ambitious program

The new program aims to create several major types of TLD:

- Open TLD:
  - TLD in non-Latin characters (Arabic, Chinese, Hebrew, Sanskrit, Thai, etc.) that will make it possible to fully «localize» the use of the Internet by non-English speaking communities;
  - The geographical TLD (.paris, .bzh, etc.) connected to a place, city or region, will make sense to those who wish to assert their ties to that location, or seek content related to it.
  - TLD reserved for a specific community (gays, Maori, etc.)
  - Sectoral TLD based on generic terms that indicate the specialization of a website (.hotel, .radio, .music, etc.)

- TLD reserved for a specific target: «.bank», «.finance».
- Closed TLD: as in the case of a company which files its own name and reserve its use for in-house purposes (different entities of a group, or its subsidiaries).

Priority has been given to the TLD projects involving non-Latin characters. Other requests are administered in an order based on a random drawing by lot carried out by ICANN. The TLD of the German brand Delmonte, for example, is the first European TLD resulting from the drawing by lot. It should appear on the web in a few months.

Dozens of projects submitted by French stakeholders should soon emerge with regional TLD in particular - .paris, .bzh, .corsica, .aquitaine etc. - and by brands (L'Oreal has registered a dozen files, as has the SNCF, Canal +, etc.).

Domain names with high added value

The objective of the new TLD is to produce new value. In so doing, the purchasers (businesses, community, etc.) are investing in a system that delegates part of the management of the Internet to them. The expected offset is greater visibility on the Internet, i.e. easier identification by users.

The prospects for TLD of this kind are generating keen interest. Increasing numbers of Internet users and creators of websites are becoming aware of the importance of domain names - a market sector still emerging in France. The domain name is one of the keys to successful ecommerce, if it is easy to remember.
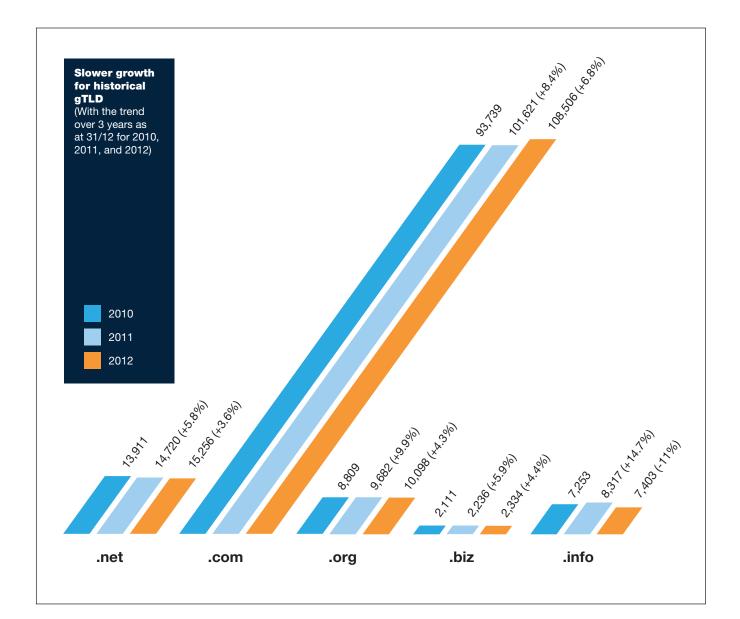
Focus on the gTLD marketplace

A «saturated» market

A TLD allows a business to get closer to their target. With an appropriate address, that is both short and original, it has communication firepower in its hand. But a an TLD such as «.com» has become a victim of its success, and no longer holds as much appeals for investors as in the past. Given the profusion of existing domain names, it has become extremely difficult to create a short unique address with the «.com» TLD. What's more, the growth rate of the «.com» is declining: it decreased 4 points in three years (between 2009 and 2012). The market is no doubt dependent on the economic situation, but the figures show a real slowdown.

The growth and success of a TLD also depend on the business strategy deployed to promote it. For example, after a period of high growth in 2011, driven by an aggressive commercial policy «.info» lost points in 2012 because a part of the domain names were not renewed by the holders who were using not them.

Slower growth for historical gTLD
(With the trend over 3 years as at 31/12 for 2010, 2011, and 2012)

- 2010
- 2011
- 2012

	.net	.com	.org	.biz	.info
2010	13,911	93,739	8,809	2,111	7,253
2011	14,720 (+5.8%)	101,621 (+8.4%)	9,682 (+9.9%)	2,236 (+5.9%)	8,317 (+14.7%)
2012	15,256 (+3.6%)	108,506 (+6.8%)	10,098 (+4.3%)	2,334 (+4.4%)	7,403 (-11%)

Opportunities in the secondary market

Candidates looking for a relevant domain name can always turn to the secondary market, that for the sale of existing domain names.

This market allows players to acquire a name previously filed by a third party who agrees to sell it in order to pocket the gain! When filed, a domain name costs almost nothing, rarely more than a few dozen euros. But on the secondary market the prices can go sky-high. On average they reach 500 U.S. dollars, sometimes much more.

The websites of specialized brokers reference the domain names available for sale and publish the track record of the latest names sold.

The dedicated marketplace sedo.fr for example, indicates that the domain name «prixdiscounts.com» is up for sale at € 9,900. The relevance of the name and its correlation with the market determine its price.

We can easily understand the excitement generated by the arrival of the new TLD. With them, there is more choice. Better still, they indicate opportunities for giving greater meaning to existing domain names.

The challenges of the new TLD

The emergence of new namespaces via the new TLD will inject new life into the market. Provided, of course, that the holders of the new TLD promote them in order to help users know and use them.

Because, to be known and remembered by the public, a TLD must have effective communication campaigns. The aim is to make Internet sites easily identifiable without querying search engines, which show a list of sites, often in competition with each other.

Three main scenarios are possible:

- Internet users take ownership of new TLD and the uses of online browsing are profoundly altered as a result;

- Users feel lost because of the abundance of supply and do not change their behavior. Incumbent TLD are stronger because users stay with those they know;

- The new TLD create such confusion in the minds of Internet users that they abandon domain names to enhance their search for content via the major search engines.

In all cases, the strategies adopted by the major search engines with respect to the new TLD will be crucial for the commercial success or failure of projects that have been «promoted» or «penalized» by the algorithms.

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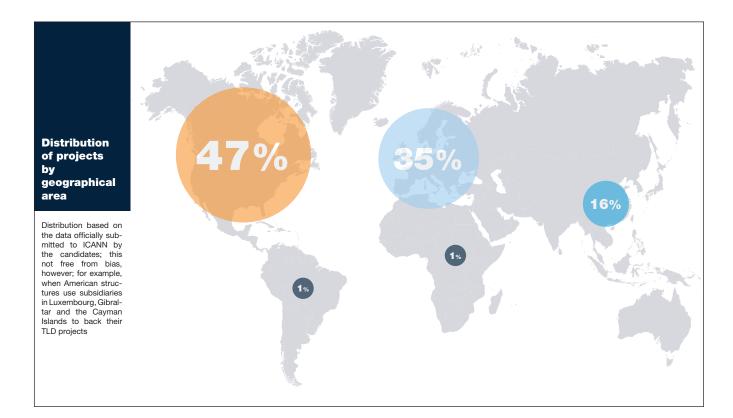
The deployment of the program

After four years of preparation, the program opened in 2012 contained a high majority of English-language pro-jects. The domain names created using the new TLD should appear at the end of 2013 after a calendar in which the key milestones are:

- July-August, 2013: signature of the first contracts and initial pre-delegation tests
- August-September 2013: first insertions of the new TLD in the DNS «root»
- September-October 2013: the beginning of the first «sunrise periods»
- October-November 2013: first global «openings»

Prices & geographical distribution

Despite the high price of the entry ticket - 185,000 U.S. Dollars for administrative costs - 1,930 applications have been filed with ICANN. Between 1,000 and 1,300 new TLD should actually see the day by 2015. The others have been failed by ICANN or withdrawn by the promoters. On June 1, 2013 there remained 1,837 projects in the run-ning.

Most of the projects are supported by market players located in North America and Europe. By themselves, the two continents of the Western world focus 83% of the creation files, followed by Asia and the Pacific (16%). Africa and Latin America seem to be the poor relatives with 1% of the projects respectively.

Distribution of projects by geographical area

Distribution based on the data officially sub-mitted to ICANN by the candidates; this not free from bias, however; for example, when American struc-tures use subsidiaries in Luxembourg, Gibral-tar and the Cayman Islands to back their TLD projects

47% **35%** **16%** **1%** **1%**

The program does not stop there. Its objective is to be sustained. After this first round of gTLD creation, others will enrich the landscape of the net as and when they are created, thus opening up opportunities for continents that lag behind.

Launch phases

Finding the right partner

In concrete terms, once the TLD has been approved by ICANN, each holder (or registry) is free to plan its marketing and launch, entrusted to a technical registry operator.

The success of the operation is linked to two external factors: the inclusion of the new TLD by the search engines and its promotion orchestrated by the registries. The TLD will be more or less visible depending on the position allocated to it by the registrar.

For example, the «.co» TLD, which initially designated Colombia but has changed its registration rules to become accessible to brands and companies outside its borders, has met with considerable success thanks to the strategy of Godaddy. The latter, one of the largest registrars in the world, supports the development of «.co» and highlights it on its website by pushing advertising banners.
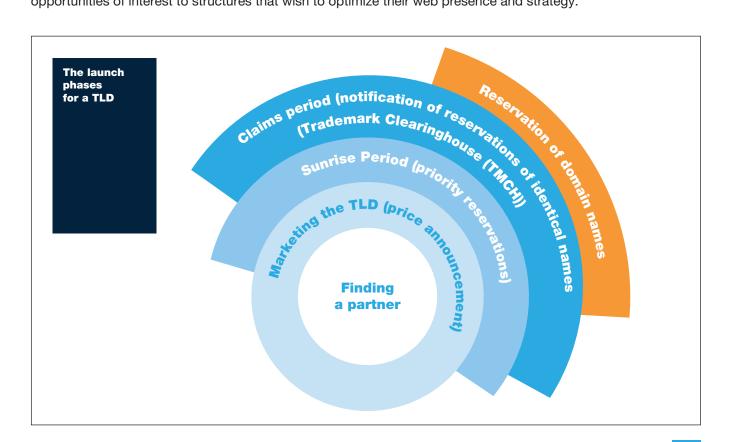
In France, four or five major registrars are competitors on the market, and must be convinced of the strategic importance of referencing the new TLD.

Marketing the TLD: towards new domain names

An initial marketing phase should allow users to register domain names that are particularly relevant. Places will be expensive before prices fall to reach their cruising speed. The «.paris» TLD, for example, is expected to attract luxury brands.

Brands and communities of interest must get organized in order to register domain names that interest them the most during the «sunrise period» or when it opens to all.

In the end, the new TLD are designed to facilitate the development of Internet activity, by creating new naming opportunities of interest to structures that wish to optimize their web presence and strategy.

The launch phases for a TLD

Finding a partner — Marketing the TLD (price announcement) — Sunrise Period (priority reservations) — Claims period (notification of reservations of identical names (Trademark Clearinghouse (TMCH)) — Reservation of domain names

The mechanisms for protecting trademark rights

The TMCH (Trademark Clearinghouse) is a global database set up to facilitate the protection of trademarks on the Internet. Opened in 2013, the system is used to protect the holders of a brand name during the sunrise period (30 days), i.e. to reserve their priority right to file domain names under the new TLD.

Another innovation is a warning system, developed to alert those wishing to register a domain name on a new TLD of the existence of a prior right. If the candidate files the domain name despite this warning, the rights holders for the brand is alerted about the registration of a domain name that may potentially affect its intellectual property rights.

ABOUT ICANN

Founded in 1998, ICANN (Internet Corporation for Assigned Names and Numbers) is a not-for-profit public-benefit corporation, whose mission is to ensure a stable, secure and unified global Internet. It has participants from all over the world, promotes competition and develops policy on the Internet's unique identifiers. In charge of the technical coordination of the management of domain names, as such it oversees the program to create new TLD.

For further information:

ICANN website:
www.icann.org

Trademark Clearinghouse (TMCH)
www.trademark-clearinghouse.com

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