

.FR in 2019

Afnic Studies

February 2020

afnic

Contents

Glossary	3
1. Growth of .FR.....	4
2. Market share in France	5
3. Activity of .FR.....	8
4. Structure of .FR net balance	11
5. .FR KPIs.....	12
6. Concentration of .FR market	16
7. Distribution of .FR in France	19
8. Foreign registrants	20
9. DNSSEC.....	21
10. .FR internationalized domain names	22
11. Multi-year registrations	23
12. Outlooks in 2020 for .FR	25

Glossary

TLD (TOP-LEVEL DOMAIN): the last segment or extension of a domain name; the part that follows after the “dot” symbol. Examples include .FR and .ORG.

ccTLD (COUNTRY-CODE TOP-LEVEL DOMAIN): a TLD specific to a country or territory. France’s ccTLD is .FR, but other French ccTLDs exist such as .RE (Réunion), .PM (Saint-Pierre et Miquelon), etc.

gTLD (GENERIC TOP-LEVEL DOMAIN): a generic TLD, not associated with any particular country or territory. Examples include .COM, .NET and .ORG.

LEGACY gTLD: a generic TLD created before 2014. Examples include .COM, .NET, .ORG or more recently (2001-2004) .INFO, .BIZ, .MOBI, etc.

nTLD (NEW TOP-LEVEL DOMAIN): a generic TLD created after 2014. nTLDs are spread over several sub-segments such as geoTLDs (regions, cities, etc.), community TLDs, .brands, and generic nTLDs (usual dictionary terms).

1. Growth of .FR

.FR had 3,428,951 names in stock at 31 December 2019, compared with 3,305,296 at 31 December 2018.

It thus grew by 3.7% or 123,655 names in 2019.

Its growth, though somewhat in decline (5.2% in 2017 and 4.4% in 2018), was still well above that of the French market as a whole (all TLDs together). The overall French market grew by just 2.0% in 2019 (compared with 2.1% in 2018 and 3.2% in 2017).

The world market grew by slightly more than .FR in 2019 (around 4%) but this performance was linked to a number of one-off phenomena such as the explosion of .TW (which in November began to feel the impact of the non-renewal of names registered by speculators in 2018/2019), and the bonanza effect created by the opening of names directly under .UK. The considerable changes in scale of the .CN also contributed to the volatility of the world market, as did the speculative waves affecting nTLDs (as in the case of .ICU at the end of 2019, with more than 4 million names registered in just a few weeks).

Change in annual growth rates

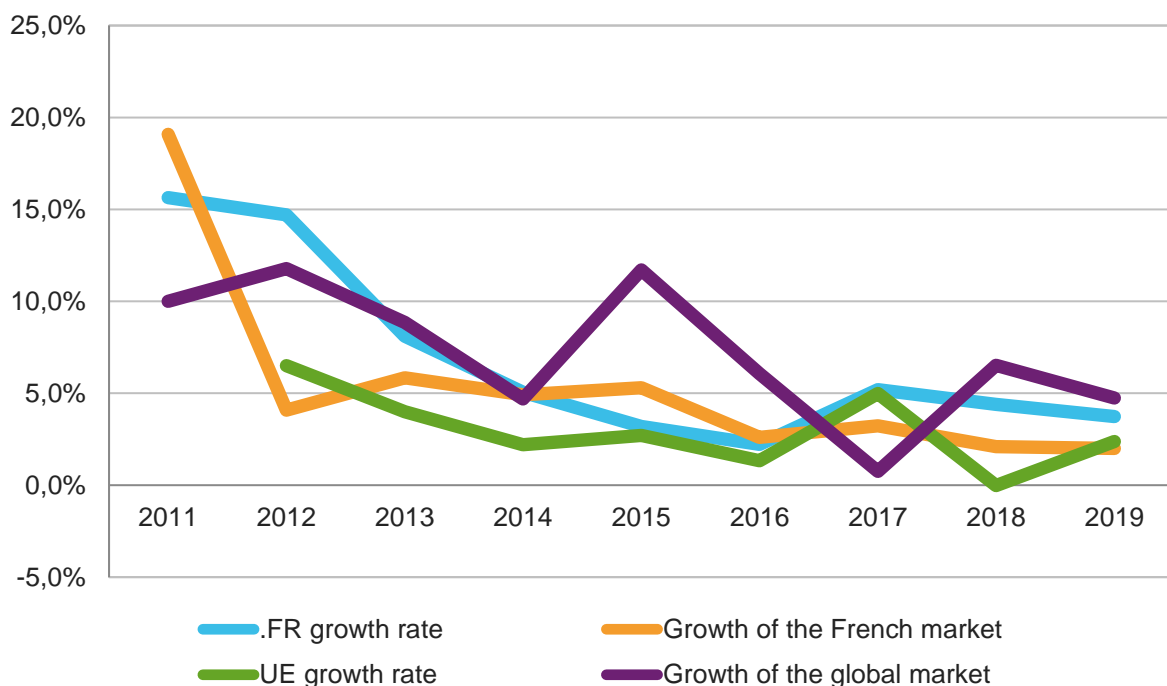


Figure 1

The few major TLDs that had seen strong growth in 2018, notably .CN, .TW and .UK, rather stagnated in the second half of 2019, if indeed they did not lose stock. This phenomenon, combined with “legacy” TLDs divided into the still healthy .COM and the continued decline in the other “historical” TLDs¹, explains the stability of growth in the global market.

In short, the performance of the French market as a whole in 2019 was in line with that of European Union ccTLDs, while remaining appreciably below that of the world market.

¹The major legacy TLDs other than .COM all suffered more or less pronounced losses in stock in 2019 (we estimate -25% for .BIZ, -10% for .INFO, -10% for .MOBI, -5% for .NET and -2% for .ORG).

2. Market share in France

Having grown faster than its local market in 2019 (see Fig. 1), the market share of .FR continued to grow this past year to reach 37.7% (compared with 37.2% at the end of 2018). This market share constitutes a new all-time high for .FR TLD.

The increase in market share was thus 0.5 pp in 2019, a performance substantially equivalent to that of .COM, which had recorded better results in 2018. Nonetheless .COM remains the leading Top Level Domain in France, with a market share of 45.2%.

Table 1 shows very clearly the “winners” and “losers”: whereas the two leaders, .FR and .COM, continuously gained ground, the other Legacy domains systematically lost market share between 2012 and 2019, as did “other ccTLDs” (TLDs of other countries registered by legal and natural persons in France). These latter logically remain rather marginal, as do the new TLDs, which held their positions in 2019.

	2012	2013	2014	2015	2016	2017	2018	2019
.FR	3.6%	0.4%	0.1%	-0.7%	-0.0%	0.7%	0.8%	0.5%
.COM	-3.2%	0.3%	-0.7%	0.6%	-0.1%	0.1%	1.2%	0.6%
Other Legacy TLDs	-0.6%	-0.6%	-0.5%	-0.9%	-0.9%	-1.0%	-0.9%	-0.8%
Other TLDs	0.2%	-0.2%	-0.1%	-0.1%	-0.1%	-0.1%	-0.3%	-0.2%
nTLDs			1.3%	0.8%	0.9%	0.3%	-0.9%	-0.1%

Table 1: Changes in market share in France (2012-2019)

In “.FR in 2018” we analysed the under-performance of the other Legacy TLDs as being possibly due to a number of factors, which remain valid today except perhaps as regards the nTLDs:

- We referred then to the “increased competition from the nTLDs, forcing holders to arbitrate in terms of the names they renew or choose to register”; the erosion of the market share of nTLDs shows that they are no longer growing so much at the expense of other Legacy TLDs.
- The impact of nTLDs in terms of the opening up of supply, which could create a certain amount of confusion while making any “global” defensive strategy impossible. Defensive domain name registration over the past 15 or 20 years in the “Other Legacy” TLDs would therefore lose its interest and no longer justify renew operations, as well as limiting the expected benefit of defensive domain registration.
- The refocusing of the registries for these TLDs on high-potential markets such as China or, in view of its historical importance, the United States. From this point of view, France may be seen by the registries of these TLDs as a market with limited potential:
 - It is unequivocally dominated by .COM and .FR;
 - Its penetration rate is high, and even if there are catch-up effects, VSEs/SMEs form a public that is difficult to reach without local reseller networks that these registries do not have;
 - Its growth rate in terms of registered domain names is moderate and less promising than those of “emerging” countries on the Internet.

These different reasons may encourage registries to shift the focus of marketing operations designed to maintain or develop these TLDs. This is not the case with .COM, which has a leading position to maintain, as well as a well-established network of retailers.

However, according to our estimates based on data provided by ZookNIC, we note that the growth rate of .COM in France was 3.9% against a worldwide growth rate of 4.9%. In 2019, this performance in France was therefore 1 pp below its world level.

The weakness of the nTLD segment is, however, the result of two contrasting trends:

- **On the one hand, geoTLDs (.alsace, .bzh, .corsica, .paris) all posted growth, over 6% in many cases, three times the French market average.**
- **On the other hand, generic TLDs may continue to suffer from weak demand combined with the limited renewal of speculative names that have not lived up to their promises or defensive names that their holders end up abandoning in view of the costs incurred.**

This last observation could indicate that the two habitual drivers of the emergence of TLDs, domaining and defensive filings, no longer play any meaningful part in the growth of nTLDs in France. With the novelty effect wearing off and speculative filings proving generally loss-making, French domainers are apparently shunning nTLDs. For their part, players who have positioned themselves on certain sensitive TLDs based on a principle of precaution realise some years later that the risk had been overestimated and/or that these domain names will never be used.

The still relatively low volumes of this segment are not surprising:

- **Generic nTLDs are mostly English-speaking, poorly suited to a French-speaking market except in certain cases where the terms are well known, but remain anecdotal in use (.guru, .ventures, .shop, etc.).**
- **.brand TLDs are by nature intended for internal use and rarely generate high volume.**
- **CommunityTLDs combine the features of the two previous types.**
- **GeoTLDs are in fact the most likely to eventually develop significant volumes, but they still face the problem of user appropriation and distribution by a network of resellers and business referrers finely covering the target territory.**

Figure 2 hereunder shows that the two leaders between them now account for more than 80% of the market, after having verged on this threshold for some years without actually passing it.

Changes in market share in France

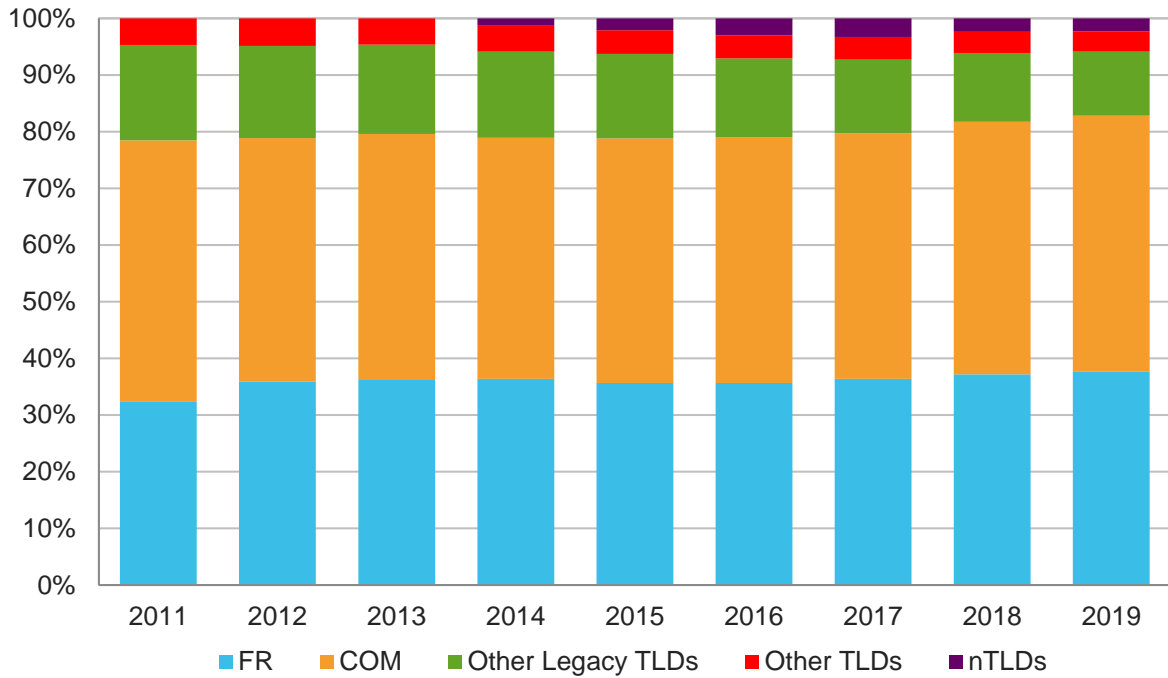


Figure 2

Data for TLDs other than .FR are estimations provided by ZookNIC.

3. Activity of .FR

We have seen above that the growth of .FR continued to decline in 2019, the net balance standing at 123,655 names compared with 138,961 in 2018.

Table 2 shows the differences by type of flow.

Flows	2018	2019	Change (abs)	Change (%)
Create operations	648,563	694,063	+ 45,500	+ 7%
Net delete operations²	509,602	570,408	+ 60,806	+ 12%
Net balance	138,961	123,655	- 15,306	- 11%

Table 2

However these figures need to be qualified by two factors:

- **In 2018/2019, 14,000 names were created by a single holder, apparently Chinese, of which 2,000 in 2018 and 12,000 in 2019. Checks carried out by Afnic led us to delete these names in the absence of reliable information on the holder³. So So to cancel out this “dummy” operation, we have to eliminate these 14,000 names from both the create and the delete operations.**
- **One major registrar requested delete operations for 15,000 names that had not paid their fees for several years. This operation was legitimate and must be retained in our figures, but it does skew them somewhat by concentrating in a single moment delete operations that could have been carried out gradually, spread over 2018-2019 instead of all in 2019.**

Table 2bis shows an aggregate view with performance restated for the “Chinese” names.

Flows	2018	2019	Change (abs)	Change (%)
Create operations	647,000	680,000	+ 33,000	+ 5%
Net delete operations⁴	510,000	556,000	+ 46,000	+ 9%

Table 2bis

² Net delete operations correspond to gross delete operations less operations to “restore” names deleted then kept by their holders, plus the delete operations carried out at the initiative of Afnic, notably in the context of verification operations..

³ Furthermore, we would stress that .fr holders must necessarily be located in France or another EU Member State

⁴ Net delete operations correspond to gross delete operations less operations to “restore” names deleted then kept by their holders, plus the delete operations carried out at the initiative of Afnic, notably in the context of verification operations.

Thus we see that if the one-off delete operation of 15,000 names had not taken place, the real net balance would have been a gain of 2,000 names.

However, in the interests of consistency and traceability of data in the long term, in the analysis below we will keep the gross data without restating them for the major one-off events. Apart from this problem of monitoring over time, there is another reason that may apply: it is not unlikely that our figures include similar operations but for smaller volumes and therefore more difficult to detect. To simply eliminate the most salient events and consider the “net” figures as totally reliable could lead to erroneous assessment.

Figure 3 shows the trends of .FR flows since 2011 (data not restated for the above-mentioned one-off events).

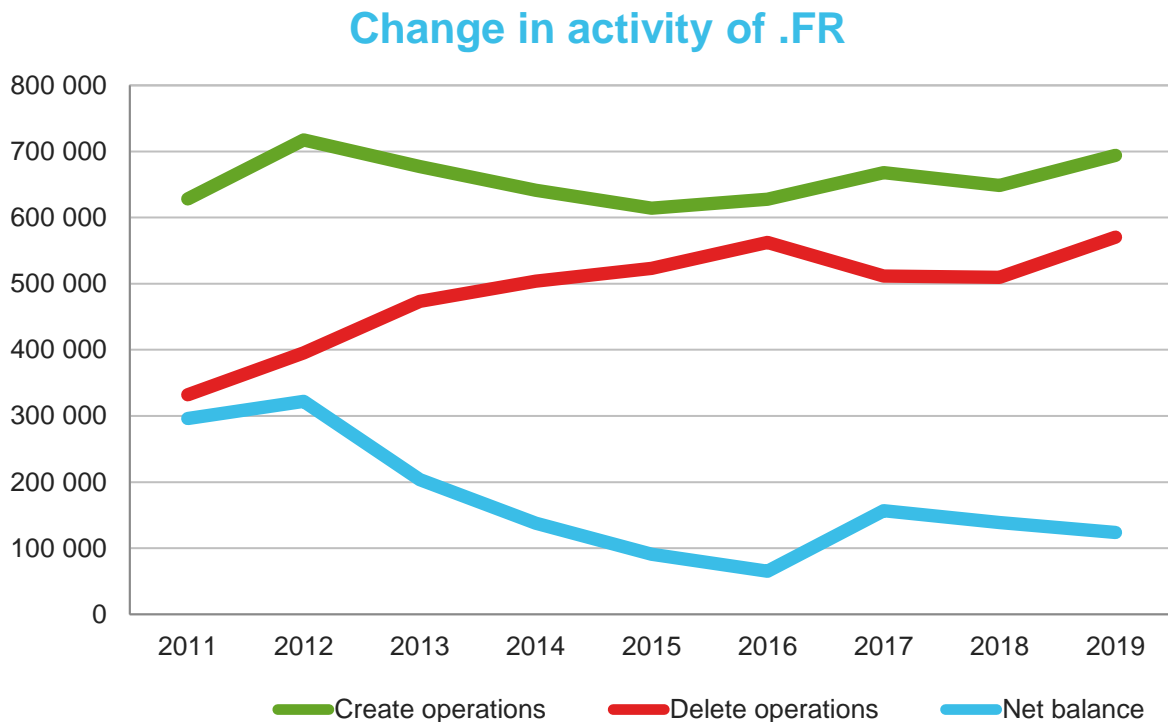


Figure 3

In 2019 create operations continued to increase, confirming the trend seen since 2015 and exceeding expectations (even when excluding the Chinese domain operation). The causes of this fine performance may be many: the effectiveness of the promotional actions carried out by Afnic in collaboration with partners (Réussir avec le Web (“Succeed on the web”) and Réussir-en.fr (“Succeed with.fr”)) and with its registrars; the dynamism of businesses’ create operations leading to a quickening in the pace of create operations, etc.

Delete operations were up, but in principle they would have been less marked between 2018 and 2019 if the 15,000 names deleted in October 2019 had been smoothed over the two years⁵.

The Maintenance Rate of .FR in 2019 fell to 82.7% compared with 83.9% in 2018. It nonetheless remains very satisfactory, that of .COM at world level for example being of the order of 78-79% in 2019.

In a context in which create operations and stock are both growing, it is not surprising to see the same trend in delete operations. The changes in the Maintenance Rate tell us whether or not delete operations

⁵ 15,000 smoothed over two years would represent 7,500 names in 2018 and 7,500 in 2019, or 0.2 pp of Maintenance Rate. This rate would theoretically therefore have been 83.7% in 2018 and 82.9% in 2019, all other things being equal.

are reaching a critical level. In 2019, the deterioration in the Maintenance Rate⁶ shows that the dynamic of create operations was significant, but without any worrying overheating: the Maintenance Rate remained clearly above its 2011-2019 average of 82.1%.

⁶ The Maintenance Rate is calculated using the following formula: $(\text{Stock } 01/01/20 - \text{Create operations } 2019) / \text{Stock } 01/01/19$. It therefore measures the proportion of names present at 1 January 2019 that were still present at 1 January 2020. Purists rightly distinguish between this Maintenance Rate and the Renewal Rate, which measures the number of names renewed as a proportion of all those expiring in the period considered. For reasons of benchmarking, we prefer to use the Maintenance Rate, which can be calculated without retroactively having expiry dates for the renewed names.

4. Structure of .FR net balance

A study of the components of the net balance and their changes highlights the dynamics underlying the performance characteristics discussed above.

Figure 4 shows the variations in domain name renewals and creations from one year to another, their addition forming the net balance.

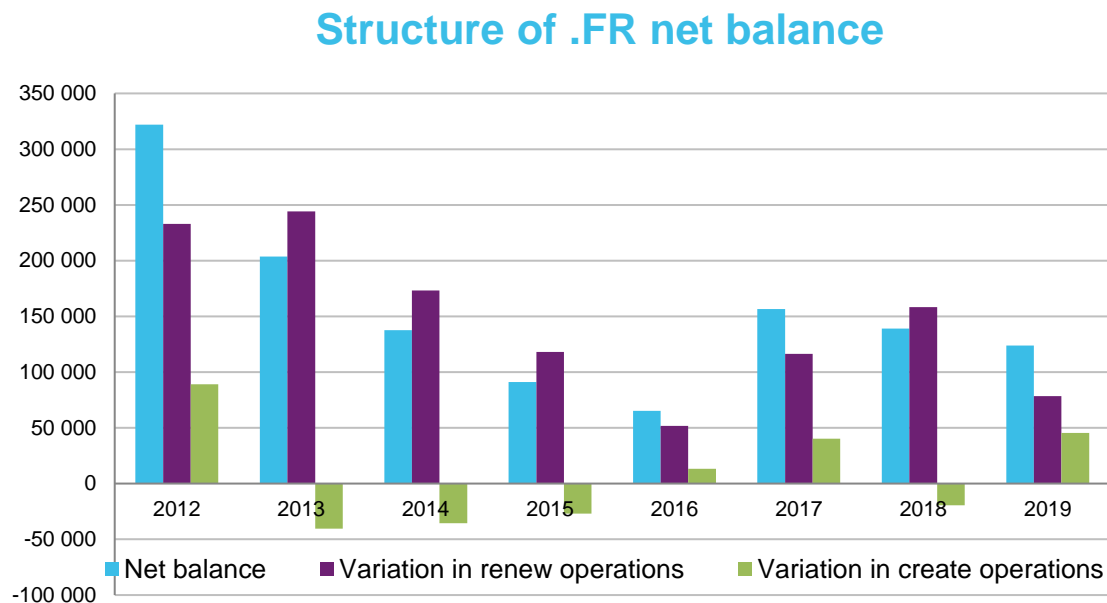


Figure 4

The variation in renew operations was always positive between 2012 and 2019, reflecting the fact that the number of domain name renewals continued to grow. This positive variation decreased from year to year between 2012 and 2016 before returning in 2017 to the 2015 level, passing the >150,000 names mark in 2018. The increase in delete operations weighed on this parameter in 2019, which nonetheless continued to contribute more than the create operations to the changes in the net balance.

On the other hand, changes in create operations followed a downward trend in 2013-2015 before recovering in 2016 and 2017, turning negative again in 2018 and finally re-establishing themselves in 2019 with one of the best increases since 2012. These variations are a fair reflection of the general situation in the domain names market, which has seen alternating phases of acceleration and slowdown since 2016.

Since at least 2012, the variation in the net balance has been caused more by changes in renewals (names maintained in the stock) than by changes in create operations, and this factor has boosted or depressed results accordingly. This situation applies to all TLDs that have existed for a long time. It highlights their registrars' interest in according particular importance to renew operations, even if create operations retain an obvious strategic interest.

A study of the key parameters of .FR helps to explain these factors and to illustrate the reasoning behind activity forecasts.

5. .FR KPIs

As a reminder, the create rate (or sales momentum) represents the percentage of names created during the year in stock at year-end. The “younger” or “more dynamic” a TLD, the higher its create rate. This rate tends to reduce over time, since the stock of names increases from year to year and the effort needed in terms of create operations (in absolute value) in order to maintain a similar rate of sales momentum from one year to the next is therefore automatically ever greater.

Due to the 5% increase in create operations (compared with a 3.7% increase in stock), the create rate improved in 2019, from 19.6% to 20.2%. In plain language, this means that at 1 January 2020, one in five .FR sites had been registered during the previous year.

Figure 5 shows that this creation rate has tended to stabilize around 20% since 2015, bearing witness to the dynamic of create operations since the growing stock means that an ever greater number of create operations has to be carried out in order to hold the rate of creation steady.

This rate may of course vary in the future, subject as it is to the influence of one-off events: a massive wave of domaining, a highly effective promotional campaign, etc. But in the long term it is reasonable to suppose that the trend will remain stable, or slightly downward as is seen with other European TLDs of a comparable size and vintage with those of .FR.

If .FR should “stagnate” in 2020, a Creation Rate unchanged at 20% would represent 686,000 create operations, but if .FR were to gain, for example, 3.7% in 2020 as it did in 2019, the number of create operations needed to hold the Rate at 20% would be 711,000, a number not attained since 2012. These orders of magnitude enable us to see in context what is realistic and what is less so, while at the same time illustrating the principle that growth is not open-ended.

The key parameters of .FR are therefore intimately linked: for a given objective in terms of growth of stock, it will be necessary to attain an ideal trade-off between the creation dynamic and keeping up the Maintenance Rate. Conversely, forecasts of global growth of the extension will be largely determined by how optimistic or conservative the expected levels of performance are for the coming year.

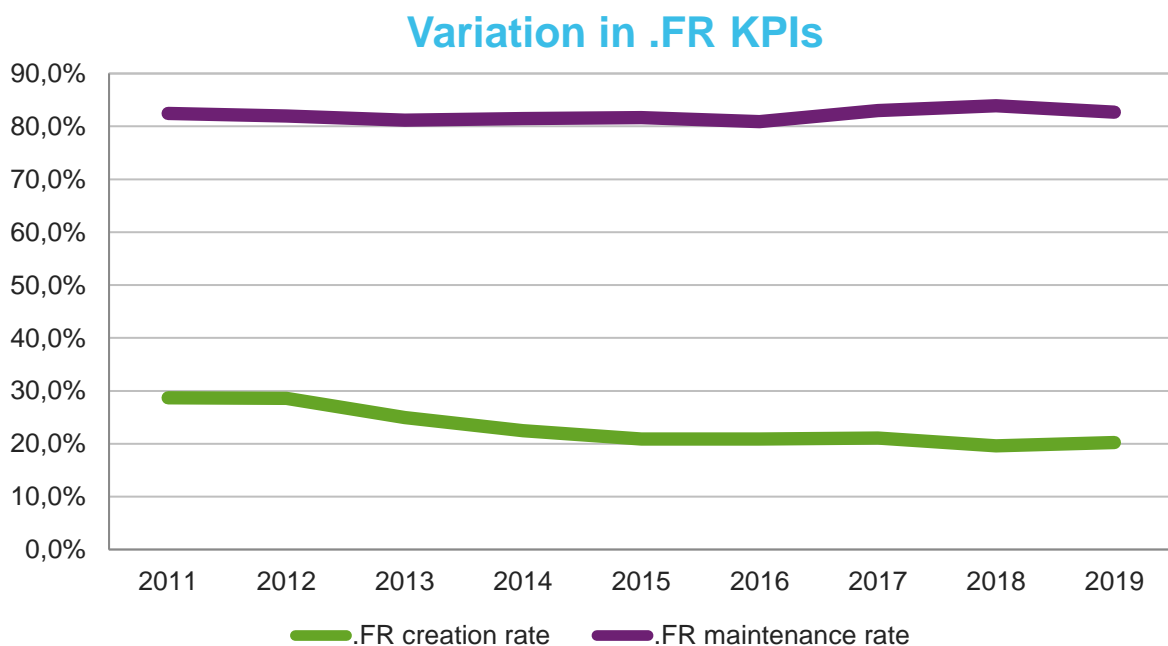


Figure 5

The Maintenance Rate is calculated by subtracting the number of domain name create operations during the year from the stock at year-end and comparing that balance with the stock at the beginning of the same year. It therefore measures the proportion of names in the portfolio at the start of the year that were still there at year-end.

.FR had a very stable Maintenance Rate from 2011 to 2017, consistently higher than 80%. The year 2019 saw a return to the average performance of the eight preceding years (82.1%) following the all-time high of 2018. Its development can partly be explained by an analysis of the structure of the portfolio by age of extant domain name registrations.

Figure 6 hereunder shows the distribution of extant .FR domain names by age at 31 December 2019. Names created in 2019 are 0 year old, those created in 2018 one year old and so on. This structure has so far remained fairly stable over time. As in 2018, we see that 50% of .FR are less than four years old and that names eight years old or more account for only one quarter of the stock.

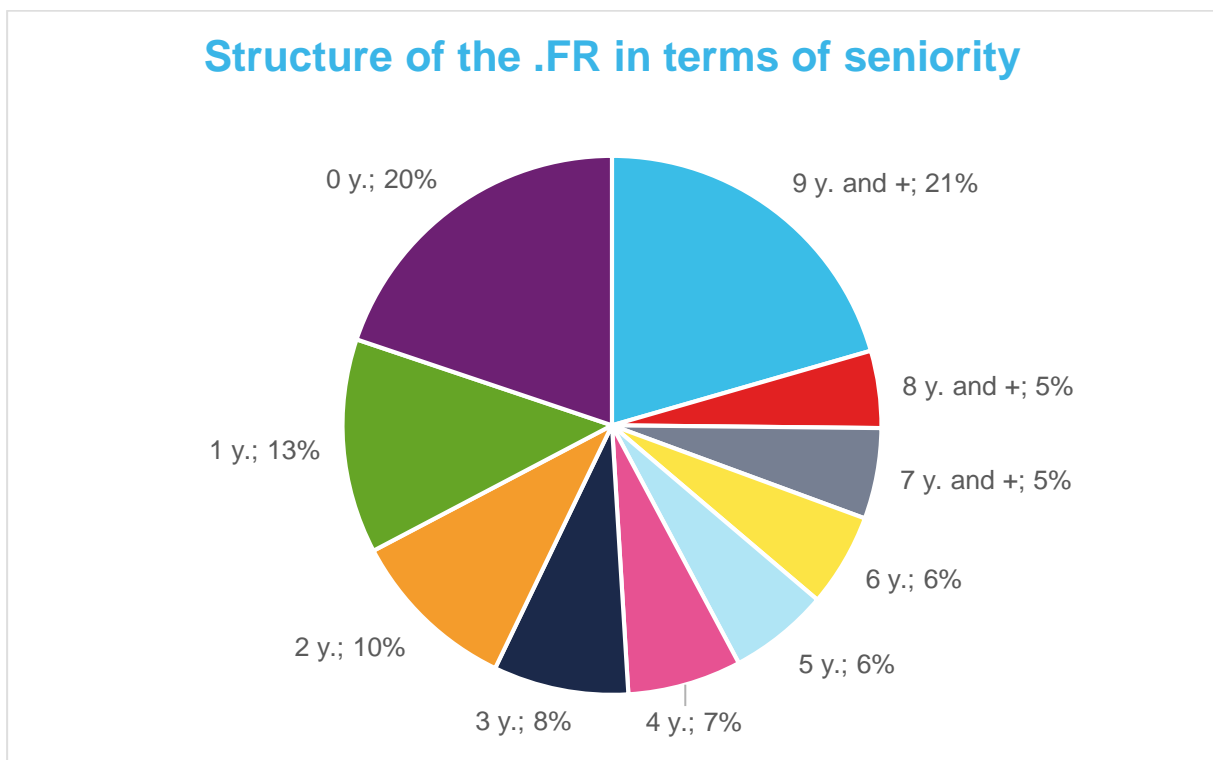


Figure 6

This distribution has a direct impact on the Maintenance Rate, because it can be seen that this rate varies with the age of the domain names (see Fig. 7).

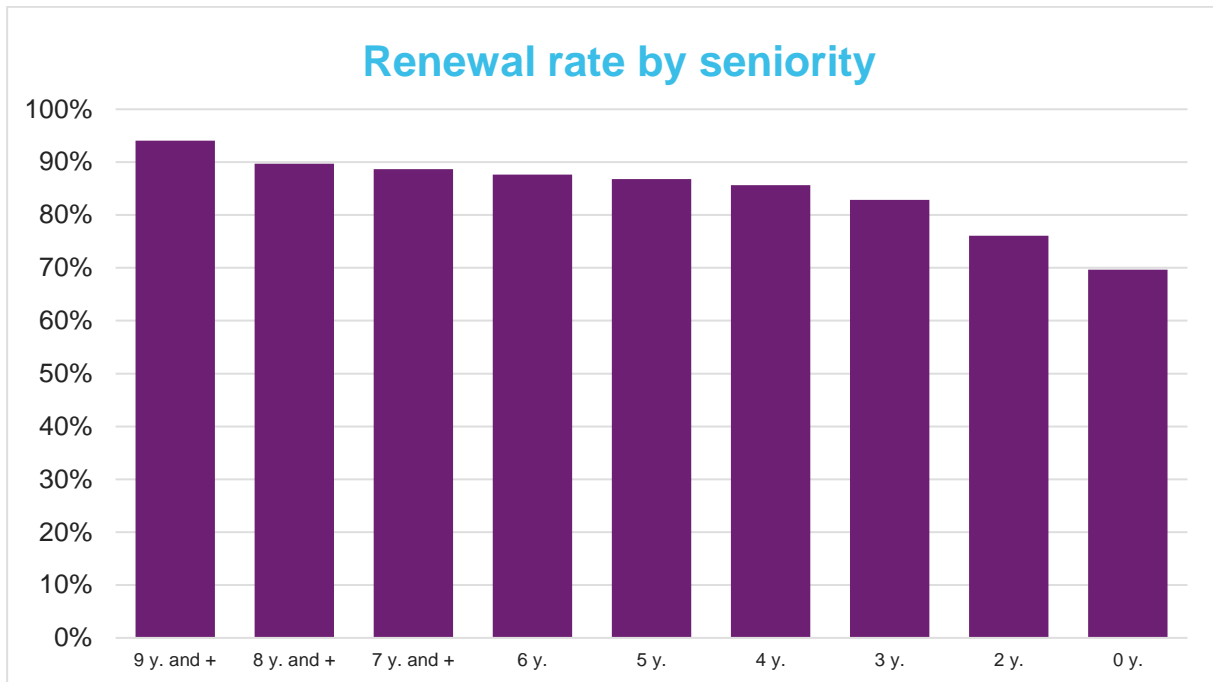


Figure 7

For example, the Maintenance Rate in year 1 (the first renewal) is close to 70%, and then increases to 80% or more. A domain name retained for several consecutive years has an increasingly greater probability of being retained in the future.

The Maintenance Rate is never 100%, reflecting the existence of a natural phenomenon of erosion, which decreases as the names age.

This study allows us to validate and quantify the assumption that a domain name that is used is the more likely to be retained. Its being used is also a very important factor in the probability of its being kept by its holder, as is shown by studies carried out in-house, the results of which require further refinement.

Growth in the number of .FR since 1998

Figure 8 highlights the impacts of the various waves of openings (in 2004, 2006 and 2011) on the growth of .FR.

Change in the number of .FR domain names

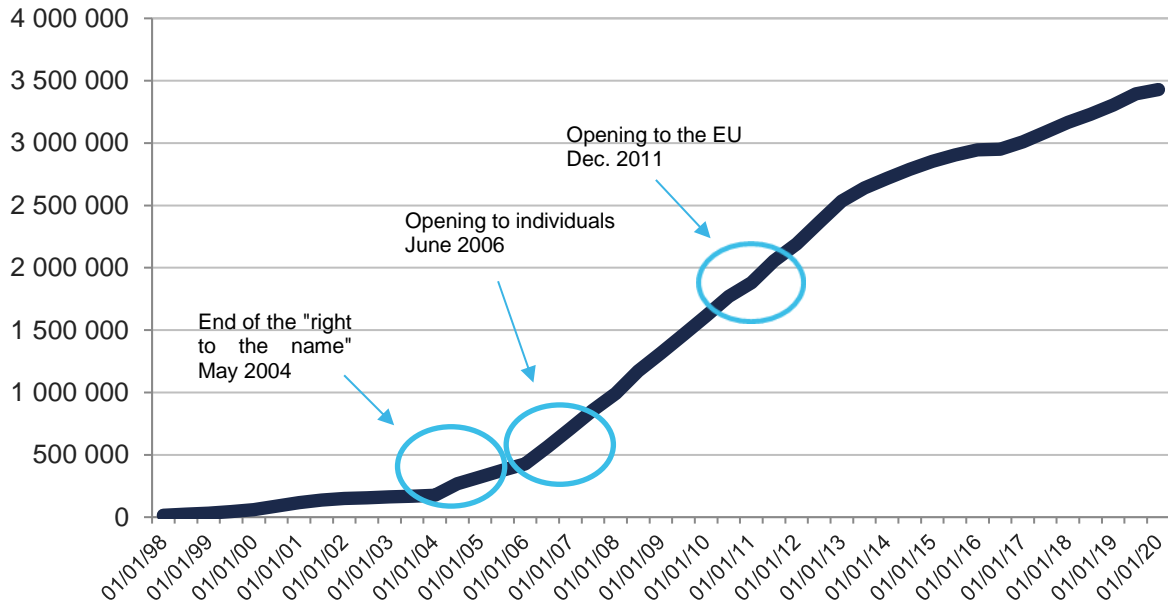


Figure 8

Note that the easing of the “right to the name”, i.e. the abandonment of the requirement to have to substantiate a right to the name filed, was the first factor in the acceleration of growth. However, the determining factor was the opening in 2006 to private individuals, the two “openings” combining their effects until 2013, with the opening up to the European Union not having any substantial effect. From 2013 onwards, growth slowed and we had to wait until the beginning of 2017 to pass the 3 million mark for .FR. The pace remained strong in 2018 and 2019, very close to that of the years 2013-2016.

At the current rate, the 3.5 million mark for .FR could be passed in the second or third quarter of 2020.

6. Concentration of .FR market

The concentration index for .FR is calculated by taking the sum of the squares of the market shares of the top 10 registrars (using the HHI or Herfindahl-Hirschmann Index).

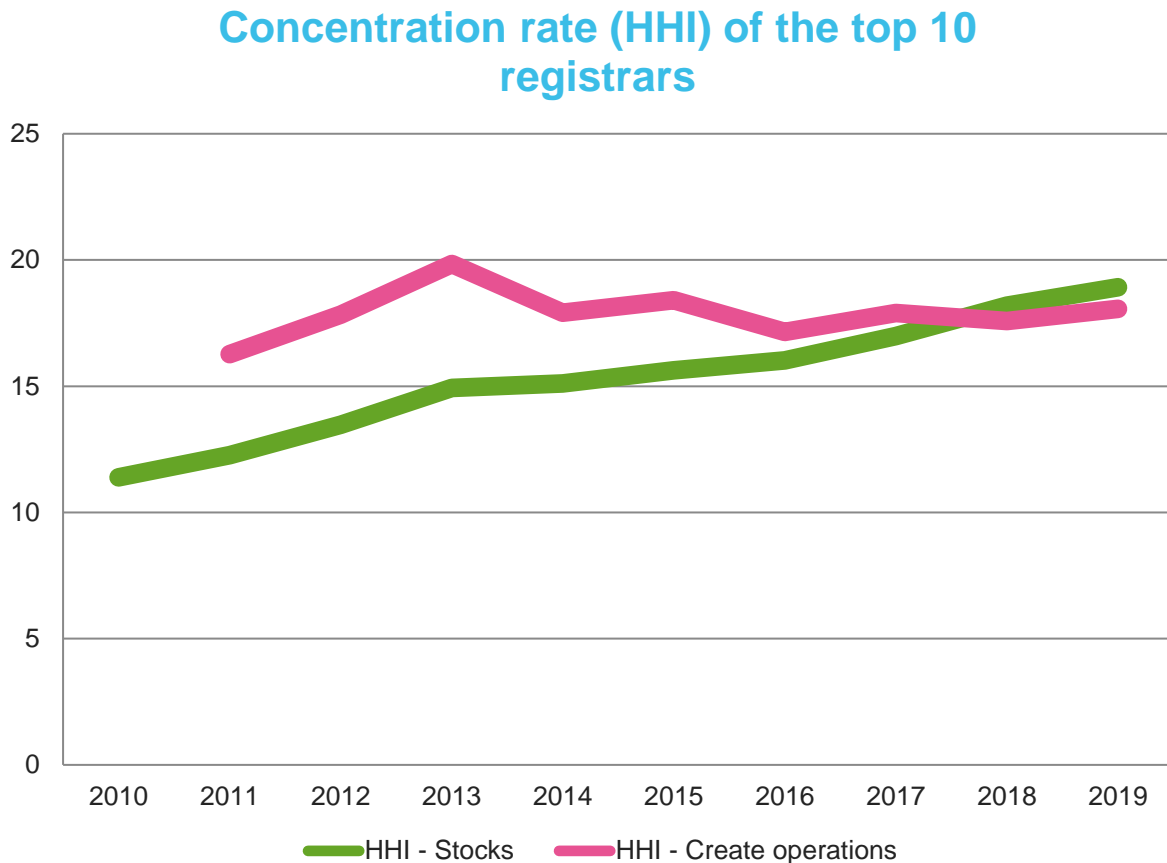


Figure 9

Figure 9 shows the stages in the concentration of .FR market. The HHI stock curve climbs steeply until 2013, and then tends towards the horizontal, before rising again in 2017/2019 at a rate comparable with that of 2010-2013.

At present, in terms of the HHI nomenclature .FR is still considered a moderately concentrated market. However, it could be considered to be significantly concentrated beyond 20.

The new fact in 2018 is the move of the concentration index for create operations under the stock concentration index, indicating a medium to long-term trend towards market deconcentration. This forecast, already formulated at the beginning of 2019, has not materialised in a highly visible way, particularly as the creation concentration index itself also rose in 2019. It will no doubt take a few years for the stock concentration index to actually turn downwards. Indeed, we must not underestimate the considerable inertia represented by the retained names. These stocks have rather low volatility, the proportion of names changing registrar remaining marginal. As shown in Figure 10, this proportion has never exceeded 2.5% since 2014.

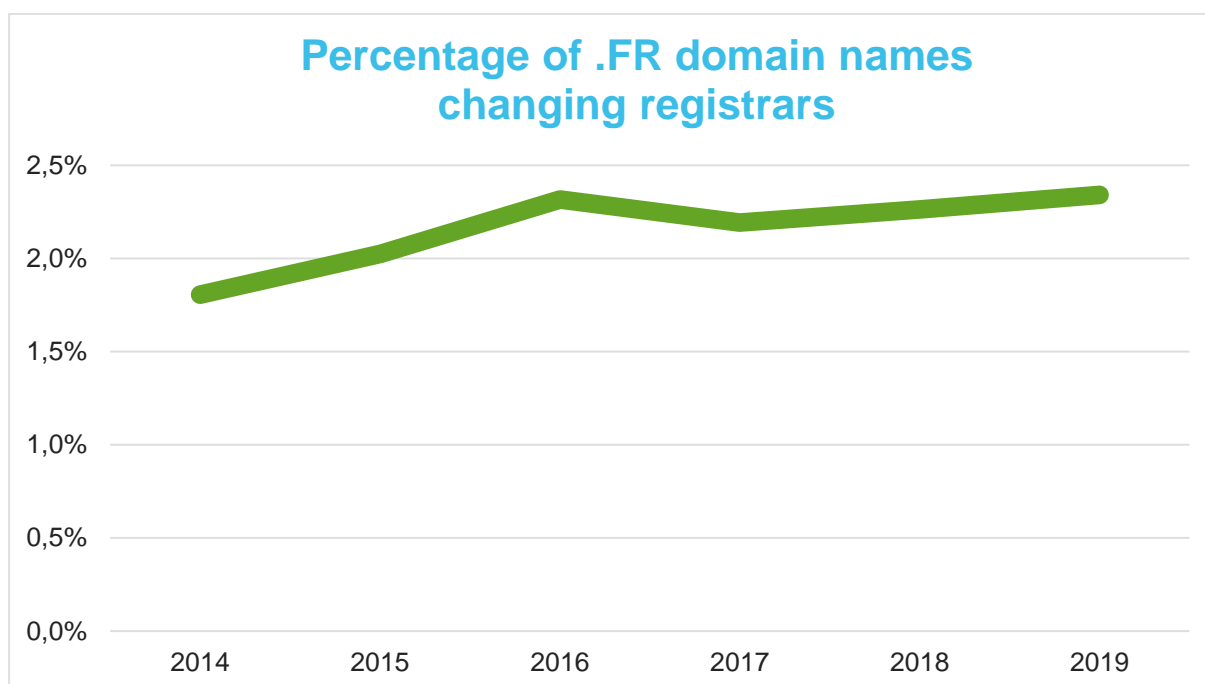


Figure 10

The portfolios are therefore very stable, changes being dictated, as far as registrars are concerned, by the combined effects of create operations and renewals more than by the flow of customers won or lost. The continuous increase in this Transfer Rate since 2017 could however be a sign of increasingly appreciable competitive tension among the registrars active in .FR, and a precursor of a radical change in the market landscape in the coming decade. Indeed, until now new customers have been acquired through create operations, with registrars striving to capture future domain owners by offering them advantageous rates. In a more competitive market, marked by a constant slowing of growth, players will turn their attention to the customers of others, which will send customer acquisition costs soaring and lead to names being sold at higher prices, whether openly (domain names only) or otherwise (in packages). Owners' loyalty, not to .FR but to their registrars, hitherto regarded as a given, could be tested in the medium term.

Table 3 hereunder focuses on the market shares of the top three players, in terms of stock and create operations. It shows that the phenomenon of potential deconcentration (concentration of create operations below that of stock) started in 2017, with the concentration of stock continuing to grow, even though the pace of growth gradually slowed (+3.1 points in 2017, +0.9 in 2018 and +0.4 in 2019).

	2013	2014	2015	2016	2017	2018	2019
Stock	59.6%	59.5%	60.0%	60.8%	63.9%	64.8%	65.3%
Create operations	65.9%	62.0%	62.4%	61.5%	62.9%	62.5%	63.3%

Table 3 - Market shares of the three leading registrars in stock (at 31 Dec.) and in create operations

These data seem to confirm the trends in the HHI indices. Nevertheless, the weight of these three players (which together account for two thirds of all .FR) in .FR activity is currently considerable in view of the number of registrars active in this TLD.

A study of the flows of transfers between these three leading registrars and the others shows that they are markedly asymmetric. In 2019, out of 77,389 transfers between registrars, 36,907 (52%) were to one of the three leaders, whereas these same leaders lost only 27,250 names to other registrars (35%). Thus the flows of transfers are mainly in favour of the leaders, albeit in a less concentrated manner than the overall market level. One can see in this dissonance the effect of business models disturbing the play of "pure and perfect competition" dear to economists. Not all registrars offer the same type of services to the customers that they target, and not at the same rates. A key account customer is thus unlikely to transfer to a registrar targeting the public at large and VSEs/SMEs, just as private individuals or VSEs are unlikely to be attracted by the high charges that include services they do not need.

The phenomenon of relative concentration in the three leaders sheds light on the growing stakes linked to reseller networks, which can transfer from one to another the domain name portfolios that their customers have given them to manage.

7. Distribution of .FR in France

Table 4 shows that holders located in Greater Paris (Ile-de-France) held 30.5% of .FR domain names at 31 December 2019, but that the region lost 1.6 points of market share between the end of 2013 and the end of 2018. In 2019 this traditional engine of .FR grew by less than the TLD as a whole: is it seizing up?

The other regions with significant market shares are Auvergne Rhône-Alpes (12%, growth of 3.9% in 2019), Occitanie (7.7%, with growth of 3.2%), Provence-Alpes-Côte d'Azur (7.6%, growth of 4.1%) and Nouvelle Aquitaine (6.8%, growth of 4.8%).

Other regions outperformed the overall .FR growth, such as Normandy (+4.9%) and Pays de la Loire (+4.3%), not to mention the French overseas territories (+6%).

Region	Stock 31/12/2019 thousands	Chge. 2019	Mkt. Sh. 31/12/2014	Mkt. Sh. 31/12/2019	Chge Mkt Sh. 14/19 (Points)
Grand-Est	188	3.5%	5.7%	5.5%	- 0.2
Nouvelle Aquitaine	233	4.8%	6.6%	6.8%	+ 0.2
Auvergne Rhône-Alpes	411	3.9%	11.4%	12.0%	+ 0.6
Bourgogne Franche-Comté	84	3.6%	2.5%	2.4%	- 0.1
Bretagne	116	2.9%	3.4%	3.4%	0.0
Centre Val de Loire	78	4.1%	2.3%	2.3%	0.0
Corse	10	0.2%	0.3%	0.3%	0.0
Île de France	1 041	3.1%	32.0%	30.4%	- 1.6
Occitanie	262	3.2%	8.6%	7.7%	- 0.9
Hauts de France	172	2.8%	5.3%	5.0%	- 0.3
Normandie	93	4.9%	2.7%	2.7%	0.0
Pays de la Loire	156	4.3%	4.5%	4.6%	+ 0.1
Provence-Alpes-Côte d'Azur	260	4.1%	7.8%	7.6%	- 0.2
French overseas territories	32	6.0%	0.9%	0.9%	0.0

Table 4 – Distribution of .FR by holder region

Catch-up dynamics are still at work in certain regions, as evidenced by the erosion of the Greater Paris market share over the past five years. But part of the growth of .FR extension was obtained thanks to holders located abroad.

8. Foreign registrants

The opening of .FR to the rest of Europe took place in 2011, with, as we have seen, a limited impact on the growth momentum. The percentage of .FR domain names registered by foreigners has continually increased ever since, rising from 5% in 2013 to 8.5% in 2017.

This proportion was first seen to stabilize in 2018 (-0.2 pp), and this stabilization was confirmed in 2019 with growth of 0.1 pp to 8.4%. This figure is the result of growth of 5% in the number of names filed by foreign holders during the past year.

Percentage of .FR domain names registered by foreigners

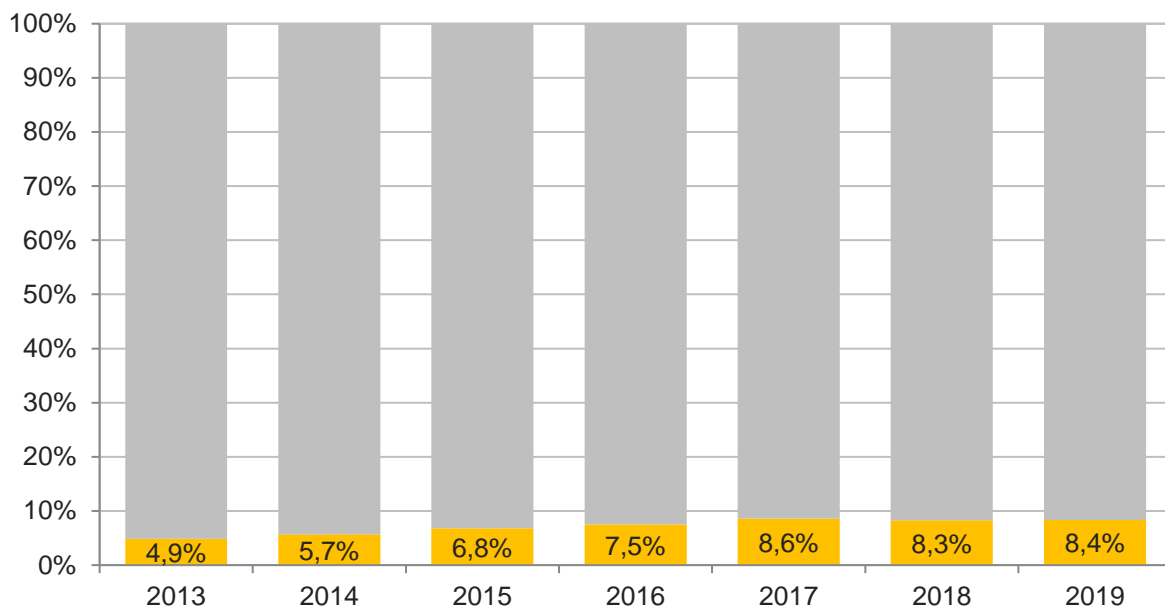


Figure 11

Foreign holders are still mainly located in Germany (71,000 .FR compared with 73,000 in 2018), the Netherlands (46,000 compared with 43,000), the United Kingdom (32,000 compared with 34,000), and Belgium (36,000 compared with 33,000). This loss of vigour on the part of the countries most represented among those of foreign holders (+2,000 names only as the net balance) is probably the leading cause of the stabilisation referred to above.

Create operations by holders in the European Union fell appreciably in 2018-2019, from 87,000 to 68,000 in 2018 and to 64,000 in 2019. The sales momentum of this segment remains high (23% in 2019 compared with 20% for the whole of .FR) although tending to decline (33% in 2017), 26% in 2018). This greater-sales dynamic than that of .FR TLD as a whole was accompanied by a lower rate of renewal: 79% on average for the period 2017-2019. This shows the effect of domaining actions on the part of structures from places where this activity is more widespread than in France, which are naturally showing an interest in the French market. However their impact remains limited for now, and is even tending to decline.

Foreign registrants are still mainly located in Germany (73,000 against 85,000 in 2017), the Netherlands (43,000 against 36,000), the United Kingdom (34,000 against 33,000), and Belgium (33,000 against 31,000). Create operations by registrants in the European Union fell significantly in 2018, from 87,000 to 68,000. The sales momentum of this segment remains high (25% in 2018 against 20% for the whole of .FR) while tending to shrink (33% in 2017).

9. DNSSEC

The proportion of .FR DNSSEC-signed domain names increased from 4% in 2013 to 13% in 2018, i.e. tripling in volume from 103,000 to 424,000 names. In 2018, an additional 13,000 names were DNSSEC-signed.

Percentage of .FR DNSSEC-signed domain names

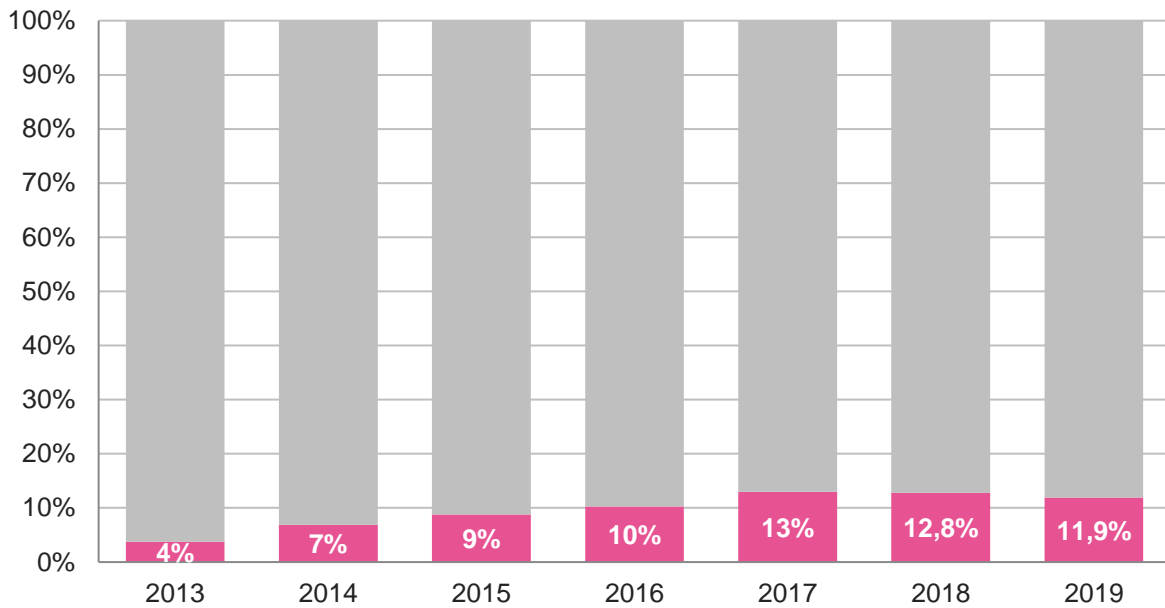


Figure 12

The proportion of signed names stabilized in 2018, however, the increase of 13,000 names being lower than the growth in the stock (3.2% against 4.4%).

This growth, which marked a pause in 2018 still remains modest, however, compared with those of other European registries, showing that the adoption of the DNS security technology is still not yet sufficiently deployed in France.

10. .FR internationalized domain names

The proportion of .FR names in the IDN format, i.e. containing special characters (accents, etc.), remains low at 0.7%. But it seems to have stabilised in 2019, with growth of 9% in the number of .FR sites in IDN format (24,580 as against 22,467).

These figures are anecdotal at the level of .FR, no doubt including a large number of defensive names (brands containing accented characters) and some speculative names (common names containing accented characters). However, the lack of convincing use explains the low percentage and the sometimes virtuous, sometimes vicious circle that closely links the flows of domain names and the use made of them.

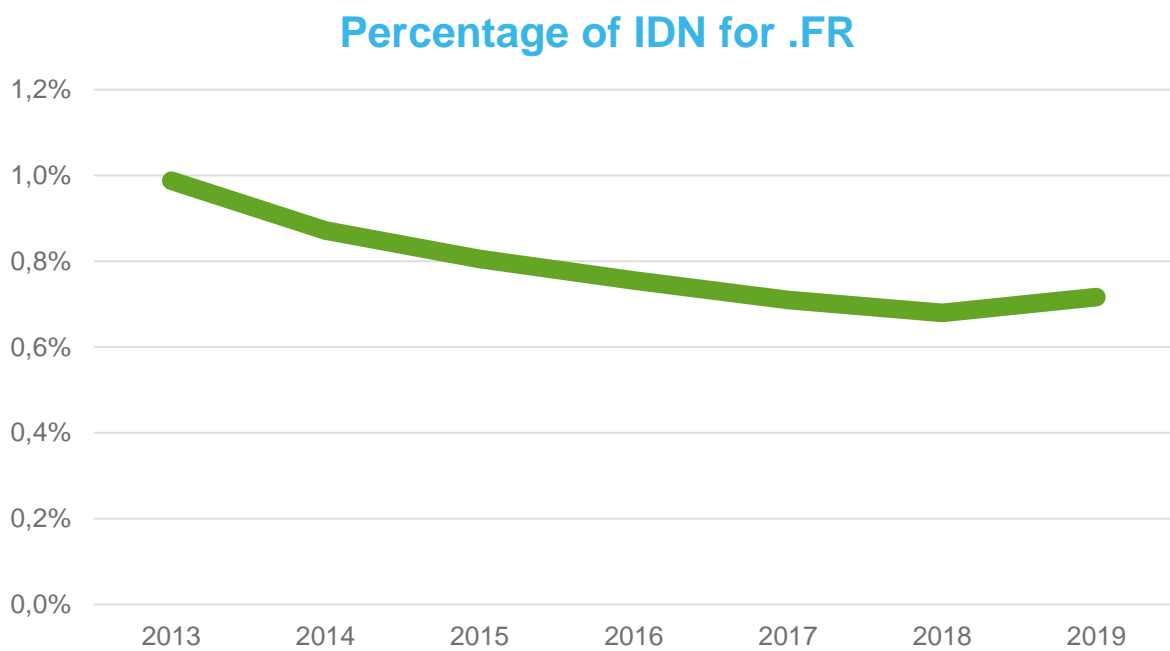


Figure 13

11. Multi-year registrations

The registration and renewal of .FR domain names for periods of over 1 year (and up to 10 years) has been possible since 30 March 2015. Yet although this possibility has existed for almost five years, growth remains slow, with only 7% of .FR domain names registered or renewed for periods greater than 1 year.

Percentage of .FR domain names registered for several years

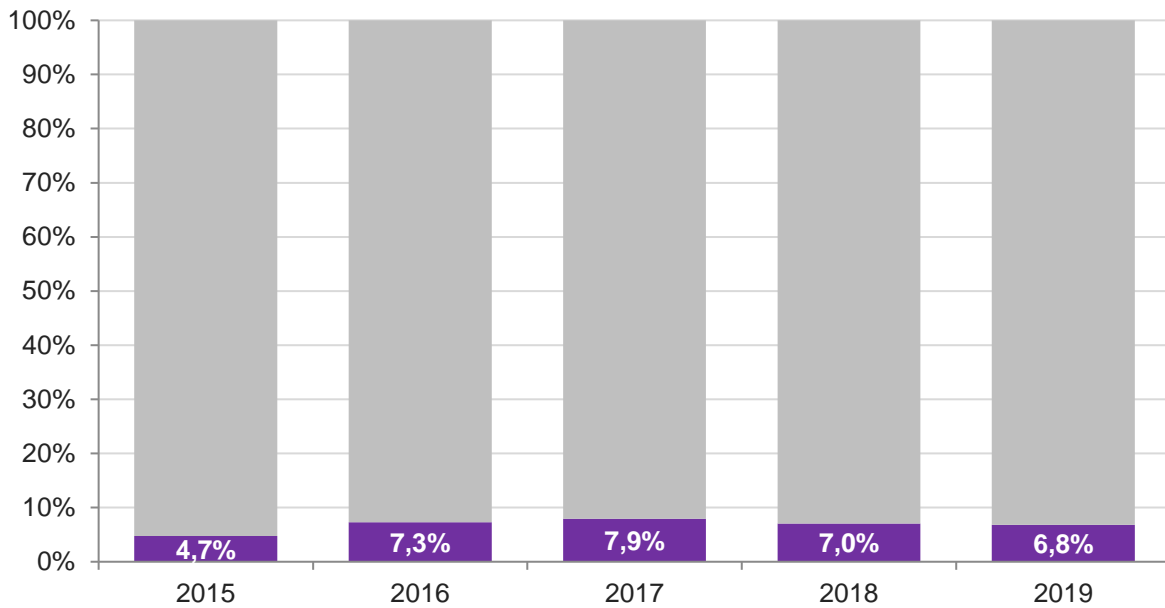


Figure 14

234,000 .FR domain names had been registered for 2 years or more at 1 January 2019, or 6.8% of the stock. This figure represents an increase of 1,000 names in absolute terms from 2018, but a decline in relative value (6.8% compared with 7%).

The maturity structure (from 2 to 10 years) shows that the bulk of the multi-year registrations expire in 2 or 3 years (85%), with the other maturities declining.

Multi-year registrations for .FR domain names per year of expiration

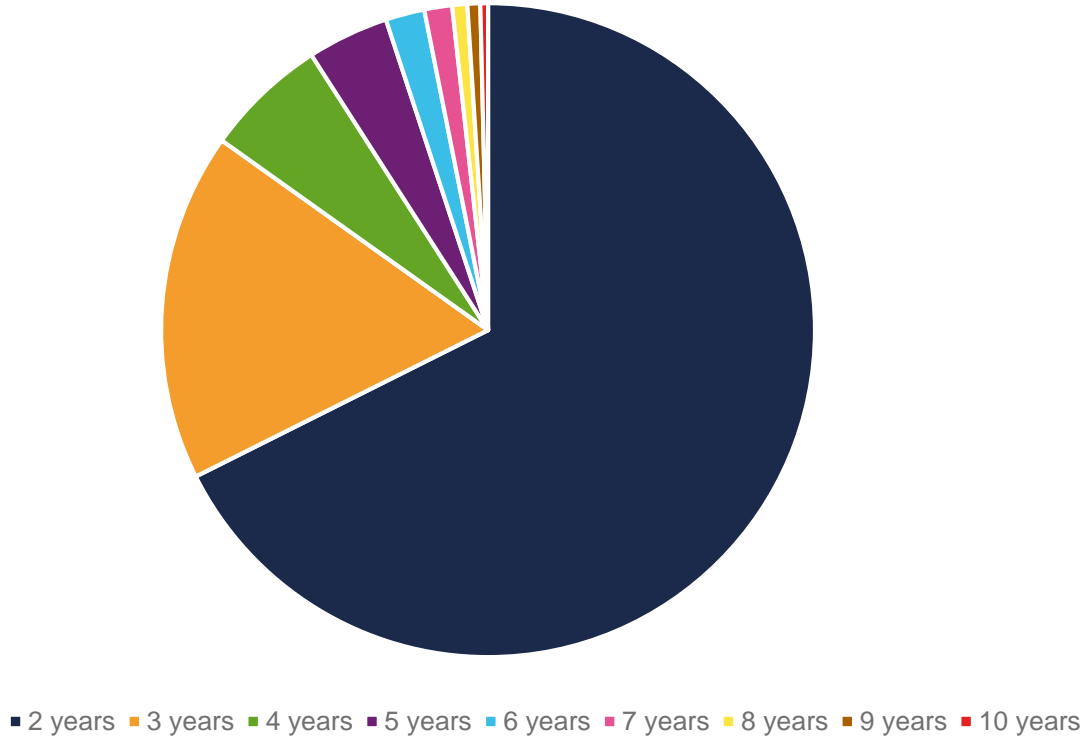


Figure 15

12. Outlooks in 2020 for .FR

.FR TLD continued to see create operations increase significantly in 2019, after uneven growth since 2016. It is reasonable to suppose that this pace will be maintained, all other things being equal, but this reservation leads us to make cautious forecasts for 2020, with a level of create operations around 670,000 to 675,000.

The Maintenance Rate for its part was affected in 2019 by one-off events that are unlikely to recur in 2020. Here too it is reasonable to estimate it within a range of 83.2% to 83.4%.

Taking account of these metrics, the growth rate of .FR in 2020 should be slightly below 3%, following its long-term trend towards the average for European Union ccTLDs.

These forecasts are of course subject to numerous imponderables: new waves of domaining, a renewed upsurge in sales operations by other TLDs present in the French market, changes in the major registrars' strategies that are harmful to .FR, etc.

But not all imponderables are threats: the price rise programmed for .COM will mathematically contribute to making it more and more expensive. Starting from today's \$7.85 (€7.06) and at the rate of 10% per year, .COM should go to €10 by 2023 for the price to registrars. If the charge for .FR remains around €5 as at present, the price differential – practically doubling – will certainly end up playing in favour of a Top Level Domain that makes sense for the French market, at the cost of a TLD which admittedly is "international" but which precisely because it is so universal loses some of its meaning.

In a context of heightened competition among registrars for names already registered, Afnic's efforts directed towards VSEs/SMEs that are not yet registered retain their full importance. Mechanisms such as Réussir avec le Web (Succeed with the web) enable us to go beyond the problem of Internet naming and to return it to its rightful place as part of a much wider approach to building an effective mechanism for presence on the Internet. And so it is that Afnic remains more than ever a key player in the development of the Internet in France.