

The .FR in 2020



March 2021

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Definitions

TLD (Top-Level Domain): the last segment or extension of a domain name; the part that follows after the “dot” symbol. The .FR and .ORG are top-level domains.

ccTLD (country-code Top-Level Domain): a TLD specific to a country or territory. The ccTLD for France is the .FR, but there are other French ccTLDs such as the .RE (Réunion Island), .PM (Saint-Pierre and Miquelon), etc.

gTLD (generic Top-Level Domain): generic TLD, not attached to a particular country or territory. The .COM, .NET, .ORG are gTLDs.

Legacy gTLD: generic TLD created before 2014. These are “legacy” TLDs such as the .COM, .NET, .ORG or more recent (2001-2004) such as .INFO, .BIZ, .MOBI, etc.

nTLD (New Top-Level Domain): generic TLD created after 2014. nTLDs are divided into several sub-segments such as geoTLDs (regions, cities, etc.), Community TLDs (community-based), .BRANDs (TLD suffix corresponding to major brands) or generic nTLDs (common dictionary terms).

Preamble

2020 was a very special year for the .FR, as for the great majority of ccTLDs. COVID-19 and the periods of lockdown led to a sharp acceleration in the digital transformation, which benefited all players in the value chain linked to online presence. For the .FR, the most tangible sign of this phenomenon was a sharp increase (+14%) in create operations relative to 2019.

This report analyses this atypical period, striving to draw lessons from it, particularly as to the links between the domain name industry and the digital market in the broad sense. It also endeavours to identify the underlying trends in order to see how 2021 might look for the .FR.

Executive Summary

The .FR had an atypical year in view of the circumstances, with a considerable increase in the number of create operations (+14%) and 7% growth in the stock of domain names.

These trends result from the acceleration of the digital transformation, which has led numerous VSEs and SMEs to develop their online activities.

The majority of these enterprises opted to register .FR domain names, leading to an increase in the TLD's market share, which stood at 38% at the end of 2020.

The Maintenance Rate also improved, reaching 83.9%. The age structure of .FR domain names has contributed so far to the TLD's stability, but also to its growth.

The “deconcentration” of the .FR continues, with create operations being less concentrated than the stock of names. This is particularly the case of the three main registrars, which have benefited less in relative terms from the flows of create operations brought about by the acceleration of the digital transformation, while continuing to account for two thirds of .FR domain names.

The dynamics of some regions show an even more marked “catch-up” phenomenon relative to the Île de France Region than in previous years, this contrast being associated with the context of the rapid online development of economic activities that had not found this to be essential until now.

There is a positive correlation, more or less marked depending on the years, between .FR create operations and business creation, even though not all .FR domain names are registered by start-ups and not all start-ups turn exclusively to the .FR.

The outlook for 2021 for the .FR depends on two phenomena, the scope and extent of both of which it is difficult to predict: on the one hand, the digital transformation, which is on the way to becoming permanent and is leading to more create and renew operations; and on the other hand, the general state of the economy, which may weigh on investment against a backdrop of the failure of many businesses that only survived 2020 with difficulty.

1. Growth of the .FR

At 31 December 2020, the .FR had 3,670,372 names in stock, compared with 3,428,951 at 31 December 2019.

It thus grew by 7.0% in 2020, with a net balance of 241,421 names.

After two years of slowdown, the .FR almost doubled its growth in 2020 relative to 2019 (7.0% as against 3.7%). This growth remained higher than that of the French market for all TLDs together (+6.1% in 2020 as opposed to +2.5% in 2019).

The number of European Union ccTLDs declined slightly (-1.0%) in 2020 due to the .UK (United Kingdom), which suffered from the expiry of names registered in a free-of-charge operation in 2019. Excluding the .UK, growth of EU ccTLDs represented +3.6% in 2020.

The world market ultimately grew by only 1.4%, in particular as the major generic TLDs did not see the same rebound as ccTLDs, but also due to the fact that certain TLDs relying on mass domaining saw their stocks collapse.

This development was a direct consequence of lockdown, and certainly gives important clues as to the resilience of the business models on which the activity of the “penny” or “low-cost” TLDs habitually relies. It is also probable that the relative stability of TLDs such as the .COM has resulted from contrary effects cancelling each other out, the increase in create operations thanks to the acceleration of the digital transformation having been offset by the sharp reduction in registrations linked to domaining.

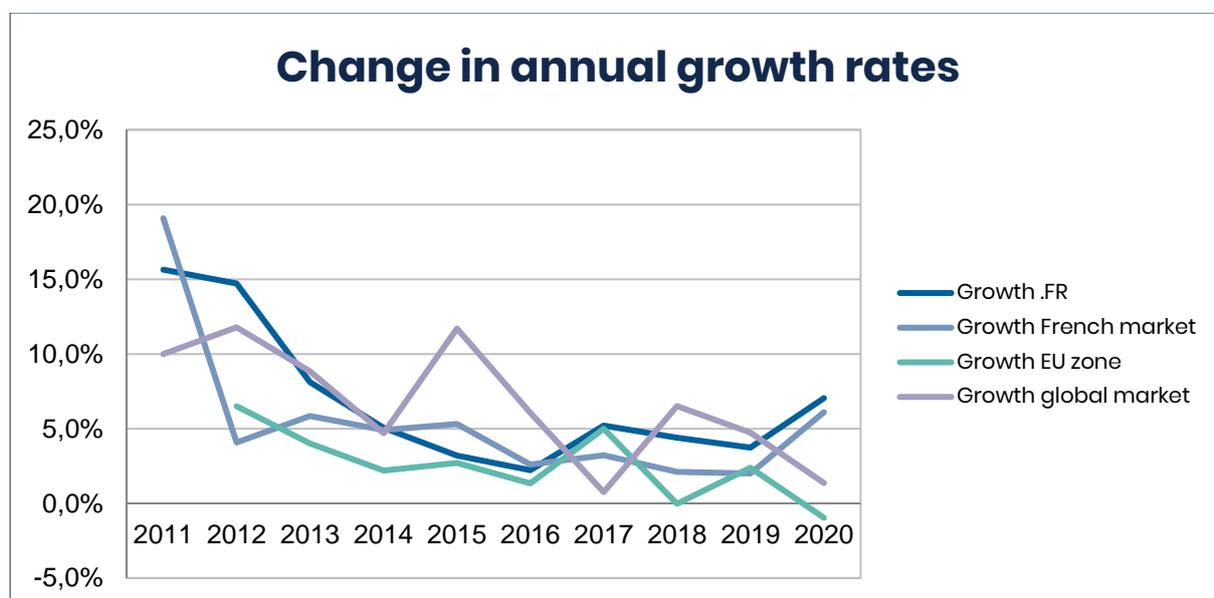


Figure 1: Change in annual growth rates

2. Market share in France

Having grown faster than its local market in 2019 (see Fig. 1), the market share of the .FR continued to grow this past year to reach 38.0% (compared with 37.7% at the end of 2019). This market share constitutes a new all-time high for the .FR TLD.

The increase in market share was thus 0.3 pp in 2020, whereas the .COM lost 0.6 pp, the difference between the two TLDs being 1 pp of market share in 2020.

Table 1: Changes in market share in France (2012-2020)

	2012	2013	2014	2015	2016	2017	2018	2019	2020
.FR	3,6%	0,4%	0,1%	-0,7%	0,0%	0,7%	0,8%	0,5%	0,3%
.COM	-3,2%	0,3%	-0,7%	0,6%	0,1%	0,1%	1,2%	0,6%	-0,6%
Other Legacy TLDs	-0,6%	-0,6%	-0,5%	-0,3%	-0,9%	-1,0%	-0,9%	-0,8%	-0,3%
Other ccTLDs	0,2%	-0,2%	-0,1%	-0,4%	-0,1%	-0,1%	-0,3%	-0,2%	-0,4%
nTLDs			1,3%	0,8%	0,9%	0,3%	-0,9%	-0,1%	1,0%

Table 1: Changes in market share in France (2012-2020)

Table 1 shows the gains and losses in market share since 2012. Last year saw the prolongation of certain marked trends such as the decline of “Other Legacy TLDs” and “Other TLDs”, notably the .EU. Conversely, to judge from the ZookNIC data, nTLDs benefited from the situation, returning to growth after two years of shrinkage.

At the time of the last reviews, we analysed the counter-performance of the “Other Legacy TLDs” as possibly being due to miscellaneous factors: heightened competition of nTLDs, confusion linked to an expanded offering and limited strategic potential of the French market in the eyes of registries of global TLDs compared with other markets such as that of the United States or China.

2020 nonetheless demonstrated the strong dynamic of the French domain name industry, in that it relies less on registrations filed with a view to domaining operations than on those filed for purposes of genuine use. Thus the change brought about by the acceleration of the digital transformation has demonstrated the health of the French market and its considerable potential while at the same time highlighting the vulnerability of domaining business models to short-term economic risks.

It is probable that a return to normal will lead to a resurgence in domaining activities. The past few months have however demonstrated that in reality different domain name markets coexist. The first is highly volatile, associated with large volumes of create and

delete operations. The second is less spectacular, but more correlated with actual usages and as such more durable.

This key insight explains why challengers such as the “Other Legacy TLDs” (.NET, .ORG, .BIZ, .INFO and .MOBI) and nTLDs as a whole find it so difficult to advance in terms of market share. All the domain names registered mainly for defensive reasons by rights holders or by way of speculation by domainers (who may also seek to monetise the traffic induced by these names) reflect the fact that these motives have always been and will remain marginal compared with create operations for real use.

Figure 2 below shows that over a long period, the reality of the market is that of use, and that the great challenge for secondary TLDs such as “Other Legacy TLDs”, or newcomers to the market such as nTLDs, is how to anchor themselves in real use.

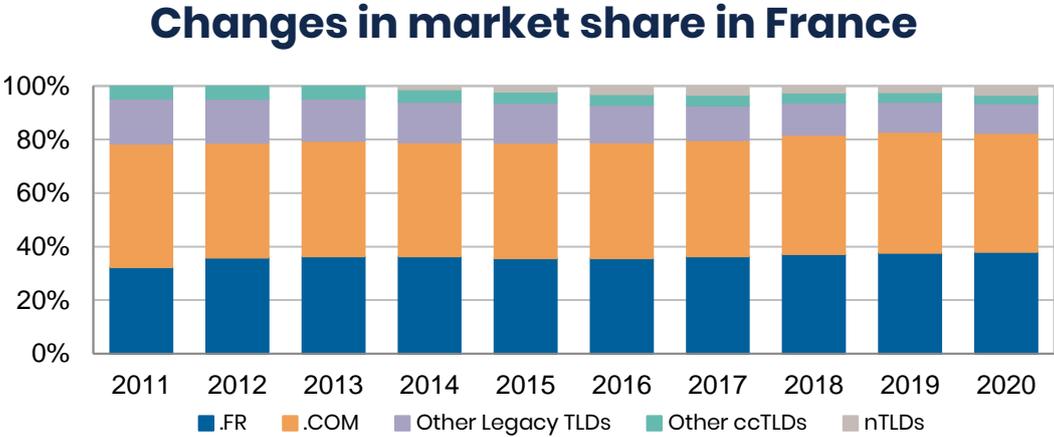


Figure 2: Changes in market share in France

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

As a result, the durability and the success of a TLD are less measurable by the volumes of stocks or the creation dynamics than by the use made of the names. Unfortunately, this dimension is also one of the most difficult to evaluate.

3. Activity of the .FR

.FR activity in 2020 was characterised by a large number of create operations (+14% compared to 2019), and by a 3% decline in the number of delete operations, even though with the increased stock, their number should have increased in absolute terms, with a stable maintenance rate. This unexpected development is also likely linked to the events of 2020, given that holders' Internet project completion rates were higher than usual and some holders decided to retain registered domain names so as to be able to use them for new projects.

Table 2 shows the differences by type of flow.

Flow	2019	2020	Change (abs)	Change (%)
Create operations	694,063	793,441	+99,378	+14%
Net delete operations ¹	570,408	551,994	-18,414	-3%
Net balance	123,655	241,447	117,792	+95%

Table 2: Flows of .FR activity in 2020

The net balance has almost doubled as a result of the combination of these two developments.

Figure 3 presents the trends in .FR flows since 2011 and shows the habitual levels of create and delete operations and the net balance.

¹ 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.

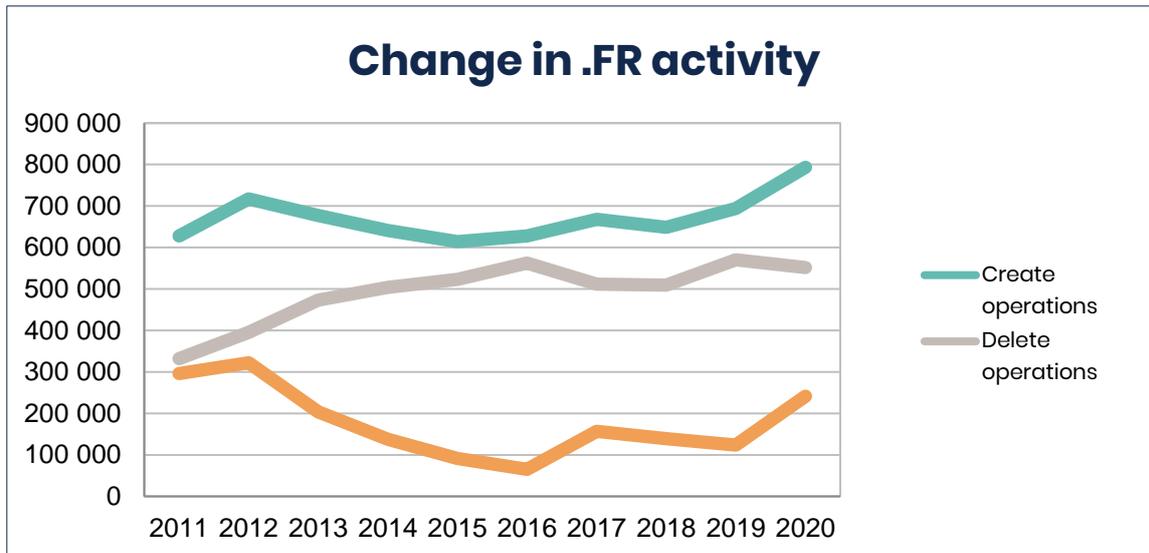


Figure 3: Change in .FR activity

Since the peak in 2012, create operations have varied between 600,000 and 700,000 a year, 2015 and 2016 having been the weakest years. The trend had been improving since 2016, but the level of 2020 seems clearly in excess of the trend.

Delete operations, for their part, have been in the range of 500,000 to 600,000 a year since 2013, with two peaks in 2016 and 2019 associated with specific one-off incidents. Their relative stability in a context of growing stock implies an increasing maintenance rate: as we shall see hereunder, in 2020 this rate returned to the level of 83.9% previously reached in 2018².

² The Maintenance Rate is calculated using the following formula: $(\text{Stock } 01/01/21 - \text{Create operations } 2020) / \text{Stock } 01/01/20$. It therefore measures the proportion of names present at 1 January 2020 that were still present at 1 January 2021. Purists 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 having expiry dates for renewed names.

4. Structure of the .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 renew and create operations from one year to another, their addition forming the net balance.

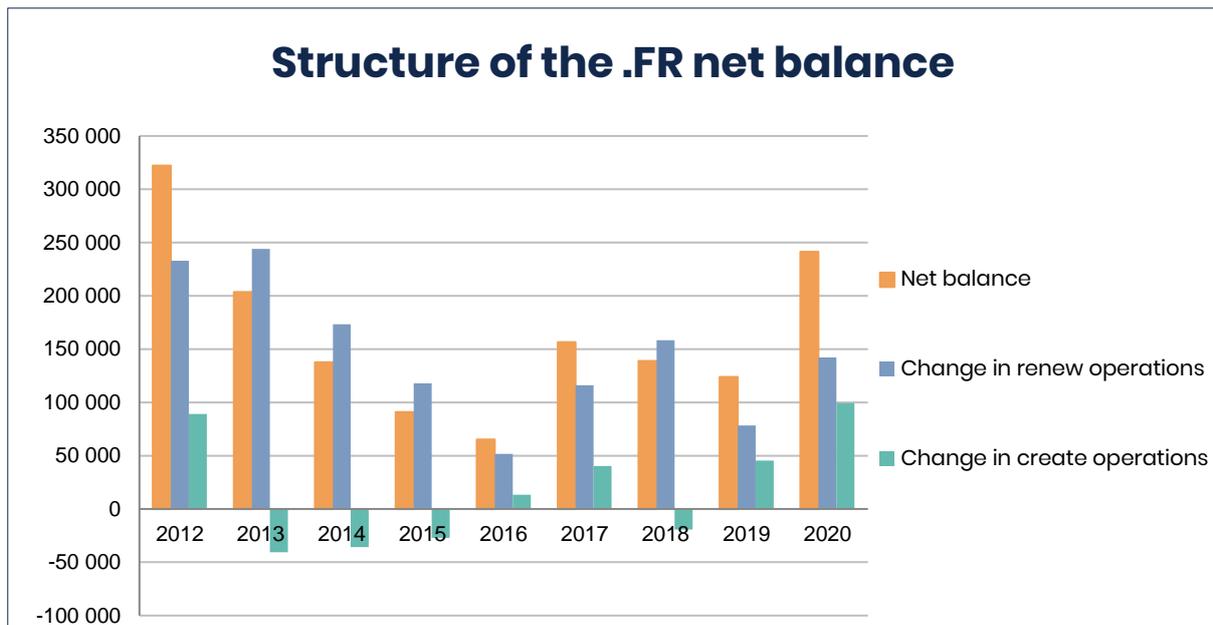


Figure 4: Structure of the .FR net balance

The variation in renew operations has always been positive between 2012 and 2020, reflecting the fact that the absolute 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 and passing the >150,000 names mark in 2018. The increase in delete operations weighed on this parameter in 2019, but in 2020 it once again came close to >150,000 names.

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. 2020 was both exemplary and atypical.

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 the number of create operations, and this factor has boosted or depressed results accordingly. This situation applies to all TLDs that have existed for several decades. 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 the .FR helps to explain these factors and to illustrate the reasoning behind activity forecasts.

5. Key parameters of the .FR

5.1. Increasing Creation Rate

The Creation Rate represents the percentage of names created during the year in stock at year-end.

The “younger” or more “dynamic” a TLD, the higher its Creation 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 from one year to the next is therefore automatically ever greater.

Figure 5 shows that the Creation Rate of the .FR, which was very high in 2010–2012, fell sharply in 2013–2015 before levelling out in 2016–2017, falling again in 2018 and recovering since 2019. It continued to increase in 2020, which was to be expected in view of the context of the accelerating digital transformation.

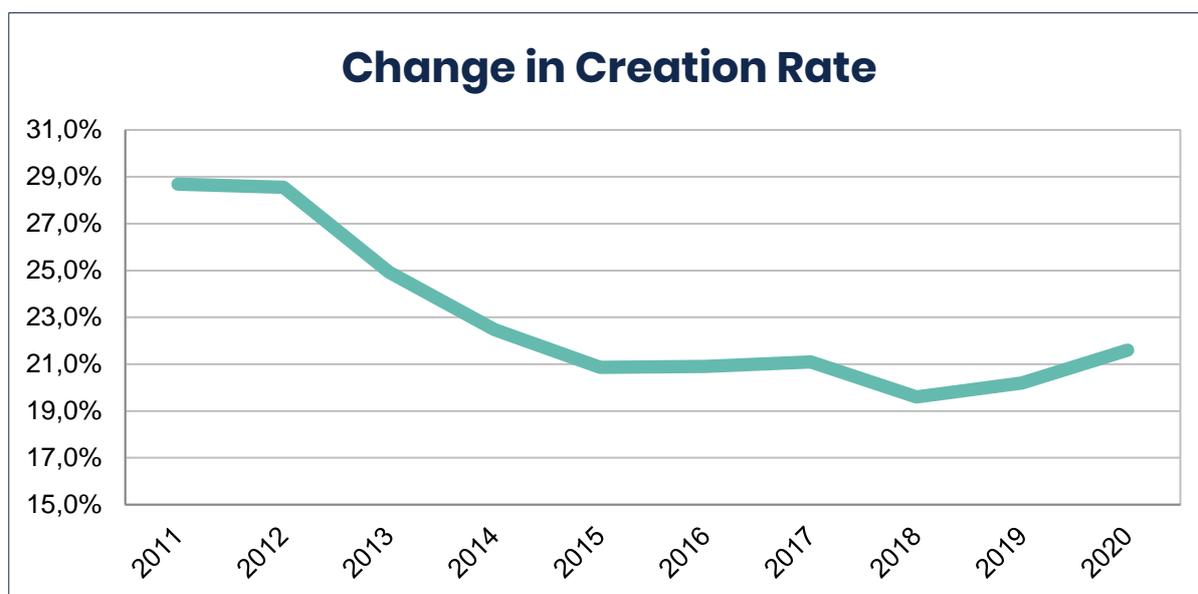


Figure 5: Change in Creation Rate

The exceptional nature of the circumstances in 2020 suggests that the level will not be easy to maintain this year. The Creation Rate will therefore probably ease back down to around 20%, with two possible scenarios:

- **an optimistic scenario in which the digital transformation initiated in 2020 continues and sustains the dynamic of create operations;**

- **a pessimistic scenario in which the economic crisis reduces investment and discourages potential project promoters from starting up new businesses.**

Not all .FR create operations are for business start-ups, but if the overall climate is gloomy, the negative effects on create operations will no doubt make themselves felt by limiting initiatives to develop already established structures and tending to delay or prolong arrangements for their online presence.

5.2. Increasing Maintenance Rate

The Maintenance Rate is calculated by subtracting the number of 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, i.e. had not been deleted, at year-end.

We have seen that this Maintenance Rate increased in 2020 due to the decline in the number of delete operations combined with the increase in the stock.

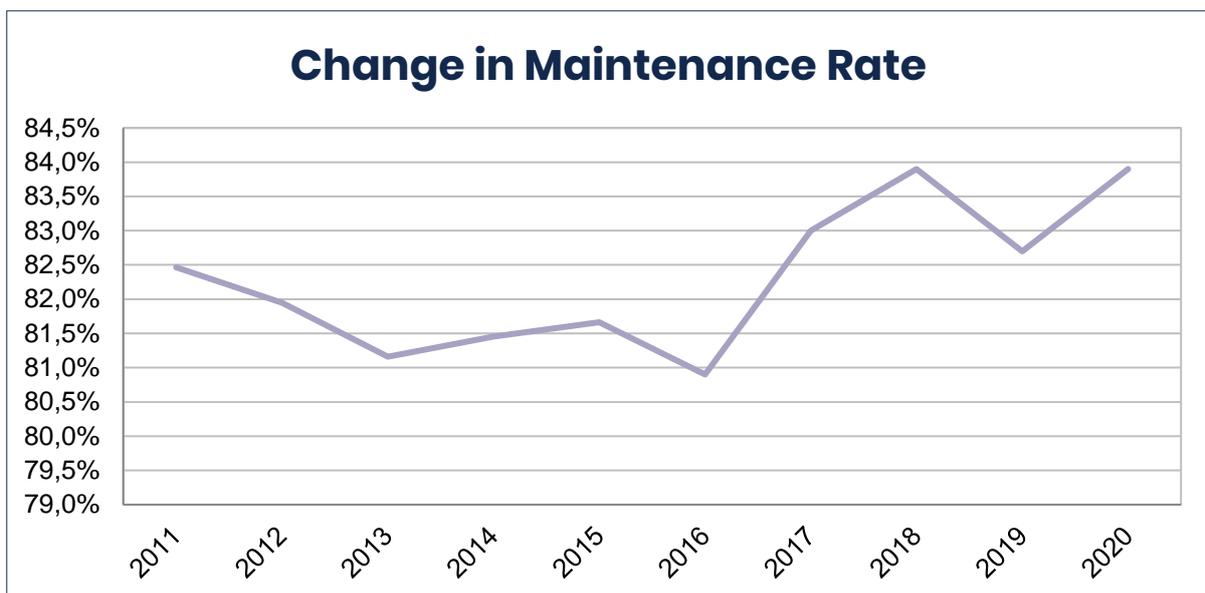


Figure 6: Change in Maintenance Rate

Figure 6 shows that this rate remained in the range of 81% to 82% until 2016, before shifting up to between 82.8% and 84% in 2018–2020. The increase in 2017 was linked directly to the introduction of automatic renewal systems by several major registrars, which led to a gain

of 2 pp on average in the .FR maintenance rate, i.e. around 60,000 names in a stock of 3 million.

The fall in 2019 was caused by the deletion of the portfolio of a domainer declared ineligible under the .FR Naming Charter, but also likely by a catch-up effect in delete operations that it had not been possible to carry out due to automatic renewal, some holders having been caught unawares by this in 2017/2018. This phenomenon faded in 2020, thus contributing, together with the digital transformation, to enhancing the value perception of domain names as key elements in any online presence strategy.

5.3. Distribution of .FR names by age, an explanatory factor

Figure 7 hereunder shows the distribution of existing .FR domain names by age at 31 December 2020. Names created in 2020 are 0 years old, those created in 2019 one year old and so on.

This structure has remained very stable over time, names created during the past year constantly representing around 20% of the stock (corresponding to the Creation Rate). Three tiers can be distinguished: names created in 2019 and 2020 (34%), names that are 2 to 6 years old (34%) and those aged 7 years or more (32%).

Structure of .FR names by age at 31/12/2020

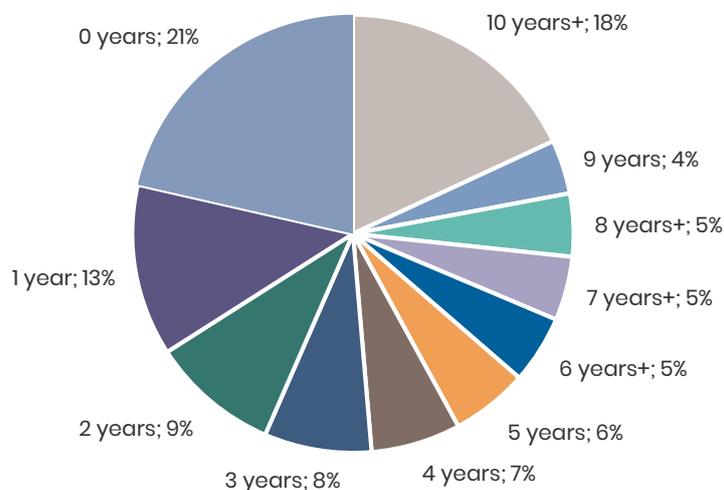


Figure 7: Structure of .FR names by age at 31 December 2020

The age structure of .FR names has a direct impact on the TLD's Maintenance Rate, since this rate varies with the age of the domain names (see Fig. 8).

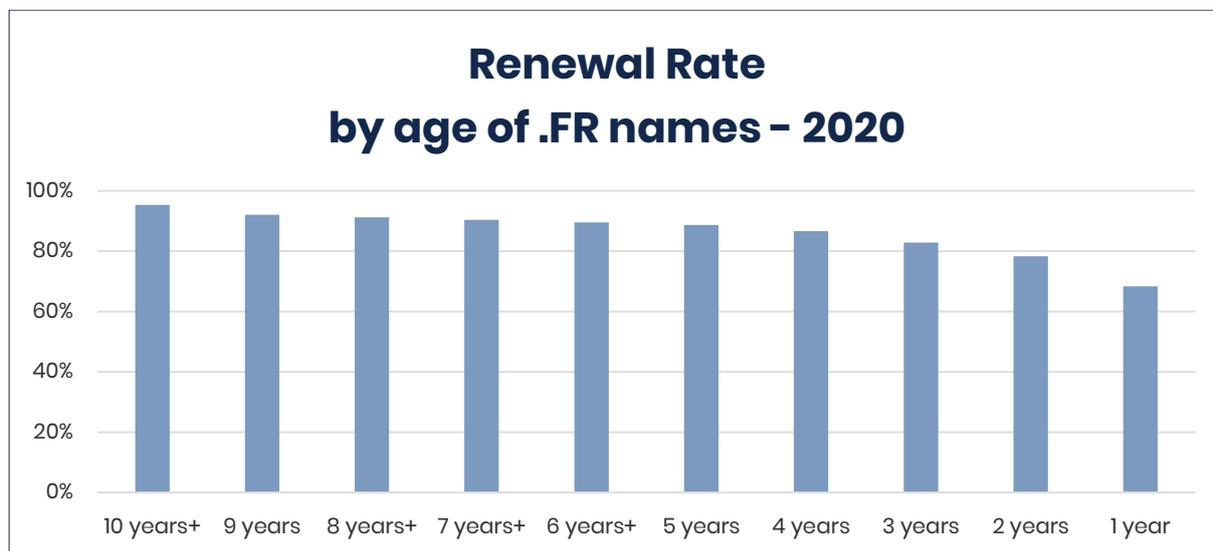


Figure 8: Renewal Rate by age of .FR names in 2020

The Maintenance Rate in year 1 (the first renewal) is close to 70% and subsequently increases to 80% or more. A domain name retained for several consecutive years has an ever-

increasing probability of being retained in the future: after five years the Maintenance Rate is 90% or more.

The Maintenance Rate is never 100%, reflecting the existence of a natural phenomenon of erosion, which decreases as the names age. In any case, the regular increase in the proportion of names that are five or more years old goes some way towards explaining the structural increase in the overall Maintenance Rate for .FR names.

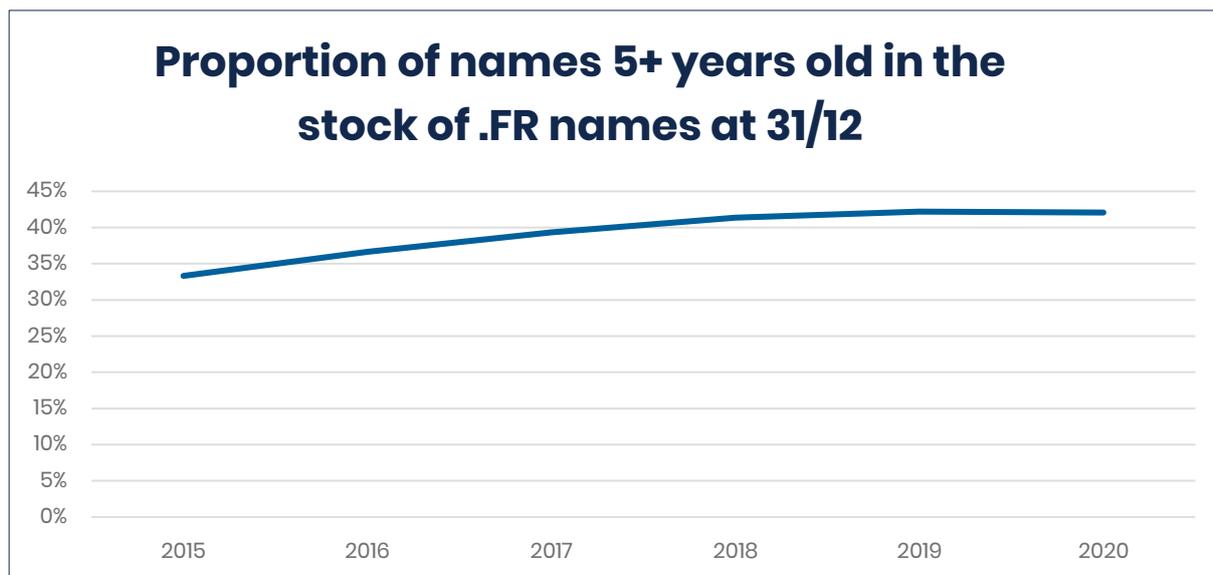


Figure 9: Proportion of names 5+ years old in the stock of .FR names at 31 December 2020

The particularly low Maintenance Rate in year 1 shows that registrars could conduct particularly effective loyalty campaigns at the time of this first anniversary when the expected value (renewal of names) is at its highest.

However, there are two factors that could cause the Maintenance Rate to decline in 2021:

- **on the one hand, names are always more volatile at the time of their first due date for renewal; and the proportion of names concerned is slightly higher in 2021 than in previous years because of the large number of create operations in 2020;**
- **on the other hand, the economic situation may lead to a greater than usual number of business failures and consequently higher levels of dropping or deletion of .FR names than in the past few years.**

5.4. Change in the number of .FR names since 1998

Figure 10 highlights the impacts of the various waves of openings (in 2004, 2006 and 2011) on the growth of the .FR.

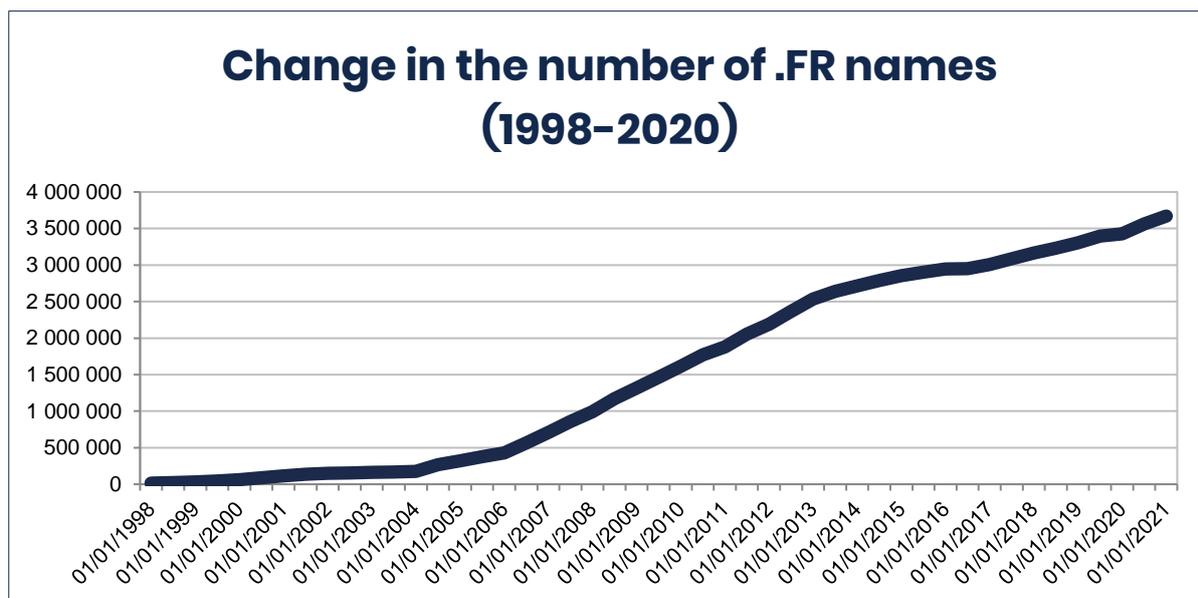


Figure 10: Change in the number of .FR names, 1998-2020

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 in 2011 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 the .FR. The pace remained strong in 2018 and 2019 and stepped up again in 2020 thanks to the acceleration of the digital transformation; the 3.5 million mark was therefore passed in the second half of 2020.

6. .FR market concentration

The concentration index for the .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).

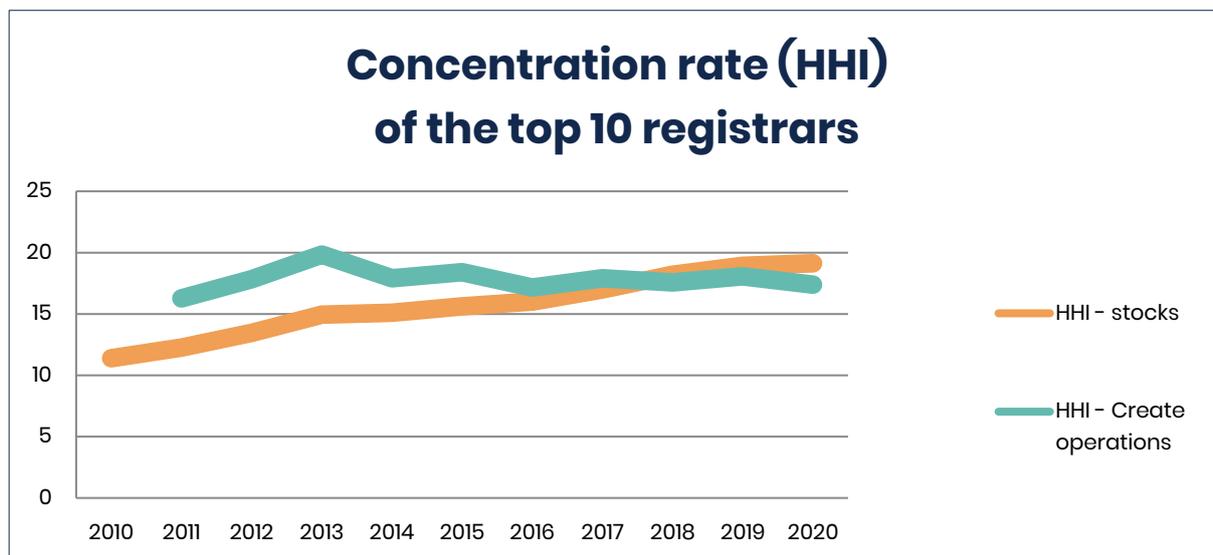


Figure 11: Concentration rate (HHI) of the top 10 registrars

Figure 11 shows the changes in the concentration of the .FR market since 2010. 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. It slowed again in 2020 while still continuing to grow.

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

In 2018, the concentration index for create operations moved below the stock concentration index, inducing a medium- to long-term trend towards market deconcentration. This situation was consolidated in 2020, which explains the slowdown in concentration in terms of stock. The fairly sharp fall in the concentration index for create operations in 2020 leads us to believe that the particular conditions brought about by the acceleration of the digital transformation have benefited the leaders less than the challengers, who are better equipped to seize opportunities on the fly: particularly those that have been able to rely on partnerships with website creation platforms.

No doubt it will take several more years for the stock concentration index to show any real downward move. 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 12.

Between 2014 and 2019, this proportion never exceeded 2.5%. In 2020 it reached an all-time - and perhaps one-time - record high of 3.5%. In 2020, eight registrars made outward transfers of more than 1,000 names to eight other registrars, for a total of 39,228 names, some of these operations falling under the header of portfolio rationalisation within the same group.

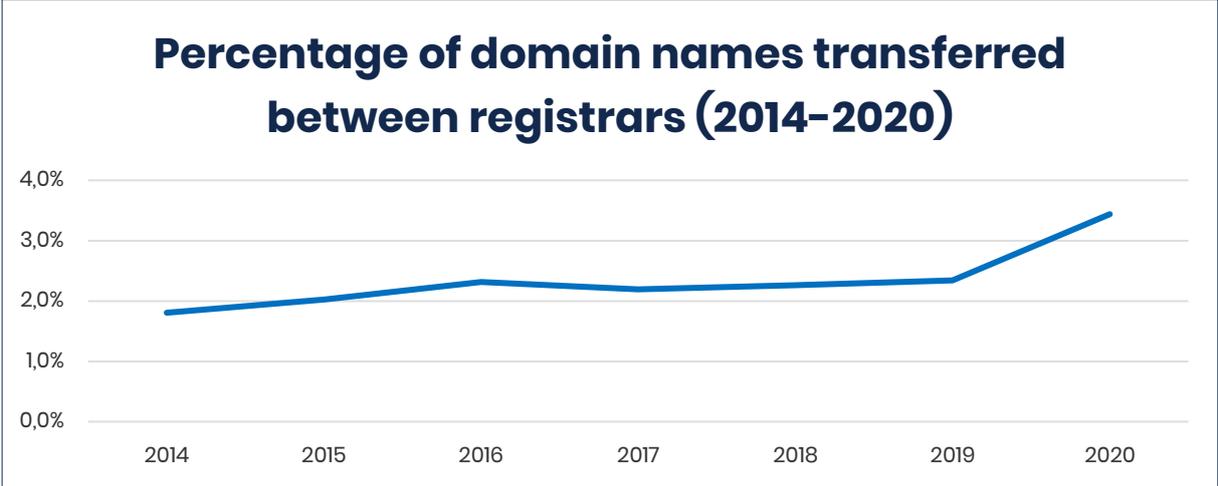


Figure 12: Percentage of domain names transferred between registrars, 2014-2020

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, with an acceleration in 2020, could, however, be a sign of increasingly appreciable competitive tension among the registrars active in the .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 holders by offering them advantageous rates. In a more competitive market, marked by a constant slowing of growth (barring exceptional phenomena), players will automatically 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). Holders' loyalty, not to the .FR but to their registrars, hitherto regarded as a given, could be tested in the medium term.

Figure 13 hereunder shows the trends since 2013 in the market shares of the top three players, in terms of stock and create operations. It shows that the phenomenon of deconcentration (where the concentration of create operations is below that of the stock) began for these three in 2017, with the concentration of stock continuing to grow, even though the pace of

growth gradually slowed (+3.1 pp in 2017, +0.9 pp in 2018 and +0.4 pp in 2019) before declining in 2020 (-0.4 pp). These data tend to confirm the idea that it is not the major leaders that have benefited most in relative terms from the effects of the acceleration of the digital transformation.

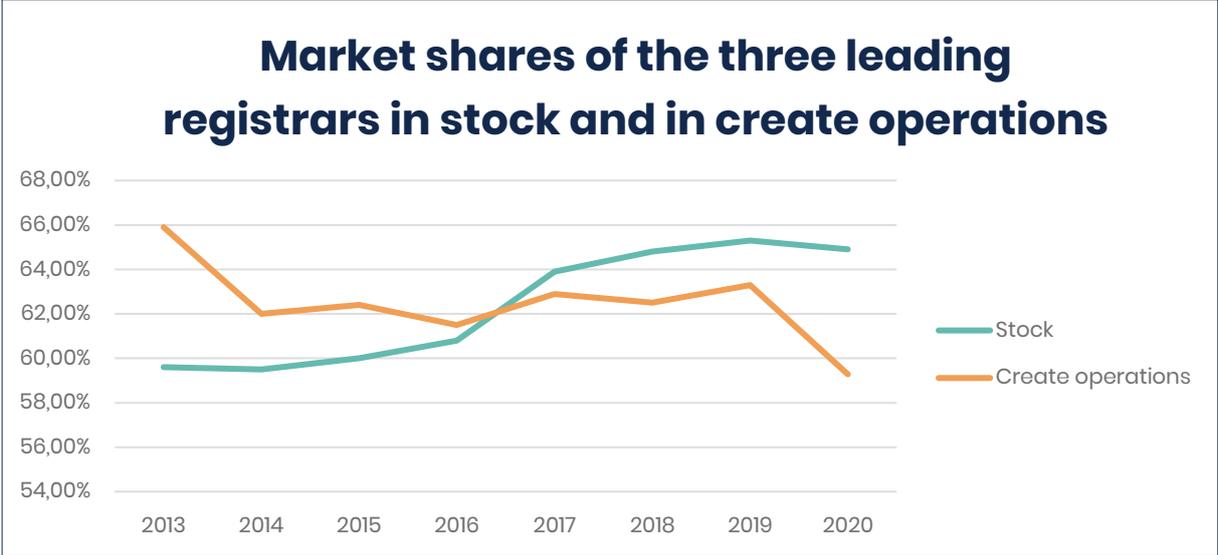


Figure 13: Market shares of the three leading registrars in stock and in create operations

Nevertheless, the weight of these three players (which together account for two-thirds of the .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 among these three leading registrars and the others shows that they are markedly asymmetric.

Flows of transfers between the three leading registrars and other registrars

2020	Incoming transfers			
Outgoing transfers	3 leaders	Others	Total	%
3 leaders	12 769	15 223	27 992	25%
Others	21 535	64 148	85 683	75%
Total	34 304	79 371	113 675	
%	30%	70%		

Table 3: Transfers

In 2020, out of 113,675 transfers between registrars, 34,304 (30%) were to one of the three leaders, whereas these same leaders lost only 27,992 (25%) names to other registrars. Flows of exchanges among these three leaders represented just 12,769 names (11%), whereas those between other registrars accounted for 56% of the total.

Thus the flows of transfers are mainly in favour of the leaders, albeit in a less concentrated manner than the overall market level (30% compared with 65%). One can see in this dissonance the effect of business models disturbing the play of “pure and perfect competition” so dear to economists.

Not all registrars offer the same type of services to the customers that they target, and not at the same rates. Competition in terms of transfers is played out among registrars sharing the same business model and offering similar ranges of services at fairly similar prices. 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 transfer flows also 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 entrusted them to manage.

7. Geographical distribution of the .FR nationwide

Table 4 shows that the regions of France have benefited unequally from the effects of the acceleration of the digital transformation. Brittany leads the field with growth of 9.8%, closely followed by the Overseas Territories (9.6%), Normandy (8.2%) and Nouvelle-Aquitaine (8.0%). Although it is the undisputed leader in terms of market share (30%), the Île de France comes in last with growth of “just” 5.5%.

These data show that the catch-up dynamics seen in previous years were boosted by the COVID-19 context. It is possible to theorise that businesses in Île de France were already well equipped and therefore felt less need to “go online” than those in regions where businesses had so far invested less in their online presence.

Breakdown of holders by region (in thousands)

Region	2020	Var. 2020	Mkt Share 2020
Grand-Est (Alsace Champagne-Ardennes Lorraine)	200	6,4%	5%
Nouvelle Aquitaine (Aquitaine Limousin Poitou-Charentes)	252	8,0%	7%
Auvergne Rhône-Alpes	435	6,1%	12%
Bourgogne-Franche-Comté	90	7,4%	2%
Brittany	128	9,8%	3%
Centre Val de Loire	84	7,6%	2%
Corsica	11	7,0%	0%
Ile de France	1 098	5,5%	30%
Occitanie (Languedoc-Roussillon Midi-Pyrénées)	282	7,5%	8%
Hauts de France (Nord-Pas-de-Calais Picardie)	184	6,8%	5%
Normandy	101	8,2%	3%
Pays de la Loire	167	6,8%	5%
Provence-Alpes-Côte d'Azur	277	6,4%	8%
Overseas Territories	35	9,6%	1%

Table 4: Distribution of the .FR by holder region

But part of the growth of the .FR TLD was obtained thanks to holders located abroad.

8. Foreign holders

The .FR was opened to the rest of Europe in 2011, with, as we have seen, a limited impact on the growth momentum. The percentage of .FR domain names registered by foreigners has nonetheless increased continuously ever since, rising from 4.9% in 2013 to 8.6% in 2017.

This proportion was first seen to decline in 2018 (-0.2 pp), but the trend has since resumed its upward path and continued in 2020, reaching 8.7%. The growth in the number of names registered by foreigners was thus greater than that of the .FR as a whole: +11.2% compared with +7.0%.

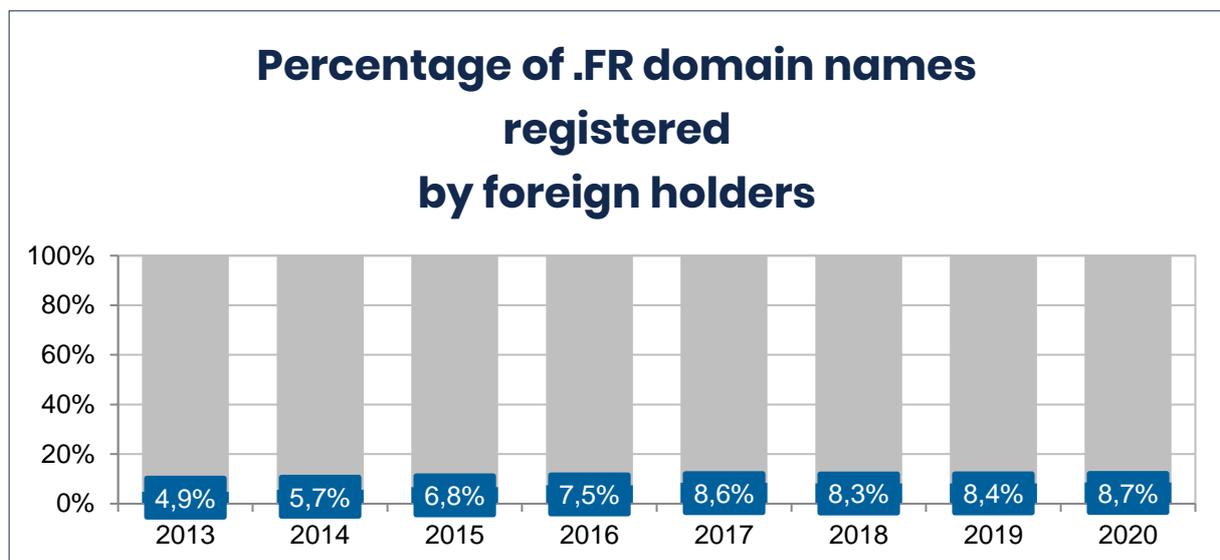
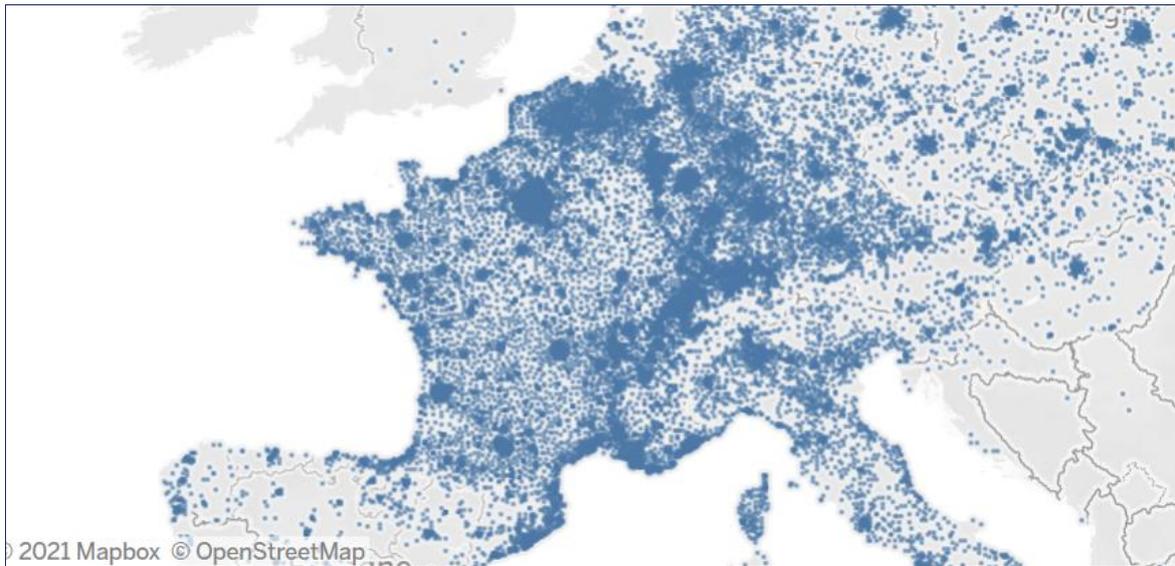


Figure 14: Percentage of .FR domain names registered by foreign holders

Foreign holders are still mainly located in Germany (71,000 .FR names, the same number as in 2019), the Netherlands (52,000 compared with 46,000), the United Kingdom (34,000 compared with 32,000), and Belgium (40,000 compared with 36,000).



Map 1 : Distribution of .FR domain names by postal addresses of holders

The number of create operations by holders in the European Union excluding France saw a recovery in 2020, following two years of decline, going from 64,000 in 2019 to 79,000 in 2020. The Creation Rate of this particular segment was appreciably higher than that of the .FR as a whole (25% compared with 21%) while the Maintenance Rate was slightly lower (83.2% compared with 83.9%, but up by nearly 3 pp on 2019).

9. DNSSEC

The proportion of DNSSEC-signed .FR domain names increased from 3.8% in 2013 to 13% in 2017, tripling in volume from 103,000 to 424,000 names. But the situation has since deteriorated, and the trend continued in 2020 in percentages, (-0.4 pp) although the number of DNSSEC-signed .FR domain names grew in absolute terms, from 408,471 in 2019 to 422,621 in 2020.

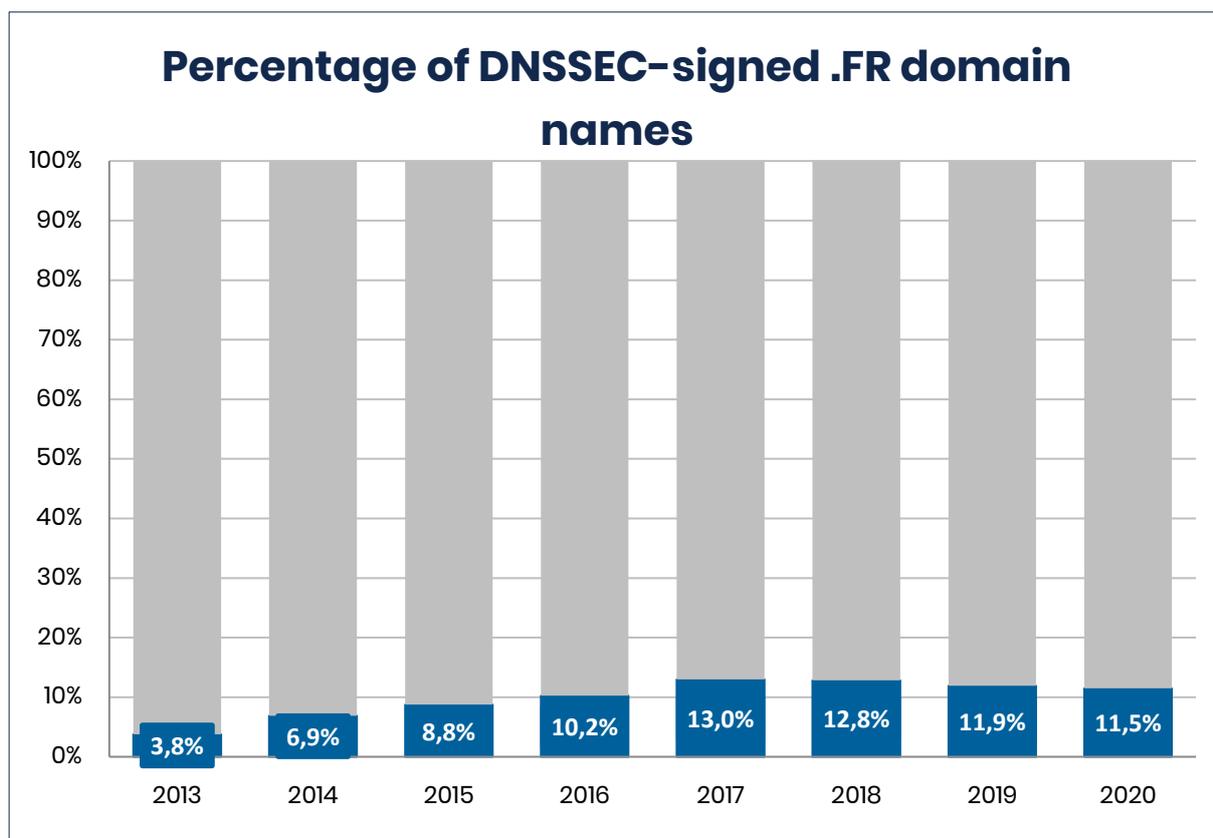


Figure 15: Percentage of DNSSEC-signed .FR domain names

The difficulty experienced by the promoters of DNSSEC in getting their message across is a matter of concern at a time when DNS and domain name security problems are constantly making the headlines of specialist bodies. It illustrates several things: the insufficient adoption of DNSSEC in France, registrars' lack of motivation to offer this service without external support, and the risk of seeing the efforts made over several years to better secure the French Internet by this means come to nought.

The appearance of a new type of attack dubbed SAD, which poisons the DNS cache by making it accept false responses which it then distributes to its clients, adds further weight and currency to DNSSEC, which is the only reliable solution to these attacks.

10. Internationalised domain names under the .FR

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 2020, with growth of 8.2% in the number of .FR names in IDN format (26,605 as against 24,580).

These figures are anecdotal at the level of the .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.

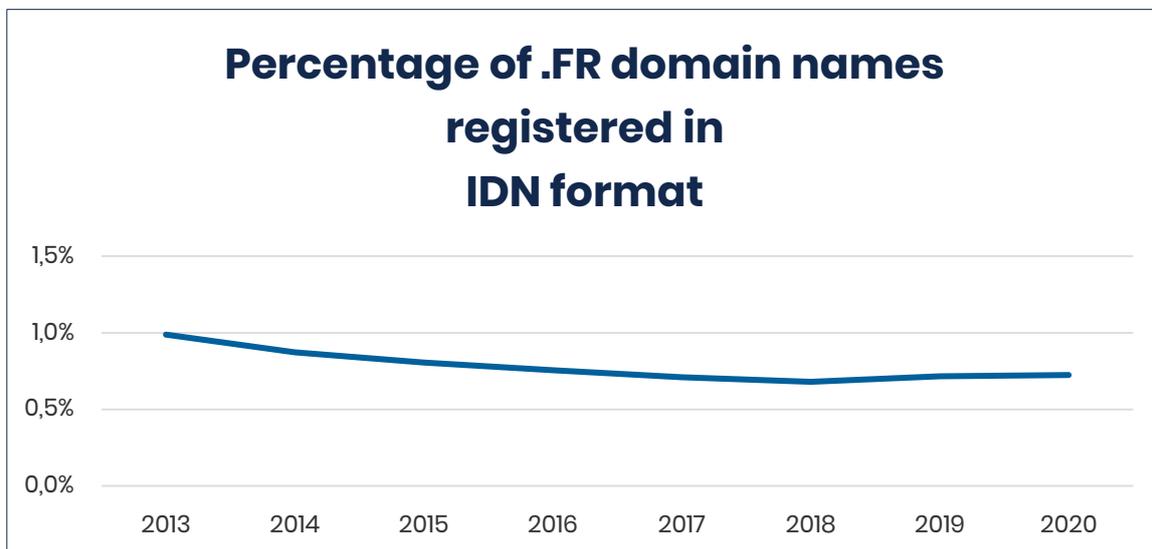


Figure 16: Percentage of .FR domain names registered in IDN format

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 over five years, the proportion of .FR domain names registered or renewed for periods greater than 1 year has been in regular decline since 2018.

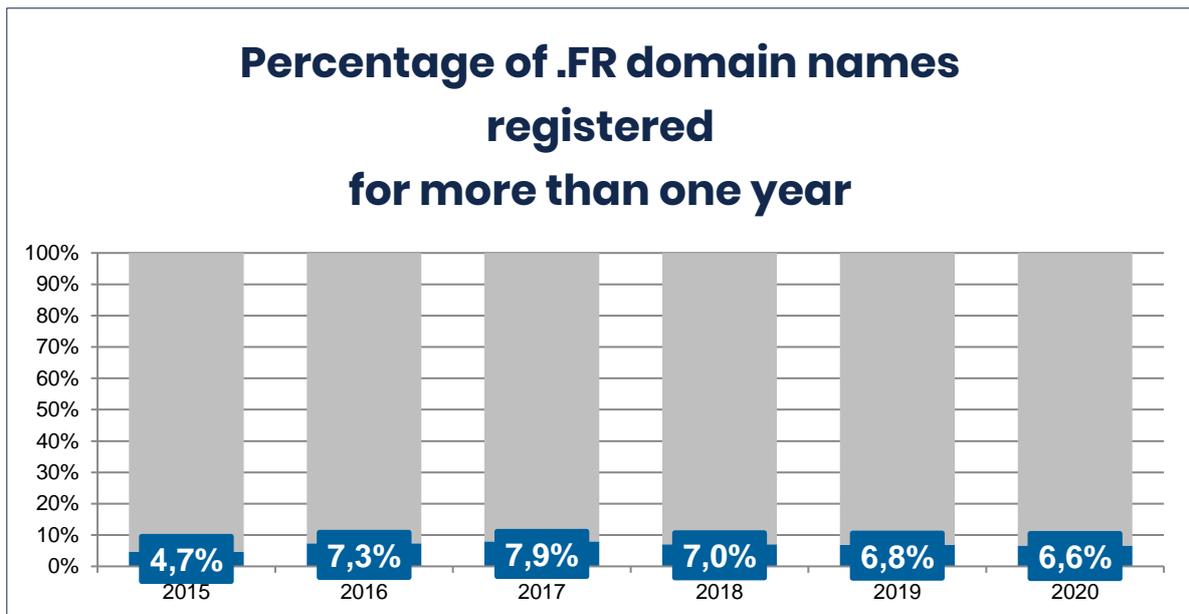


Figure 17: Percentage of .FR domain names registered for more than one year

At 1 January 2021, 243,000 .FR domain names had been registered for 2 years or more, an increase of 9,000 names in absolute terms or 3.8%, but down by 0.2 pp in relative terms.

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. This structure is stable over time.

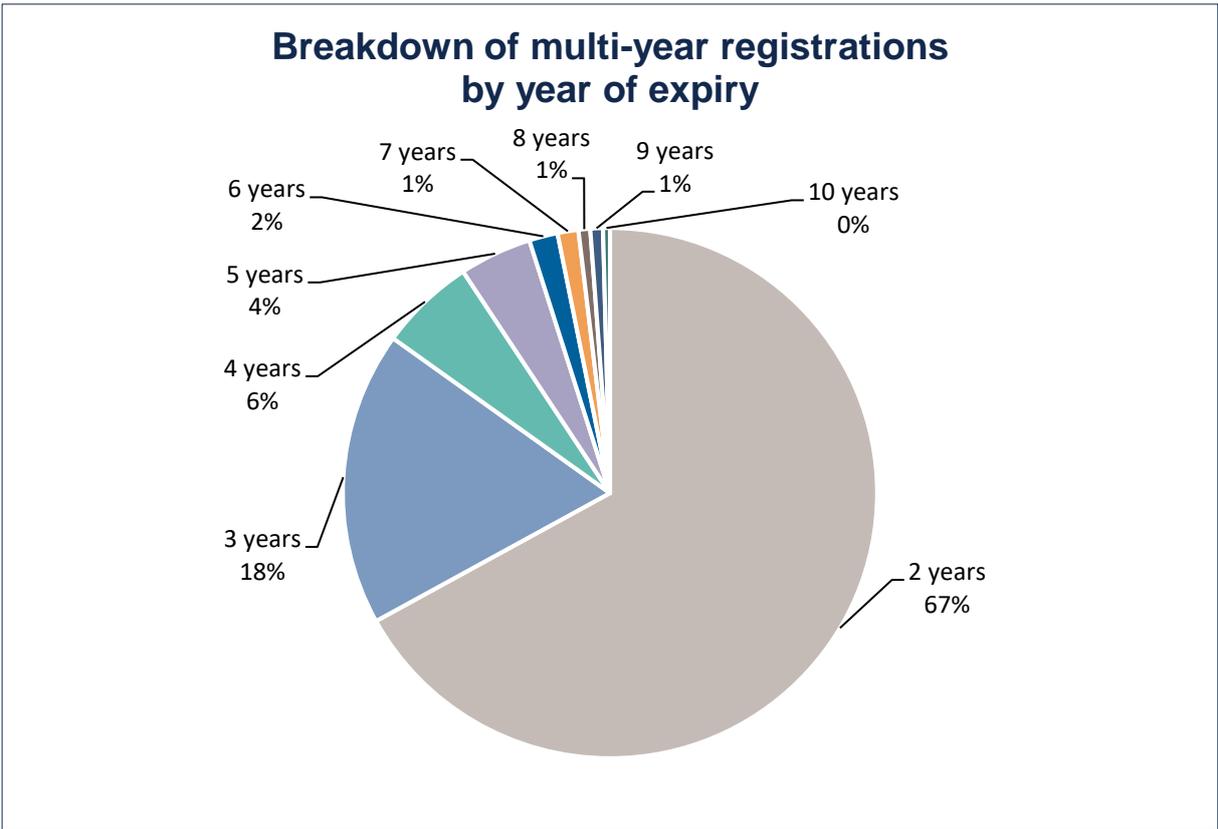


Figure 18: Breakdown of multi-year registrations by year of expiry

12. The .FR and business creation

.FR create operations are carried out by:

- **businesses that have existed for some time, in the context of their activity;**
- **newly created businesses;**
- **project promoters registering their domain names personally in the absence of a legal structure;**
- **private individuals with needs of a professional or private nature leading them to register a .FR name.**

One cannot therefore expect a situation in which .FR create operations are entirely due to newly created businesses, the more so as new or future entrepreneurs do not register only .FR names.

Nevertheless, we thought it interesting to compare trends in .FR create operations and in business start-ups, on the basis of data provided by the French National Institute of Statistics and Economic Studies (INSEE).

Figure 19 hereunder shows that there is most assuredly a link between the dynamics of the .FR and the creation of businesses, particularly the creation of individual enterprises or sole proprietorships rather than of businesses with the legal form of a company. This link is particularly visible in the period 2013–2017, when the annual figures were fairly stable, and in 2019–2020 when both kinds of creation increased.

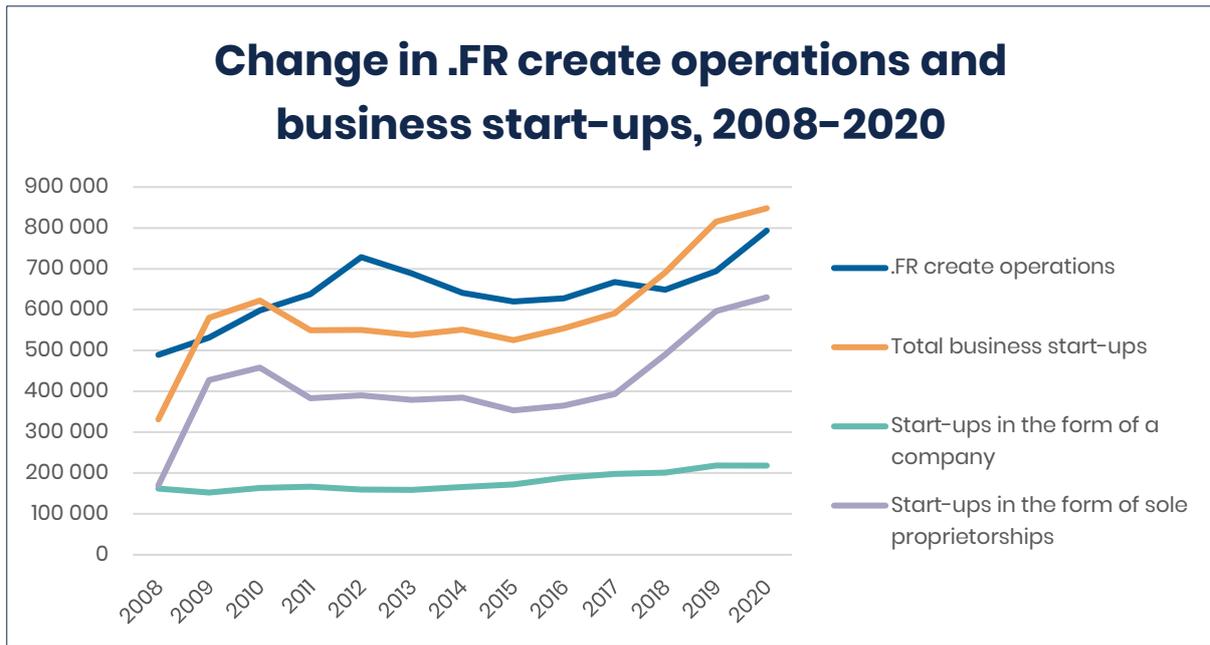


Figure 19: .FR create operations and business start-ups

This link can be measured by calculating the linear correlation coefficient over a number of years (Figure 20).

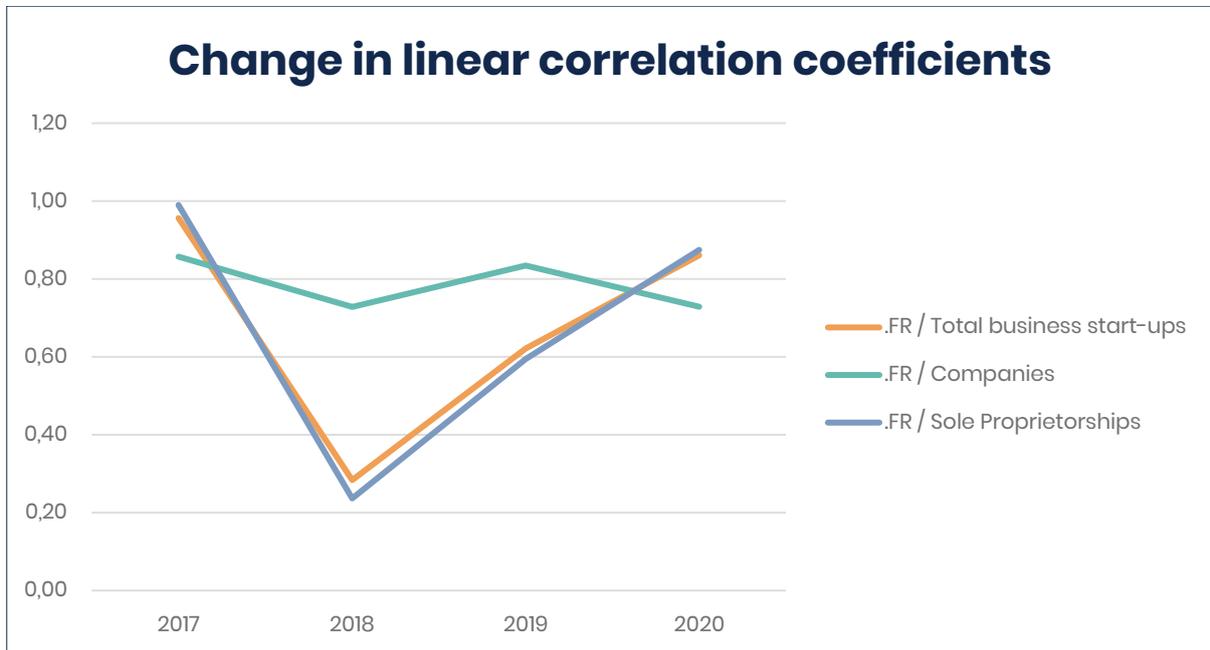


Figure 20: Linear correlation coefficient, FR create operations and business start-ups, 2017-2020

The coefficient was above 0.9 in 2017 and above 0.8 in 2020, standing at 0.3 in 2018 and 0.6 in 2019. In view of the large number of parameters involved, it is difficult to offer any definitive explanations for these variations. The trend observed in 2019-2020 suggests, however, that newly created businesses tended more automatically than in previous years to adopt a .FR name for their digital presence.

13. 2021 outlook for the .FR

The activity of the .FR in 2021 will depend largely on two factors:

- **on the one hand, the acceleration of the digital transformation, which began during lockdown but seems set to consolidate over time, as if French business practices had crossed a line from which there is no turning back;**
- **on the other hand, the economic context, which may work in favour of this digital transformation while at the same time leading to business failures and a slowdown in investments and new projects.**

The number of create operations in 2020 was of an exceptional nature that will probably be difficult to replicate. We must even expect a decline, to the extent that the acceleration effect will diminish as businesses complete the arrangements for their online presence, while the slowdown of the economy will weigh on new registrations.

Renew operations are likely to see the same kind of phenomena. On the one hand, the value perception of domain names has grown in 2020 and should encourage holders to keep their names more than in the past, the more so as most of the names created in 2020 were for concrete projects. On the other hand, business failures will lead to names being deleted or dropped, and we must also remain cautious as to the extent of the medium- and long-term damage caused by COVID-19 and the periods of lockdown.

So growth of the .FR is unlikely to be spectacular in 2021. We expect a “reasonable” scenario tending towards a degree of stability.

The important takeaways from 2020 are that .FR names were registered overwhelmingly for real projects and uses; and that this TLD has proved more popular than its rivals, seeing its market share grow over the past few months.

In this context, Afnic’s efforts aimed at VSEs/SMEs, in place for several years now with “*Réussir avec le web*” (“Succeed on the web”), have come into their own and have been further strengthened by the “*Je passe au numérique*” (“I’m going digital”) initiative designed to support craftsmen and small traders with their online presence.

More than ever, Afnic is a key player in the development of the Internet in France and a privileged partner for public authorities and private structures alike, first and foremost VSEs and SMEs.