

A look at the domain industry with a comparison of countries



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Preface

The Registrar Atlas 2011, which for the first time granted detailed insight into the domain name industry in Germany, was received with great interest.

We have now conducted a second survey in order to learn more about the companies that offer domain names. We revised the questions on the basis of the insights gained from the first survey. However, we proceeded cautiously in order to ensure that the results can be compared with last year's. This makes it possible on the one hand to identify any changes in the market and on the other, to check if the forecasts were correct and if the participants of the 2011 survey carried out their plans.

Moreover, we were very pleased about the interest the survey received abroad. Insights into the German market were to be juxtaposed and compared to results in the respective foreign countries. Ultimately this led us to cooperate with three local partners in other European countries for this year's survey. Our sincere thanks go to ISPA Internet Service Providers Austria in Austria, SWITCH in Switzerland and SIDN in the Netherlands for their active support.

Having data material from four countries has enabled us to compare the four markets with one another. Even though the survey can certainly not be considered representative for the four countries, differences do become apparent and some of them are significant.

Once again we have managed to identify unused potential and have therefore made occasional suggestions for what a company can do to become more successful in the market.

The way the companies have viewed, arguably the most significant change in the DNS, and the imminent introduction of new top-level domains, should be of particular interest.

We look forward to your suggestions and feedback to this survey and thank all those whose participation has contributed to its success.

My special thanks once again go to VeriSign for supporting this survey financially yet again, without which, we would not have been able to conduct a second survey.

I again wish to thank Thomas Rickert, our director of Names & Numbers, and Janett Schmidt for the layout, who produced this study on behalf of eco.

We hope you enjoy reading this Atlas.

Yours sincerely
Harald Summa

Managing Director, eco e.V.



Greeting

The domain name industry is one of the most competitive marketplaces in the world, with dozens of registries and hundreds of registrars. There are more than 310 Top Level Domains (TLDs) available today. Internet users have literally thousands of options for buying domain names and creating a presence on the Internet. Creative business models and product offerings abound. And this is what is so unique about this market: the registrars provide service and support to the real entrepreneurs, startups and small businesses.

Verisign is proud to serve as a steward for critical Internet infrastructure as the registry for .com and .net, working with 900+ registrars in more than 61 countries. And we heard registrars when they said small business owners are key customers. To help registrars strengthen their relationships with this important audience, Verisign is developing tools to help its registrars provide additional value and support to small business owners.

Last year, Verisign conducted a contest to showcase the integral role an Internet presence can have in the success of a small business – and the results speak for themselves. Verisign received nearly 2,000

entries from small- and mid-sized business owners globally. The entrepreneurs who entered our contest creatively and powerfully demonstrated that the .com and .net brands have an enduring value that can transcend borders and other traditional limitations.

We should all look optimistically to the future. The Internet provides almost limitless new opportunities for organizations and users across the globe. The journey to greater choice in the domain market has just begun. It now depends on the entrepreneurs to create value from that breadth of new possibilities. And there will be new avenues for registrars worldwide to offer a unique service and grow their business.

Romain Cholat
VP & General Manager EMEA
Verisign



Management Summary

After presenting the first Registrar Atlas 2011, which examined the German market, eco Association of the German Internet Industry is now publishing a comparative study of the markets in Austria, Switzerland, the Netherlands and Germany for the first time. About 180 companies participated in the online survey.

We elicited information via four sets of questions about the companies, their domain name business, their service and marketing, as well as trends.

In all markets . . .

- the participants state, surprisingly, that it is important to their customers to work with a domestic provider;
- the majority of the domain name providers have fewer than ten employees altogether, of whom only up to three persons deal with domain names;
- nearly all providers offer, not only domain names, but also other services, with the majority of providers considering the domain name business important or very important for their company, even if it only constitutes a small part of their revenues. The domain name business therefore seems to be very attractive in all examined markets – perhaps because it can be conducted without wasting resources.

Domain portfolio

In Germany the percentage of companies that offer their customers only up to 10 TLDs has declined from 28% to 22% since last year. On the other hand, the percentage of companies offering 10–24 TLDs has almost doubled.

When looking at the number of TLDs offered, Austria has the greatest density of providers in a country-by-country comparison, offering their customers an impressive 25–49 TLDs. The largest selection among all providers, however, is available in the Netherlands. There, no participant stated that he or she was offering fewer than 10 TLDs. A total of 43% of companies offer their customers more than 250 TLDs.

At the same time, the largest share of regional, and even local, business in comparison to the other countries, is to be found in Austria.

With one exception, the best-selling TLDs are the respective country codes. Only in the Netherlands is the generic .com suffix just ahead of .nl.

Marketing

The companies do little marketing. This was already noticeable in Germany last year. A great deal of potential is lost this way. A positive exception is the Netherlands, where ‘only’ 42% of those surveyed stated that they are not at all, or only barely, active with respect to marketing. A total of 25% stated that they are doing more than the average and 8% rated themselves as very active. In the Netherlands, the percentage of companies that talk to their resellers on a regular basis is also extraordinarily high.

DNSSEC

In last year’s survey 17% of the participants stated that they were already offering DNSSEC, and 45% wanted to introduce DNSSEC within one year. This expectation has not been met. This year only 19% stated that they are offering DNSSEC, and the percentage of companies that intend to introduce DNSSEC within the next year is even smaller than it was last year. While the participants from Austria and Switzerland also demonstrated great reticence with respect to DNSSEC, the security extensions for the DNS in the Netherlands are offered by 18%, and 64% of companies are planning on implementing them within the next 12 months.

While it still remains to be seen whether these plans are actually carried out, the issue does seem to be communicated differently in the Netherlands. This is especially worth examining more closely, as, in the Netherlands, the percentage of companies that notice strong demand for DNSSEC is significantly higher than in the other countries (NL: 29%, DE: 5%, AT: 4%, CH: 0%).

Forecast

The industry has an altogether positive outlook on the future. Most optimists are to be found in the Netherlands, where 36% of those surveyed stated that they expect strong growth for their business. Relatively speaking, however, the largest number of pessimists are to be found in Germany and Austria.

New gTLDs

Applicants for new generic top-level domains please take note: only a few providers (the most being in Germany, at 24%) are planning to actively promote new TLDs. In the Netherlands, there was not a single provider who did not plan on becoming active in this area. Given the general scepticism amongst registrars regarding the chances of success for the new TLDs, and their intentions to scrutinise exactly which TLDs they would like to offer, new TLD providers would be well advised to make special efforts in finding cooperating registrars to coordinate communications to relevant target groups of their respective TLD.

In none of the countries are the new gTLDs considered a threat to the existing country codes (ccTLDs). Only 14% of the participants in Germany, 13% in Austria, 9% in the Netherlands and no participant in Switzerland feared a reduction in the number of domain registrations for the respective ccTLD.

Secondary market

With regards to the secondary market, the providers in all surveyed countries clearly have a great deal of catching up to do. Especially in Germany and Austria, where providers do not offer their customers 'used' domains, and more than 40% of the participants in either country are not even planning to change this within the next year. In this respect, the Netherlands are in the lead. A total of 37% of the providers allow their customers to profit from the opportunities presented to them by the secondary market.

Methodical approach and issues queried

The information on which this study is based was collected in the period between the beginning of December 2011 and the end of February 2012, via an online questionnaire, which was available at www.eco-umfrage/registraratlas.

In a data privacy statement, the participants were informed that they could participate without providing any personal data and that providing personal data was only required if the company wanted to participate in a drawing, with the data in this case only being used for the purpose of sending the prize. The participants were also informed that the data would only be published cumulatively. Individual datasets, as well as the entire data materials, are not made available to third parties, including the sponsor.

The questionnaire consisted of four sections:

- A. Questions about the company
- B. Questions about the domain name business
- C. Questions about services/marketing
- D. Questions about trends

The questionnaire contained a total of 46 questions, many of which were based on the answers to the

respective prior questions. As a consequence, all questions were not submitted to all participants for answering.

In Germany, participation in the survey was advertised via various newsletters, announcements in social networks, at events, in a podcast, and by addressing a large number of market players directly. To this end, prior research of companies offering domain names was conducted. The size of the companies that were identified was determined via their corporate website. The companies were then assigned to one of three groups (small, medium or large). Market participants from all groups were then approached equally and informed about the questionnaire in order to give companies of all sizes equal opportunities to participate. In Austria, Switzerland and the Netherlands, the survey was advertised and coordinated by the local partners ISPA AT, SWITCH and SIDN. As in Germany, partially matching measures were employed.

The results from the total number of 178 participants were considered for the evaluation.

A. Questions about the company

The first set of questions solicited information about the respective companies.

We first wanted to know whether the participating companies were companies from the respective country, or foreign businesses whom also operate in that country. Moreover, we requested information about whether the companies operate exclusively in the country where they are domiciled or also abroad.

The picture we get for Germany is slightly different compared to the previous year. A total of 90% (94% in 2011) stated that they were a German company, of which 57% (61% in 2011) stated that they also operate abroad. With 10% (6% in 2011), almost twice as many companies stated that they were foreign companies also operating in Germany. What is interesting is that the share of companies exclusively operating in Germany remained the same with 33%. Unless this is a coincidence, one might conclude that foreign companies are only interested in corporate takeovers of those companies that do business on an international scale – such as happened, for instance, when EPAG Domainservices GmbH was acquired by Tucows.

With 3%, the share of foreign companies that operate in Austria is smaller than in Germany, whilst the share of local companies that operate solely on a domestic scale is nearly identical.

Similarly to Germany, 10% of companies operating in Switzerland are foreign. The number of Swiss companies who operate internationally is much higher at 70%. And, therefore, the number of Swiss companies that operate solely on a local level is accordingly smaller at 20%. This constitutes the smallest share in a country-by-country comparison when examining the domestic markets.

Interestingly, in the Netherlands no company stated that it was from a foreign company and also operated in the Netherlands. However, the reason for this might be that we were unable to reach these types of companies with our survey. A total of 100% of the companies are Dutch, with the share of companies operating exclusively in the Netherlands, 50%, being the highest in a country-by-country comparison of local markets.

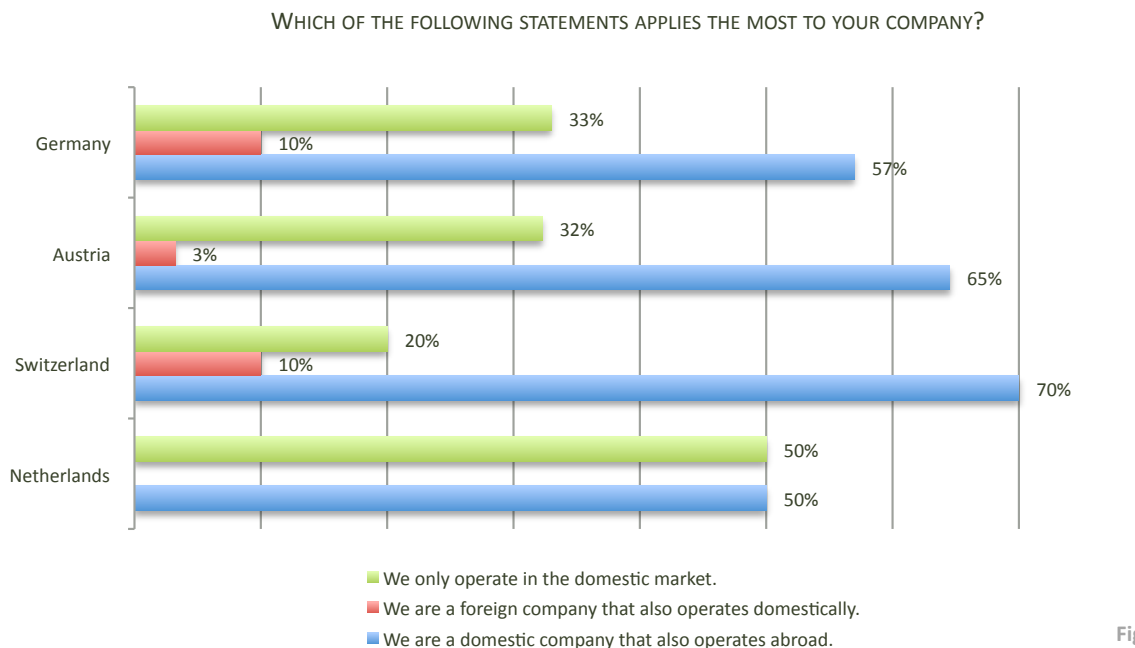


Fig. 1

WHERE IS THE HEAD OFFICE OF THE COMPANY LOCATED:

GERMANY

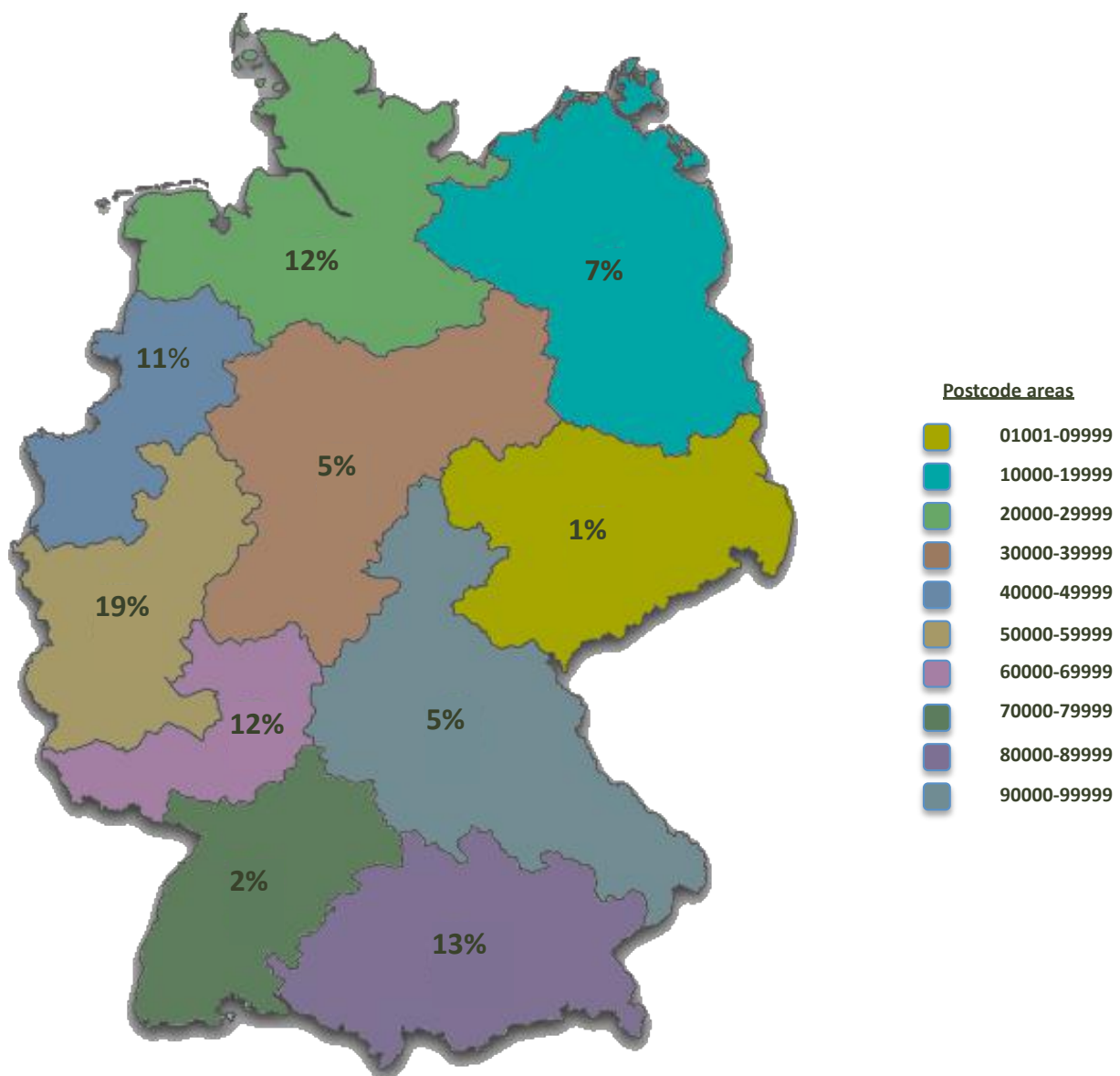


Fig. 2

WHERE IS THE HEAD OFFICE OF THE COMPANY LOCATED:

AUSTRIA

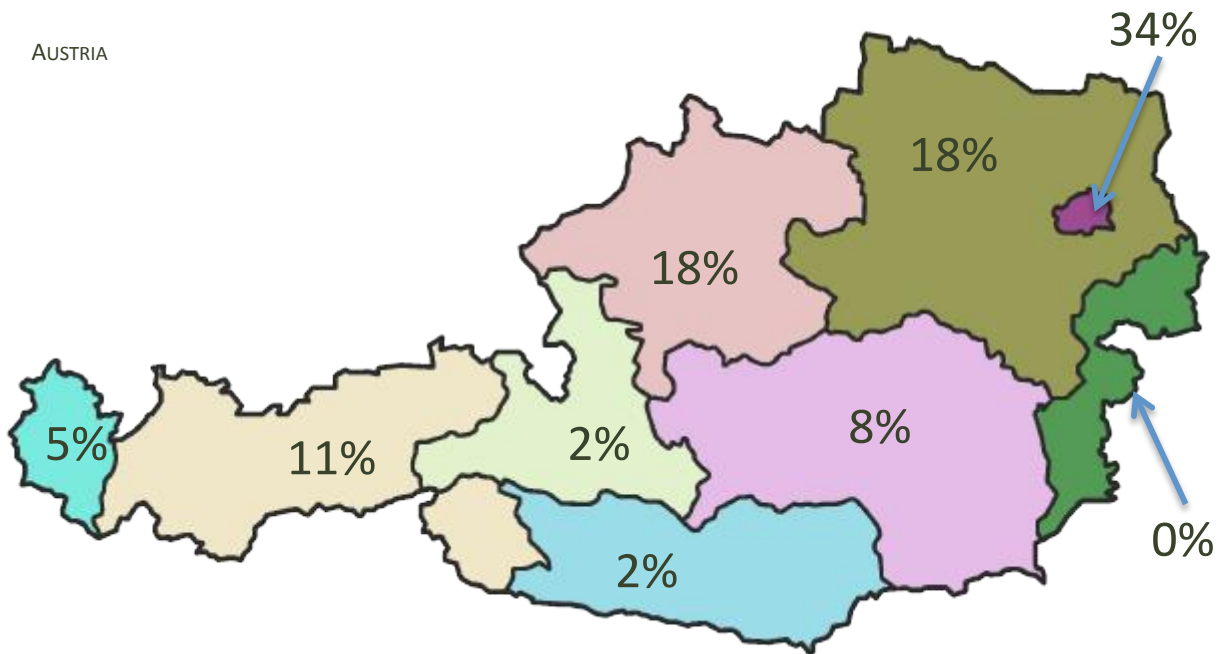


Fig. 3

SWITZERLAND

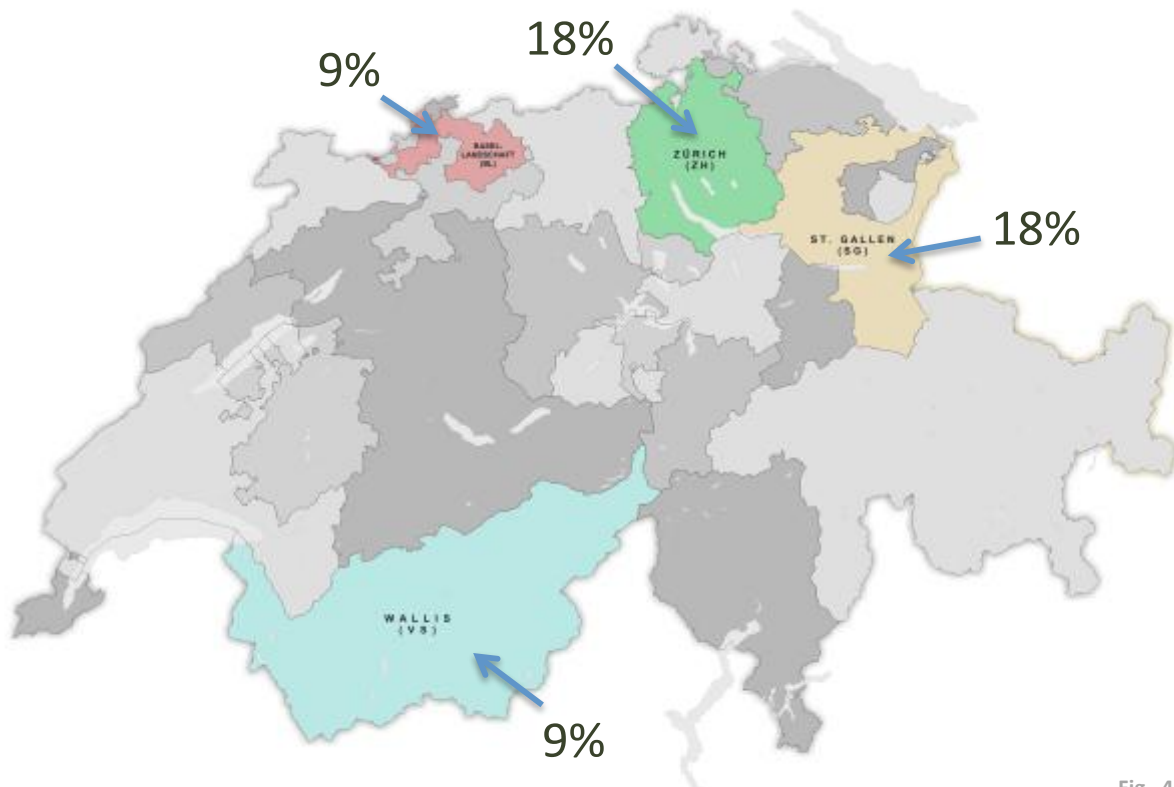


Fig. 4

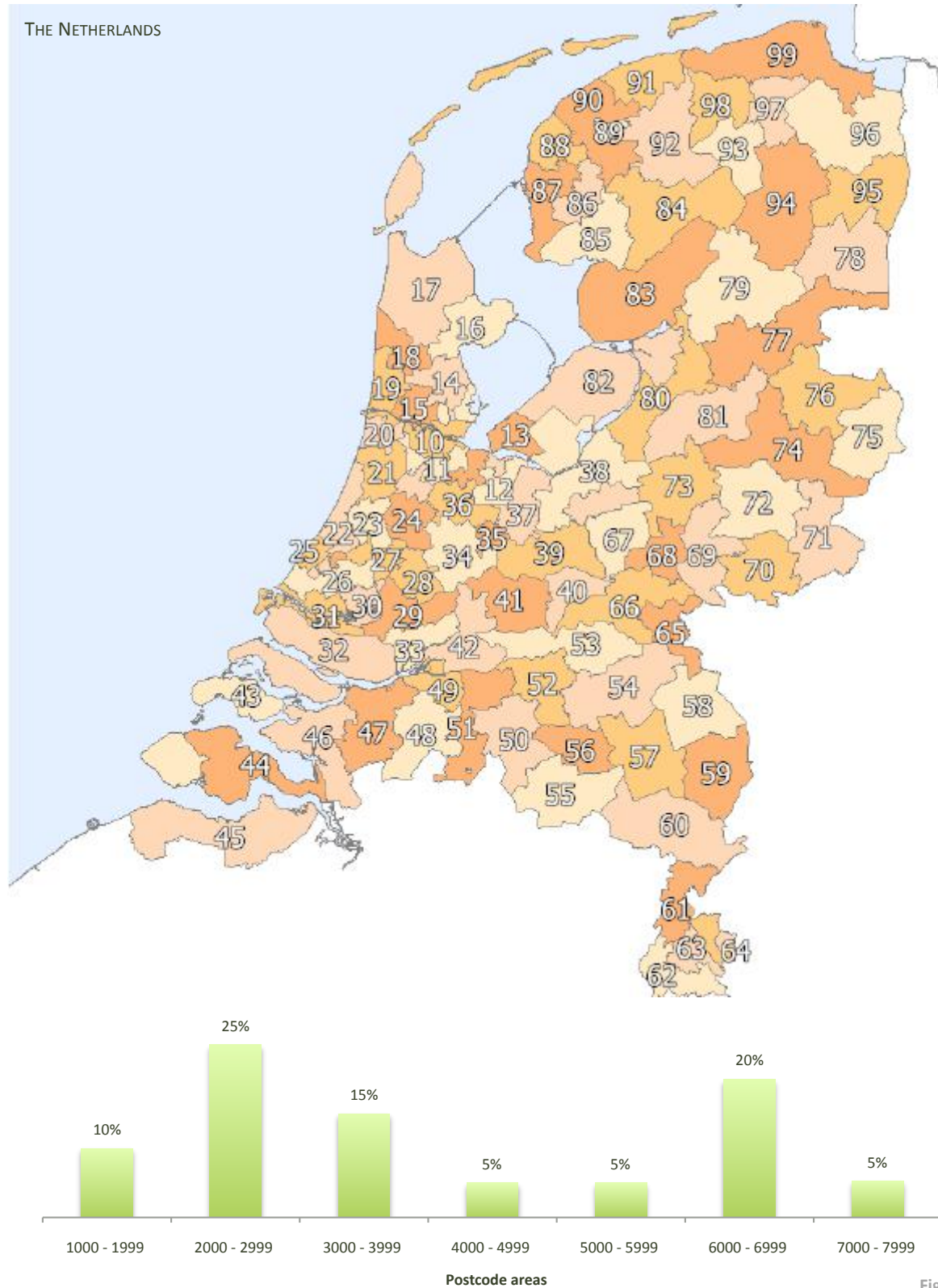
WHERE IS THE HEAD OFFICE OF THE COMPANY LOCATED:

Fig. 5

The answer to the question regarding whether or not it is important for customers that the companies surveyed are local businesses, revealed that the vast majority of companies in all participating countries believe it is important to their customers that they

are served by a company located in their own country. This attitude is least prominent in the Netherlands, with 67%, and most common in Austria, with 92%. Switzerland is close behind with 89%.

DO YOU HAVE THE IMPRESSION THAT IT IS IMPORTANT FOR YOUR CUSTOMERS THAT YOUR A DOMESTIC COMPANY?

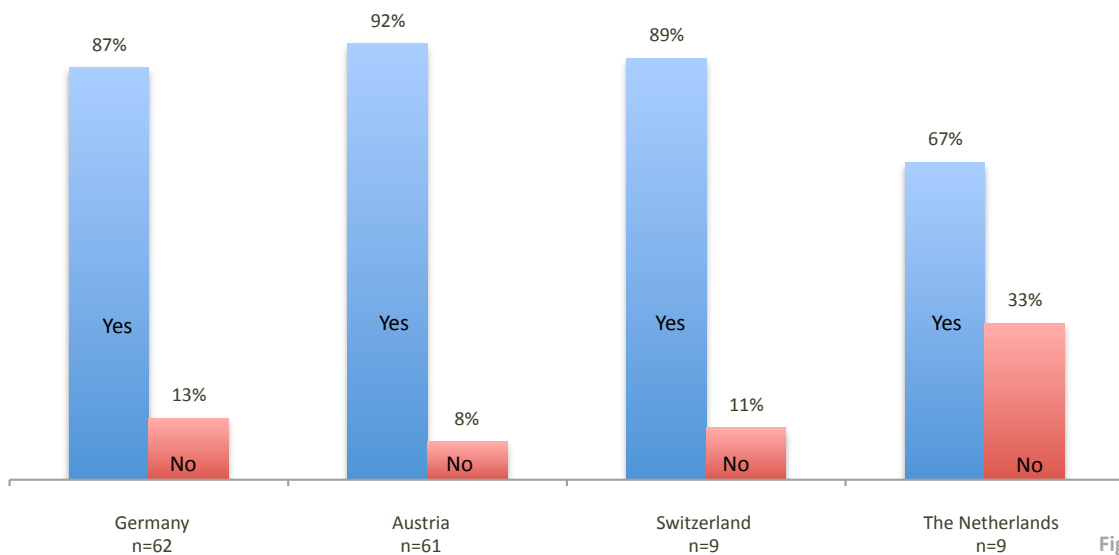


Fig. 6

As we established for Germany last year, most providers allocate up to three full-time positions to the domain name business in all countries.

Of the companies surveyed, we found companies of all size ranges within Germany. The Netherlands has companies within each size range except one, the 31 - 60 full-time positions range. And no companies from Austria and Switzerland, with more than 15 full-time employees in the domain name business, participated in the survey.

The large number of companies that have stated they only employ up to three full-time persons in the domain name business is largely owing to the fact most companies surveyed have less than ten employees in total throughout the whole organisation and their other business activities (see fig. 7-11).

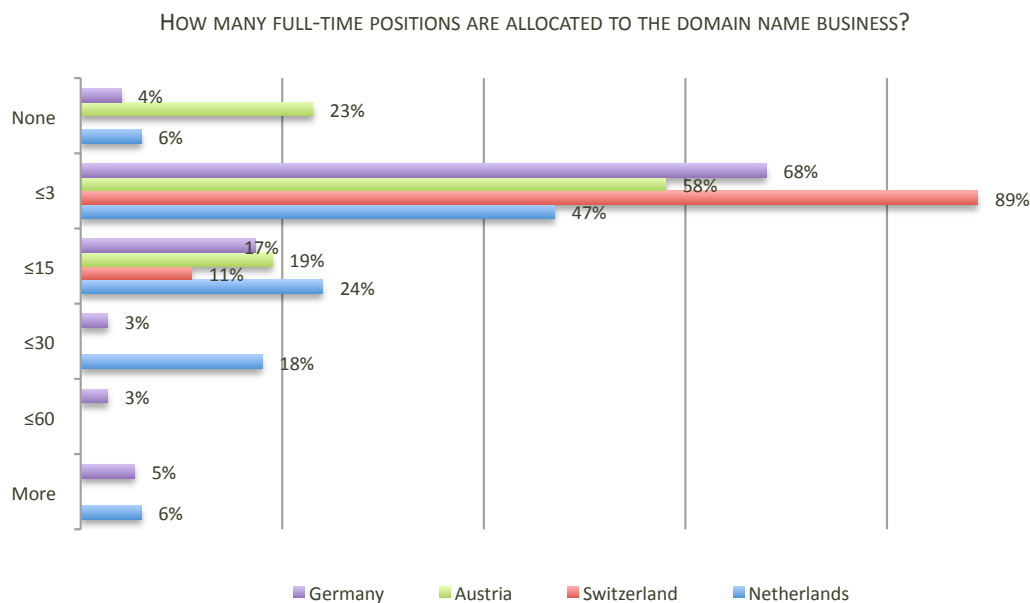


Fig. 7

TOTAL NUMBER OF EMPLOYEES CORRELATED TO THE NUMBER OF EMPLOYEES IN THE DOMAIN-NAME-RELATED BUSINESS

GERMANY N=77

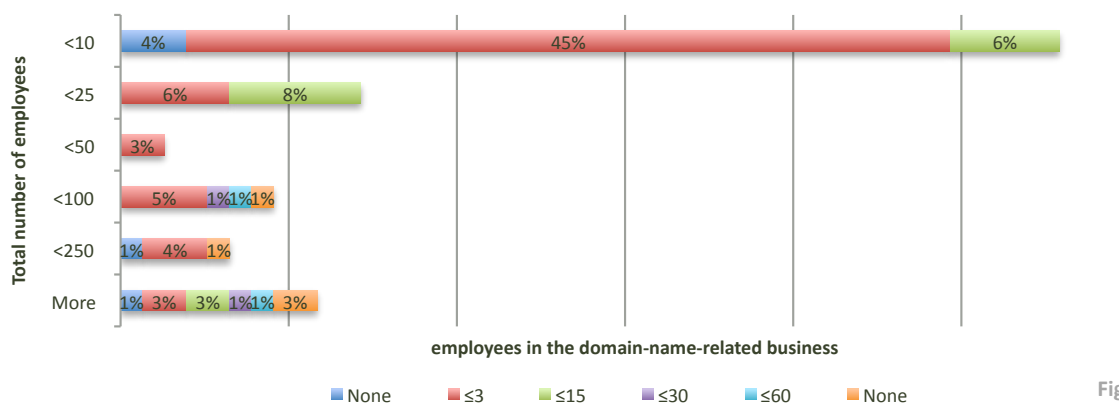


Fig. 8

TOTAL NUMBER OF EMPLOYEES CORRELATED TO THE NUMBER OF EMPLOYEES IN
THE DOMAIN-NAME-RELATED BUSINESS

AUSTRIA N=62

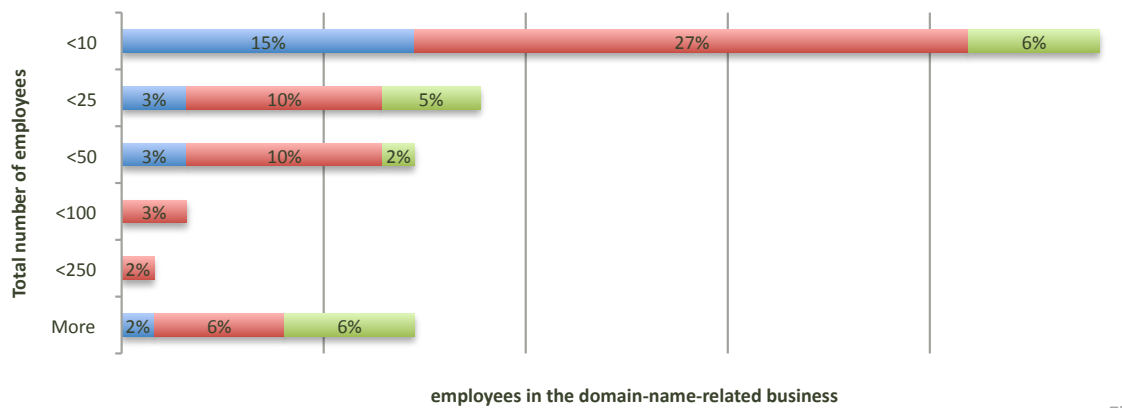


Fig. 9

SWITZERLAND N=9



Fig. 10

THE NETHERLANDS N=17

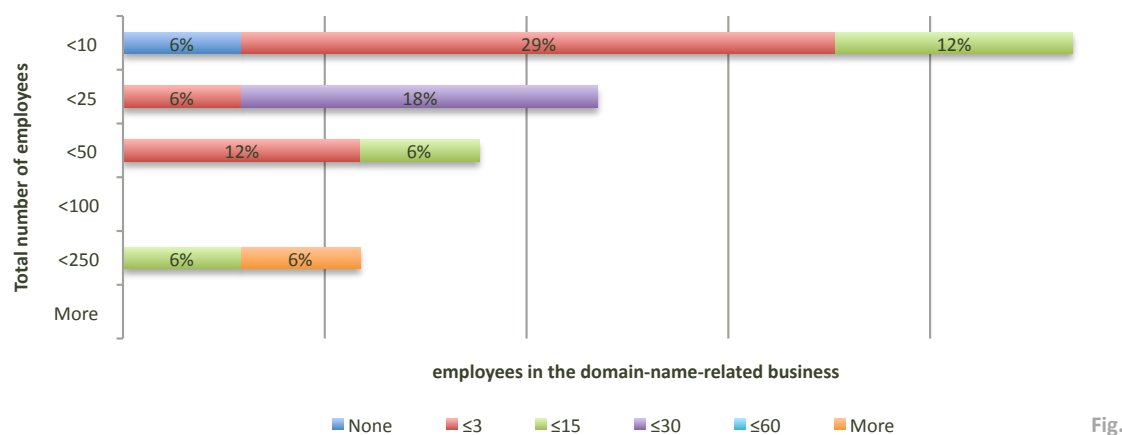


Fig. 11

We furthermore asked where the majority of the respective providers' customers are located. The answer to this question not only allows conclusions to be drawn as to whether the providers know where their customers are from, but also about how the companies address their customers. Regarding local or regional customers, it is likely we can conclude that there is a personal contact provided for customers or that the domain registrations are an extra service in addition to those predominantly received from providers in the immediate proximity. Inasmuch as this concerns national or even international customers, it must rather be assumed that the providers work with an Internet-based system for concluding agreements and thus for ordering domain names. In the first survey we presented this part under the heading of "Think global, act local – but not in the domain name business". At the time only 4% of the participants stated that they had predominantly local customers. A total of 13% stated that they largely served a regional clientele, while 24% indicated that they did business mostly on an international level. The lion's share, however, with 52%, was the Germany-wide business.

This result remained nearly identical in this year's survey, as the illustration shows. The result that

comes closest to the one in Germany is that in the Netherlands. There, 59% of the participants stated that they find their customers domestically. With 29%, their international business is also comparable to the figure of 26% in Germany. With 12% compared to 15%, the result for the regional business is relatively slim. In the Netherlands no participant stated that he or she was doing predominantly local business. In Austria, with 55 %, less providers than in Germany or the Netherlands stated that they were doing business largely on a national scale. Interestingly, with 26%, the share of regional business is significantly higher than in Germany or the Netherlands. And, if you add the 5% of local business, then the share of companies that partake in predominantly regional or local business (and which, incidentally, cannot be found at all in Switzerland, or did not participate in our survey) is relatively large. On the other hand, with 14%, the share of those companies that predominantly engage in international business is accordingly smaller. In comparison, in Switzerland, 100% of the participants stated that they operate their business on a nationwide scale. Thus, none of the companies stated that they operated on an international, regional or largely local level.

WHERE DO YOUR CUSTOMERS PREDOMINANTLY RESIDE?

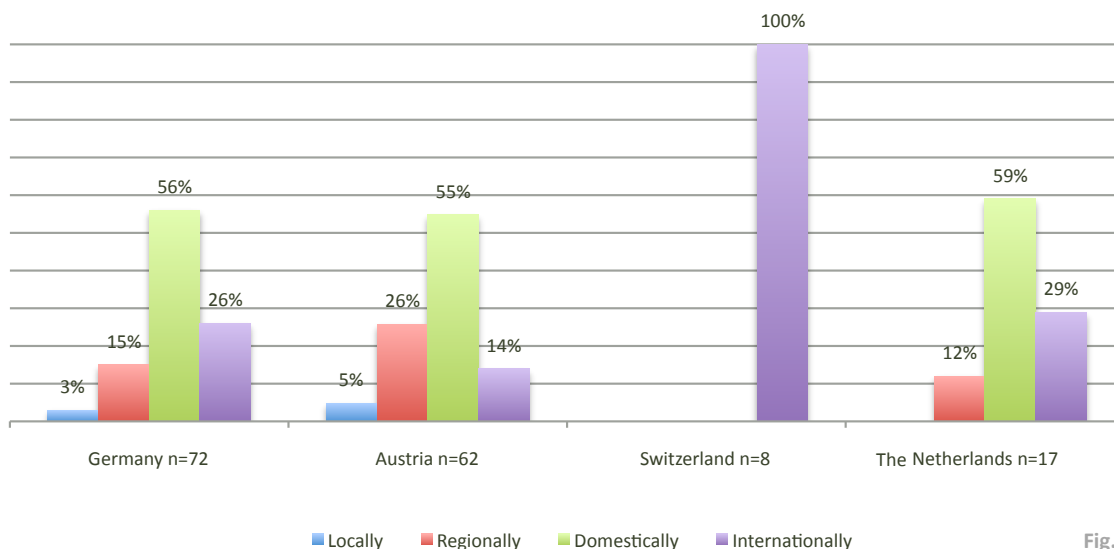


Fig. 12

As for those participants who did not answer this question, it is probably safe to assume that they simply do not know where their customers reside. An alternative explanation is that the overall picture is not representative because of the small number of participants in Switzerland. The reason may also be that owing to Switzerland's small size, the nationwide domain name business is more viable and hence, imposing any geographic limitations or focus would make no sense to begin with.

We furthermore asked those companies, which stated that they were operating their business on an international scale, on which continents the majority of their customers are located. Owing to the responses to the previous question, the answers here were restricted to Germany, Austria and the Netherlands. Europe, North America and Asia came on top, in that same order. The percentage of business conducted mostly in foreign European countries, however, decreased significantly from 53% to 22%. One possible explanation is that in the

meantime, companies have ventured abroad and initially placed their priority on the other European markets.

With 80%, the share of business in Europe was even higher in the Netherlands compared to Germany and Austria. However, at the same time no provider in the Netherlands stated that he or she operated outside of Europe. Like in Germany, second and third place – behind European business – were taken by Asia and North America. The Austrian companies therefore do a greater share of their business in Asia than the German companies. A total of 5% of the Austrian companies stated that they also do business in Asia, which is far higher than in Germany. 2% of the Austrian companies answered that they do business in Africa, while no others did. German companies make no use of the African market whatsoever (2011: 2%).

ON WHICH CONTINENTS ARE MOST OF YOUR CUSTOMERS?

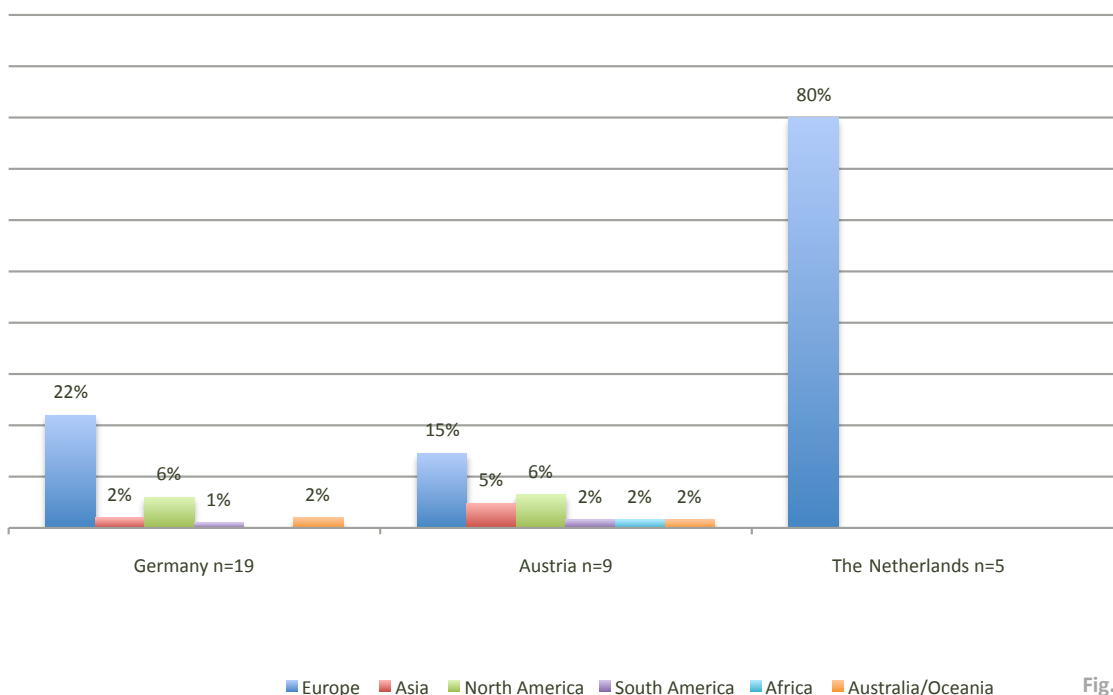


Fig. 13

We further asked in which sectors the companies' customers largely operate. Multiple answers were possible. The results are self-explanatory in a country-by-country comparison. In Germany, the survey participants' customers once again operate most frequently in the telecommunications and Internet sector. It was gratifying to learn that the share of German survey participants who stated that they had no information about their customers' fields of activity declined from 34% to 25%. Otherwise the answers to this question changed only slightly. The reason for this may either be that this year more providers have supplied information

about their customers' fields of activity, or that we have now been able to reach more providers who engage in consumer business. The percentage of participants who gave an answer to this question climbed from 5% to 27% compared with the previous year.

The fields of telecommunications and Internet, advertising agencies, consumers and technology (hardware and software) are also very strong in Austria, the Netherlands and Switzerland. The reason for the differences may be found in the different sizes of the various markets.

IN WHICH INDUSTRY SECTORS DO YOUR CUSTOMERS PREDOMINANTLY OPERATE?

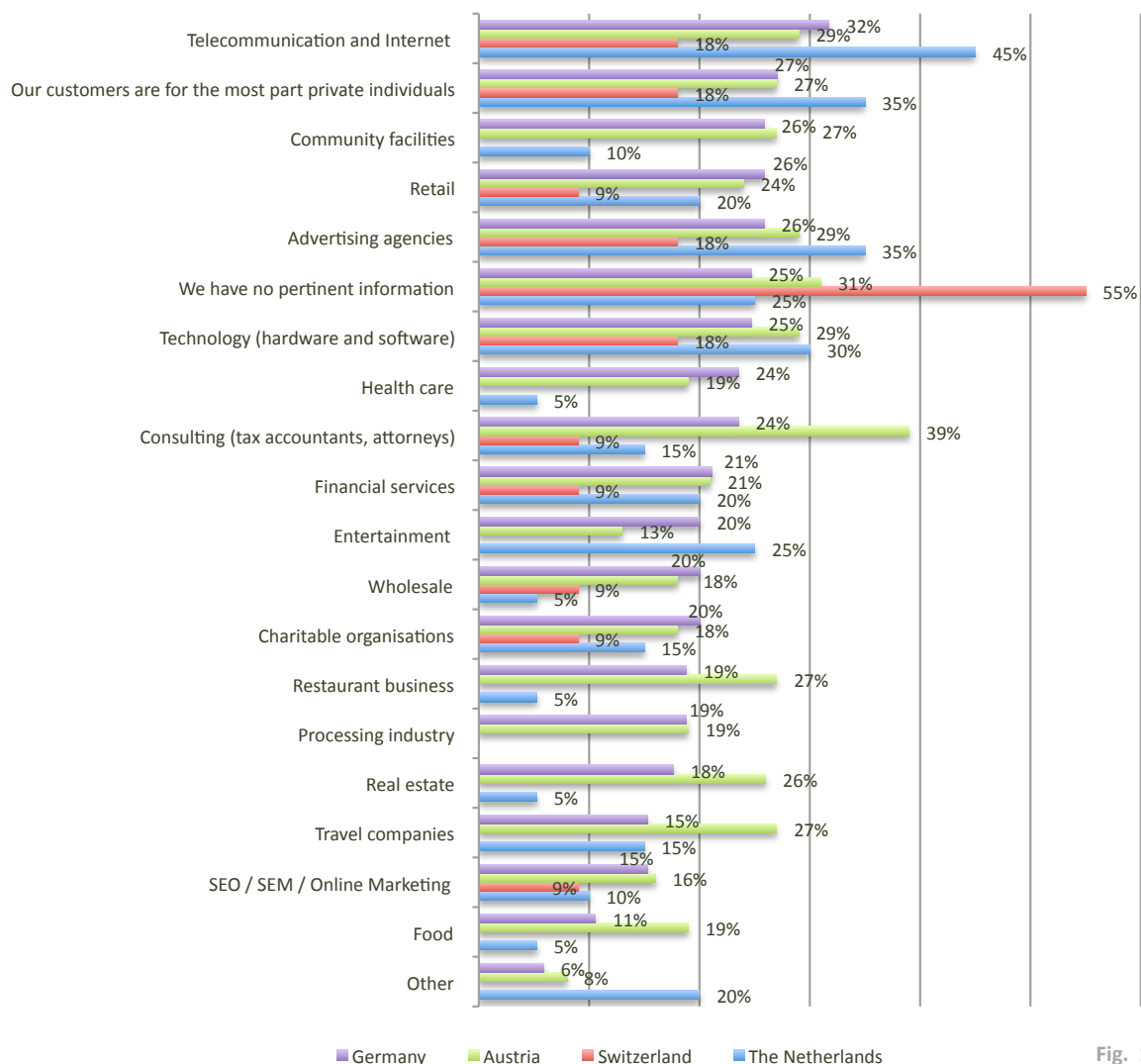


Fig. 14

B. Questions about the domain name business

We were furthermore interested in finding out in which other business segments the participating companies are active. With respect to additional services, the hosting segment comes in first place in all four countries. Second and third place are taken by the segments email and data centre services/servers, also in all countries, but in some countries in reverse order. There are, however, differences between the markets we examined in several other business segments. While in Germany 9% of the companies stated that they offer their customers services in the area of brand management, there was not a single provider in this field in Austria and Switzerland. In the Netherlands at least 5% of the providers cover this business area. This is an astonishing result, not least because the issues of brand protection in the Internet, domain grabbing,

phishing and the sale of plagiarised products, and the risk of becoming a victim of fraudulent offers are currently the focus of intense debate.

The discussion on the introduction of new top-level domains is also marked by heated arguments about the possibility of ensuring appropriate brand protection and, vice versa, how the risk of misuse can be properly curbed in the context of ICANN's new gTLD programme. Therefore it comes as a surprise that only few, or no providers, offer their customers services which help them to fight misuse appropriately and effectively. It is difficult to imagine that there is no market for services of this kind. Rather, it is necessary to think about offering the respective services to existing and new customers to begin with and in an appropriate way.

IN WHICH BUSINESS SEGMENTS ARE YOU ACTIVE AS WELL?

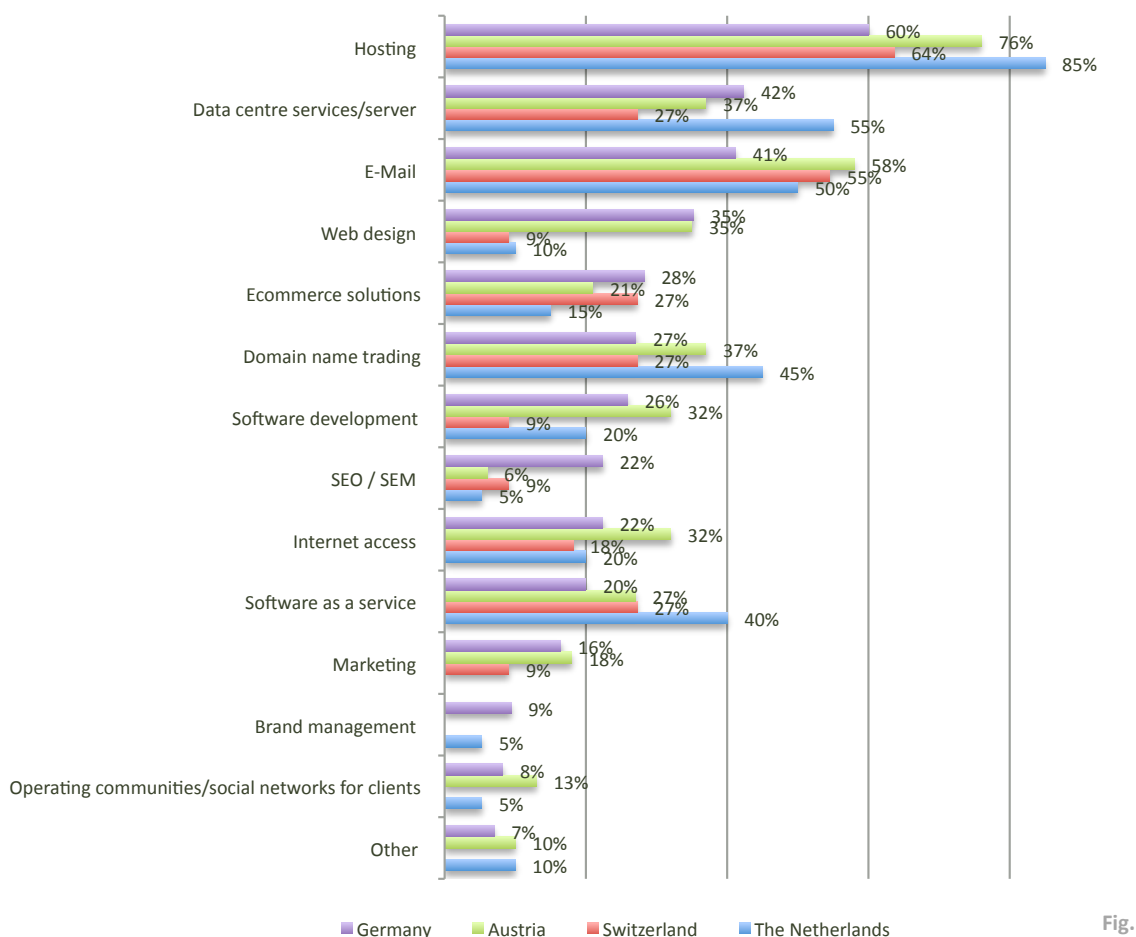
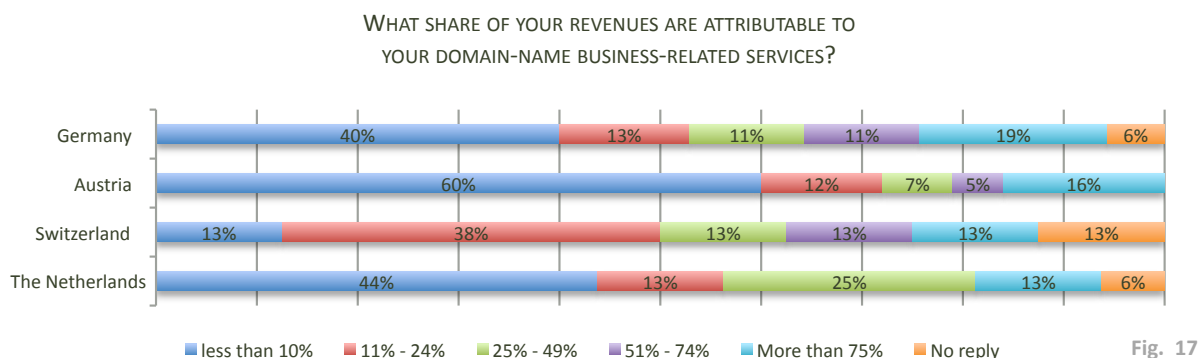
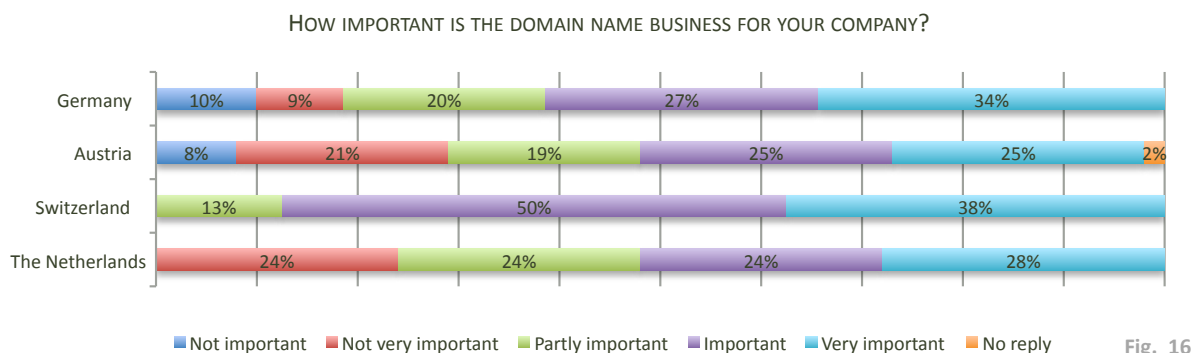


Fig. 15

The question on the importance of the domain name business for the participating companies should, within reason, be considered in connection with the question regarding what percentage of the revenues is attributable to the domain name business. First of all, it must be noted that in all four countries the percentage of companies that consider the domain name business to be important and very important is at least 50%. It is regarded as not important only by 10% in Germany and 8% in Austria. When comparing the different shares of revenues which are attributable to the domain name business, it must furthermore be noted that in all countries the percentage of companies which earn more than 75% of their revenues in the domain name business is considerably lower than the percentage of those who consider the domain name business very important for their company. This discrepancy also becomes more apparent when one combines both percentile values for the categories 'important' and 'very important' and compares this total value for each country with the percentage of companies who earn more than 75% revenue from their domain business activities. Thus in Germany,

61% of the companies which consider the domain name business important or very important compared to 30% of the companies who achieve more than 50% of their revenues from domain-name-related activities. In Austria, the ratio is 50% to 21%, in Switzerland 88% to 26% and in Austria 52% to 13%. If we also consider the significant percentage of those companies that earn less than 10% of their total revenues from domain-related activities, it becomes apparent that the domain name business is considered disproportionately important by the respective companies compared to the revenues earned from such activities. This might permit us to conclude that it is relatively 'easy' to make money in the field of domain names because the business requires relatively few resources. As we will see later on, however, the obvious appeal of the domain name business does not result in sales promotion activities, a broader product portfolio, or an expansion of the domain name business. It is also worthy to note that among the providers in Germany, the distribution of the revenues for domain names has remained nearly identical to the previous year.



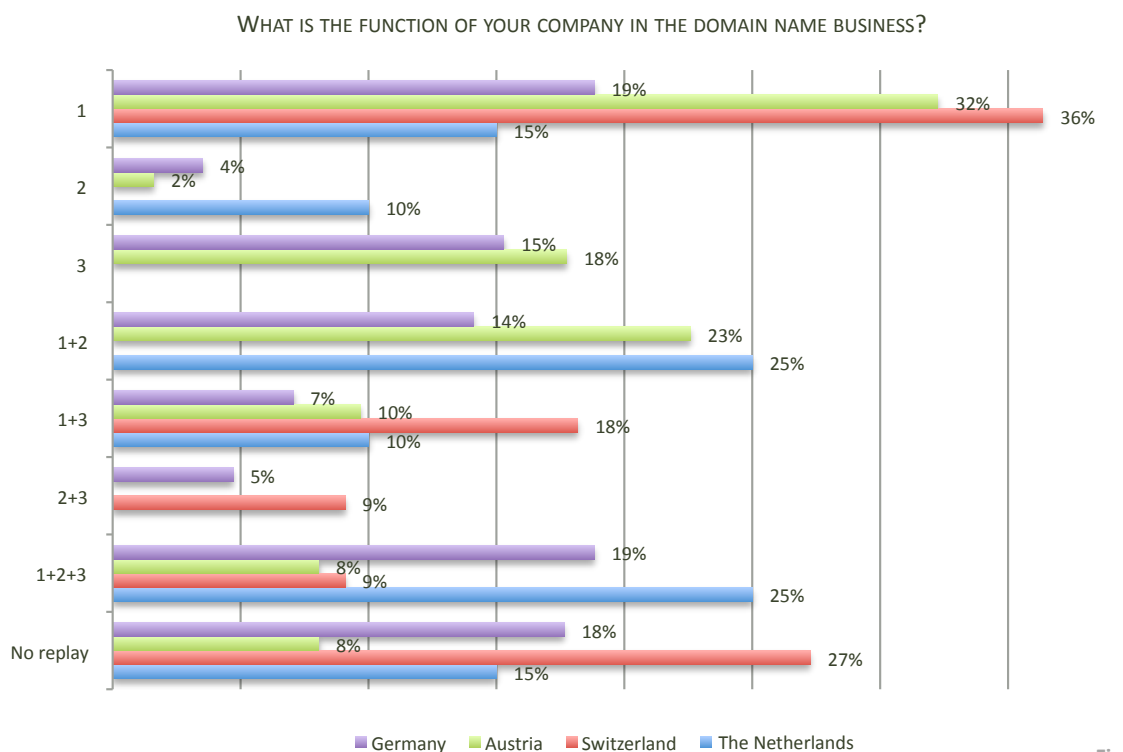


Fig. 18

1 - We sell domain names online to companies and private individuals (registrants).
 2 - We sell domain names to resellers (resellers).
 3 - We resell domain names (resellers).

Even though many end customers do not realise this, a closer look in fact reveals a network of business connections amongst domain name providers that is sometimes difficult to disentangle. Only those registrars that have a direct contractual relationship with the respective 'central registry', such as EURid for '.eu' or Verisign for '.com', are accredited there. Due to the large number of globally existing top-level domains, hardly any providers have their own accreditations with all registries. Some of the reasons for this are the complexities of the technical link to the various registries, the lack of relevance of certain top-level domains and the great relevance of other top-level domains respectively, as well as the financial obligations resulting from the accreditations, such as minimum purchases. Therefore, apart from those companies that do business solely on the basis of their own accreditations, all market participants purchase such top-level domains from third parties whilst they are not accredited themselves.

Historic developments of one's own company, personal contacts, as well as special price campaigns by providers, lead to the establishment or maintenance of contractual relationships with various 'domain name suppliers'.

It is safe to assume that the standardised introduction of new top-level domains, which is intended with this programme, will lead to a large number of new registries, but connecting them would probably exceed the capacities of many registries. It is likely that only a relatively small number of companies are actually going to try and use all, or nearly all, new suffixes. Rather, the vast majority of the domain name providers are probably going to offer new TLDs as resellers and only maintain, or obtain, their own accreditations for the top-level domains which are most attractive in their respective business fields.

When looking at the question of how many different top-level domains the companies offer their customers, the picture we get for the different countries is highly heterogeneous. In Germany 26% of the participants indicated that they offer more than 250 TLDs, the same number as last year. We were pleased to find out that the percentage of those companies that offer fewer than 10 TLDs declined from 28% to 22% while the share of companies offering 10 to 24 TLDs almost doubled from 8% to 15%. The largest group in Austria was

that of 25–49 TLDs (28%). However, the percentage of companies offering more than 50 domains is altogether smaller than in the other countries. The largest selection of TLDs is available in the Netherlands. None of the participants stated that he or she offers fewer than 10 TLDs. In contrast, 43% of the participants offer their customers more than 250, and 22% between 100 and 249 TLDs.

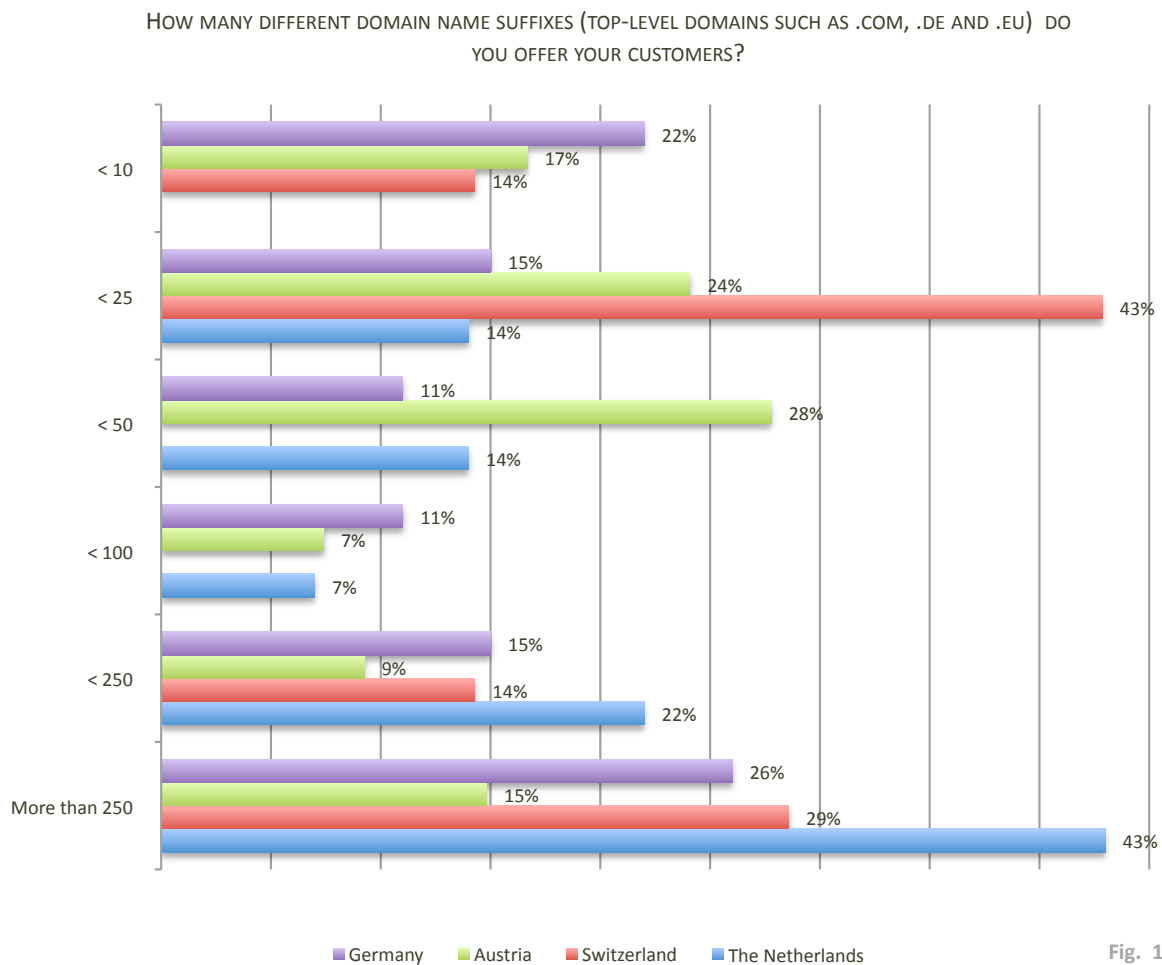


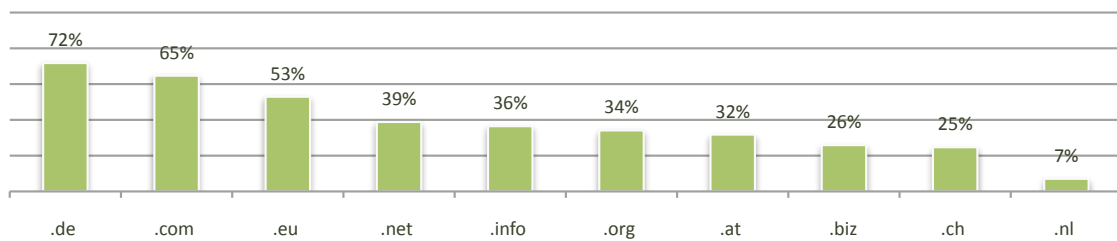
Fig. 19

The answers to the questions regarding which are the survey participants' best-selling TLDs are self-explanatory. The fact that in Germany, Austria and Switzerland, the respective country suffix is the one that sells best, followed by the suffix .com, is

especially noteworthy. The situation is different in the Netherlands where .com is the most attractive suffix, and the country suffix is only ranked second amongst the best-selling domain names.

WHICH 10 TOP-LEVEL DOMAINS DO YOU SELL THE MOST OF?

GERMANY N=85



AUSTRIA N=62

Fig. 20

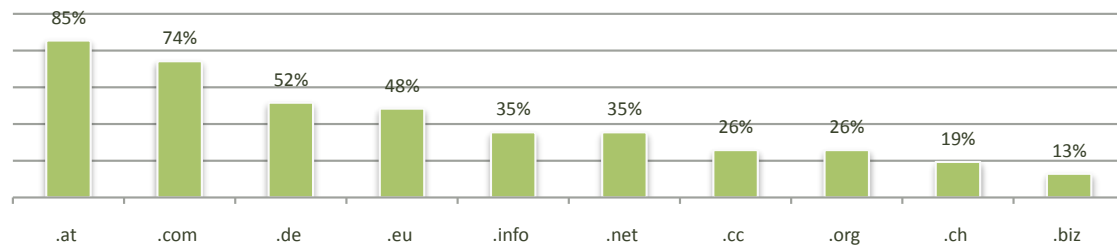


Fig. 21

SWITZERLAND N=11

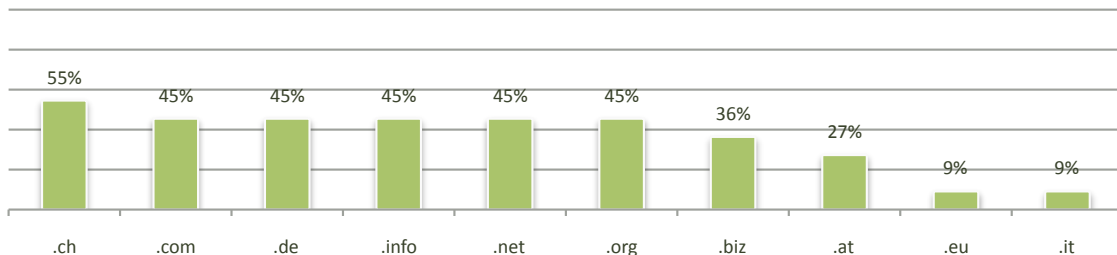


Fig. 22

THE NETHERLANDS N=20

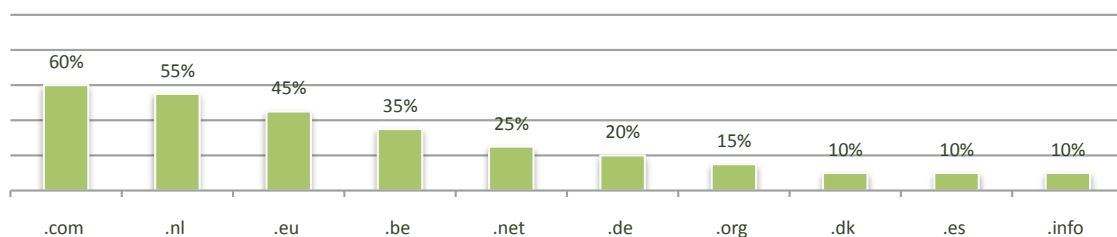


Fig. 23

C. Questions about services/marketing

We furthermore wanted to know how the providers maintain contact with their resellers. The possible responses ranged from personal visit with the reseller, to merely providing information on the company's website. Only the Dutch companies foster personal contact with resellers to any considerable degree by making personal visits. A total of 15% of Dutch participants stated that they engage in visits of this kind. In Switzerland this kind of customer liaison is not practised at all, while in Austria and Germany, only a few providers – 3% and 6% respectively – actually seek contact with

their contractual partners. The largest percentage of providers – 30% – also engage in personal meetings in the Netherlands on a regular basis. The German providers especially, have opted for a more reactive approach. 36% of respondents stated that they answer queries by resellers. Almost exactly one-quarter of providers in both the Netherlands and Germany stated that they send out newsletters and provide information on their website. These are the two countries that engage the most in these activities.

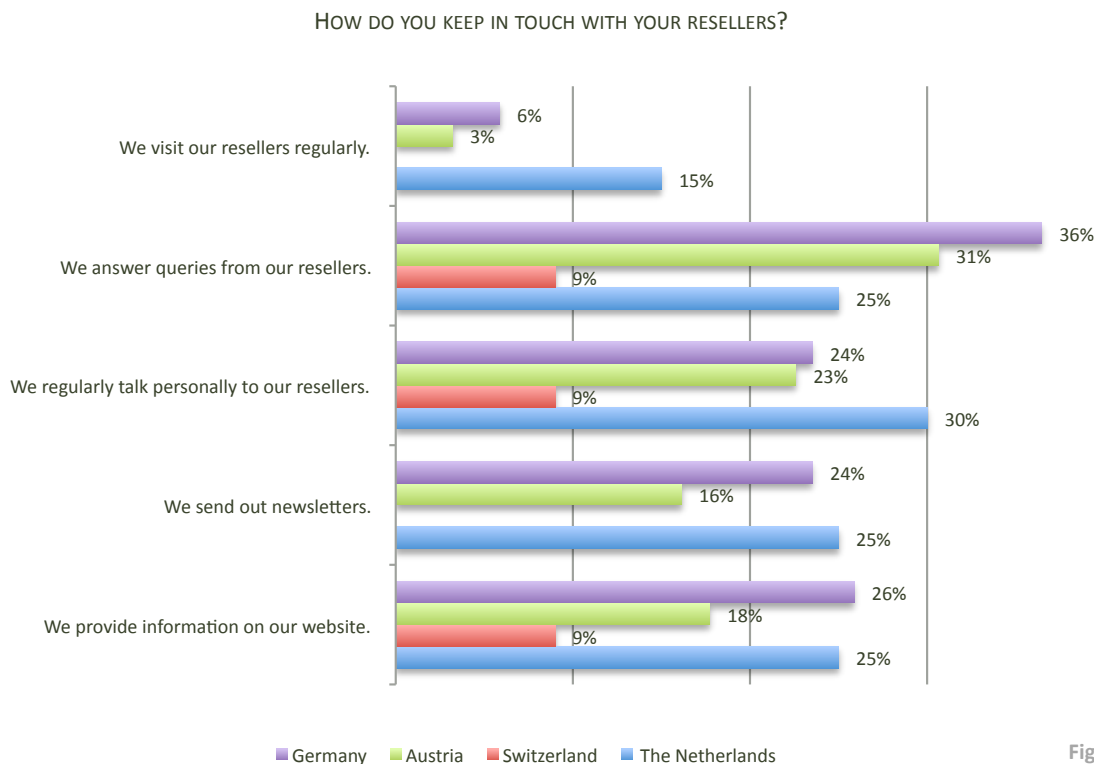


Fig. 24

In their responses to the question regarding their sales support for resellers, the survey participants demonstrated a clear preference for limited-time discount prices. In Switzerland the sales support was even exclusively limited to this type of activity, although a total of seven alternative options were offered. Training courses are conducted to a small extent, but only in Germany and Austria. When it comes to generating their own information material, German providers take the lead with a meagre 14%. The marketing departments of the registries are likely to find the insight sobering which was felt by the German market last year – that the domain

name providers only forward a small amount of the information materials produced by the registries, to their resellers. One would think that it would be easy to forward material that is already finished to resellers. Astonishingly, however, at least in Germany and Austria, the percentage of companies that produce their own information materials is larger than the percentage who actually forward it on. There seems to be an urgent need in this respect for the registries to educate and persuade their accredited registrars and members to increase the distribution of the available information.

WE ASSIST OUR RESELLERS IN THEIR SALES PROMOTION BY WAY OF:

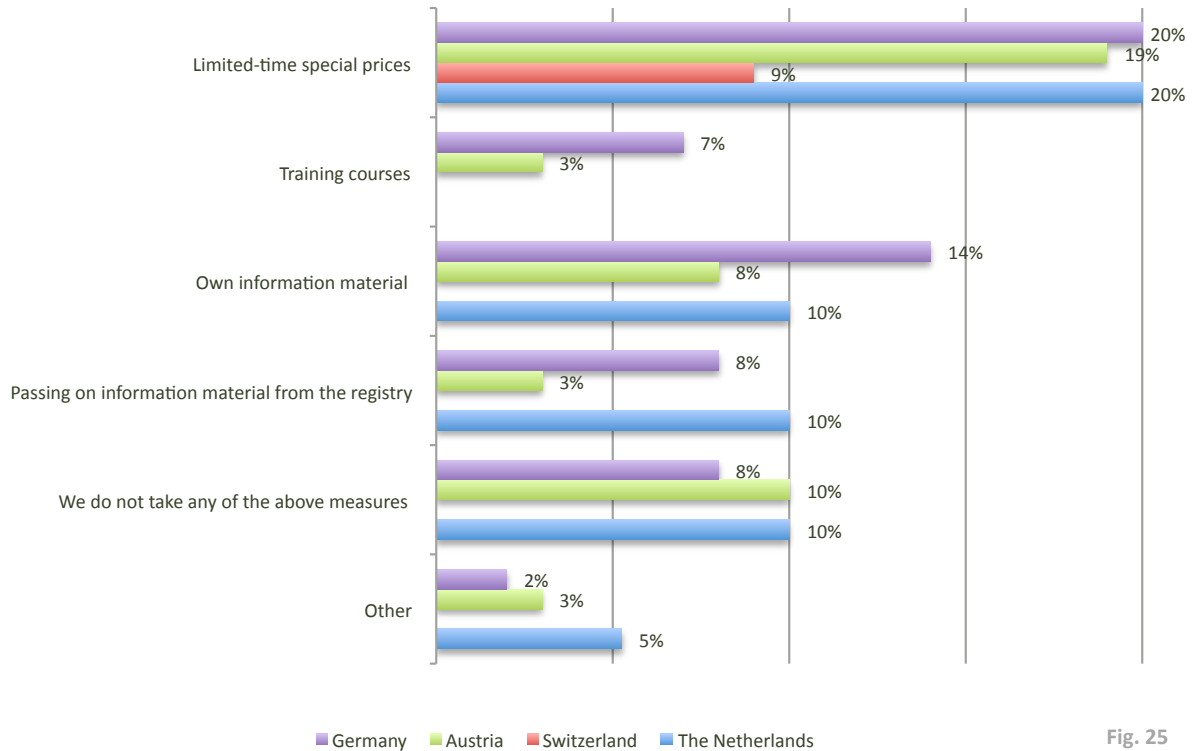


Fig. 25

The next question also concerned the issue of marketing domain names. Here the providers could indicate how they assessed their agility in the field of marketing domain names, with the response categories ranging from 'not at all active' to 'very active'. It turned out that the industry sector seems to be pervaded by a certain amount of lethargy. In Switzerland – perhaps because of the relatively small number of participants – it turned out that not a single company considers itself active or very active in the marketing of domain names. A total of 34% of companies stated that they are not at all, or only barely active. We still have not reached the nadir, however. In Germany and Austria a total of 55% of

the survey participants stated that they are not at all or barely active. To be sure, no less than 9% and 17% respectively of the survey participants in Germany, stated that they were very active or more active than average companies. In Austria the percentages are 12% and 7% respectively. Altogether, however, the Netherlands stand out in a positive sense here, as they did for the last question. Only 42% of the participants stated that they were not at all or only barely active. A total of 17% believe that their degree of activity is average, while 25% believe they are more active than the average, and 8% even consider themselves to be very active.

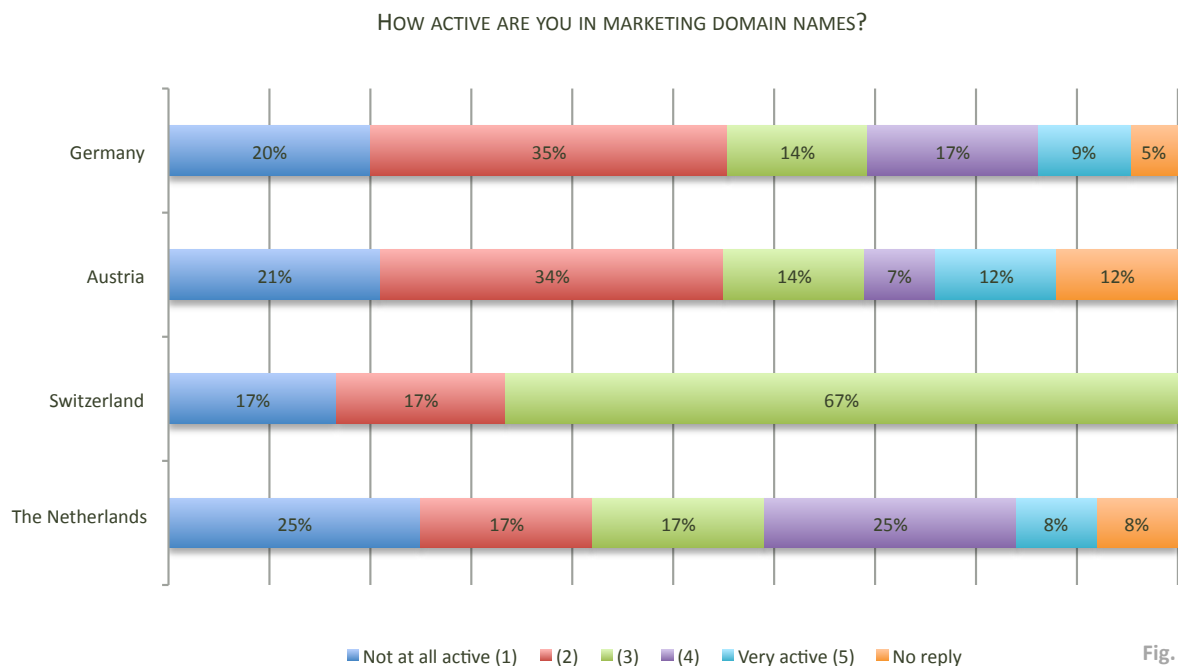


Fig. 26

Similar to last year, we also wanted to know, in the current survey, how satisfied the domain name providers are with the service of the registries where they are accredited. The participants from Switzerland turned out to be the most satisfied customers. A total of 33% of customers stated that they were very satisfied, and 67% rated the service of their registries four on a scale of one (dissatisfied) to five (very satisfied).

The Swiss companies were also very satisfied (67%) with the resellers, from whom the survey participants purchase domain names. We get a comparably positive picture amongst the survey participants from all other countries, too.

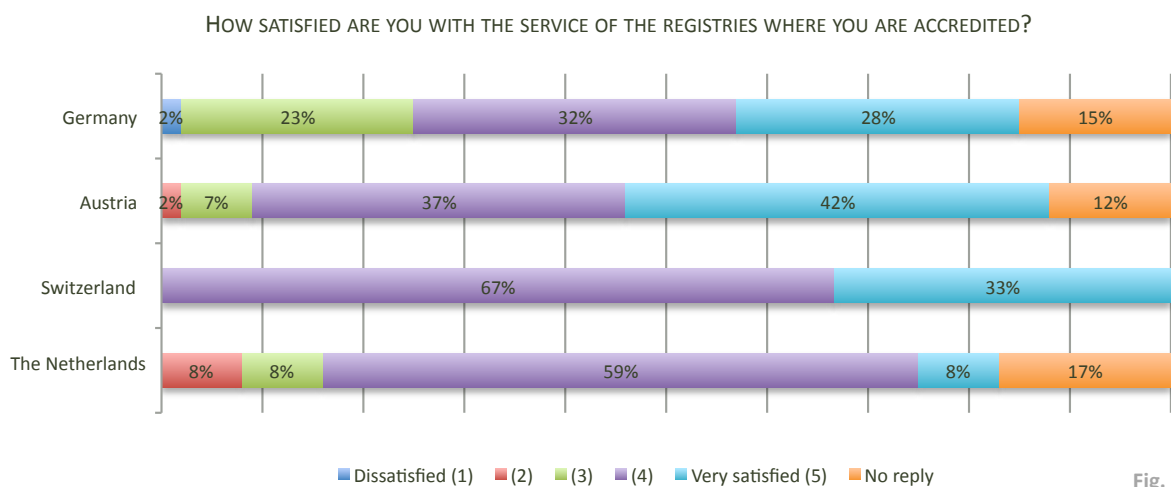


Fig. 27

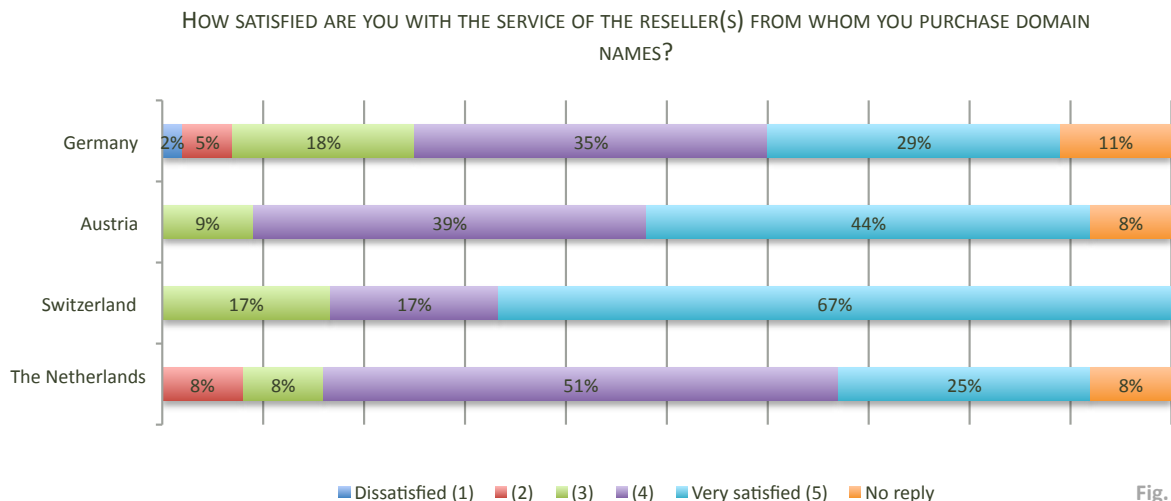


Fig. 28

As a follow-up to the question about the degree of satisfaction with the respective domain name supplier, we asked the participants to tell us if they were planning on switching their domain name suppliers within the next twelve months. It turned out that in all countries, the vast majority of companies were loyal to their existing contractual partners. In Switzerland no company was playing

with the idea of changing suppliers. The Netherlands led the field with 9% ahead of Germany, with 5% and Austria with 4%. This year the participants from Germany demonstrated even greater satisfaction with their suppliers. After all, last year, no less than 11% were planning to switch their providers.

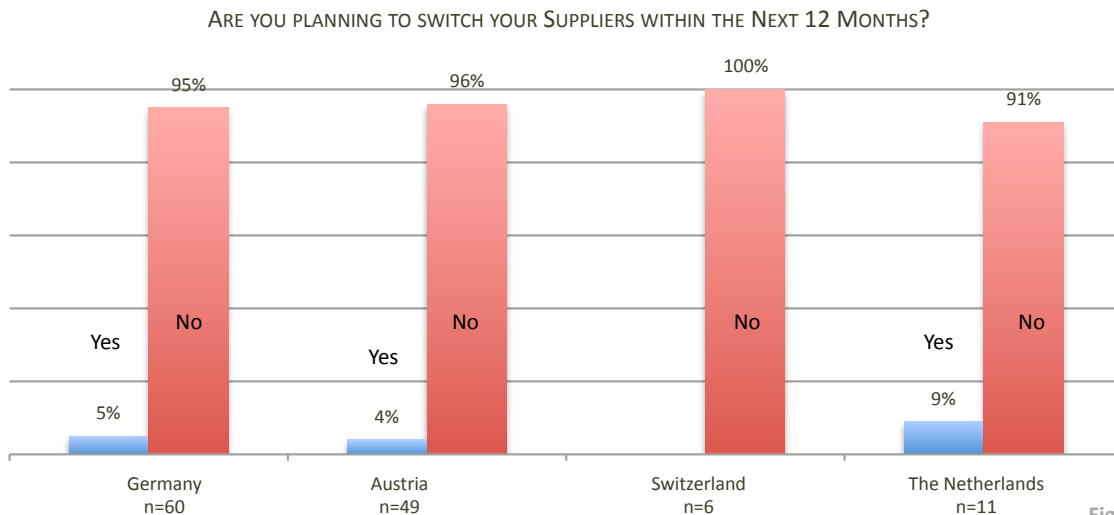


Fig. 29

We furthermore asked which criteria were especially important to the providers with respect to their registrants and their resellers. The categories we offered were 'Personal availability and support', 'Low prices' and 'Technical availability'. The overall picture was nearly the same, regarding this question, in Austria and the Netherlands. The providers rated 'Personal availability and support' and 'Technical availability' as almost equally important. Compared to the two other countries we surveyed, low prices

were considered less important. The situation is different in Switzerland – here 67% of the providers stated that, for them, low prices were a decisive factor. Only 33% considered the criterion 'Personal availability and support' particularly important. This criterion, however, was relevant to the German companies. A total of 46% of the surveyed participants considered 'Personal availability and support' the most important criterion in their customer relations.

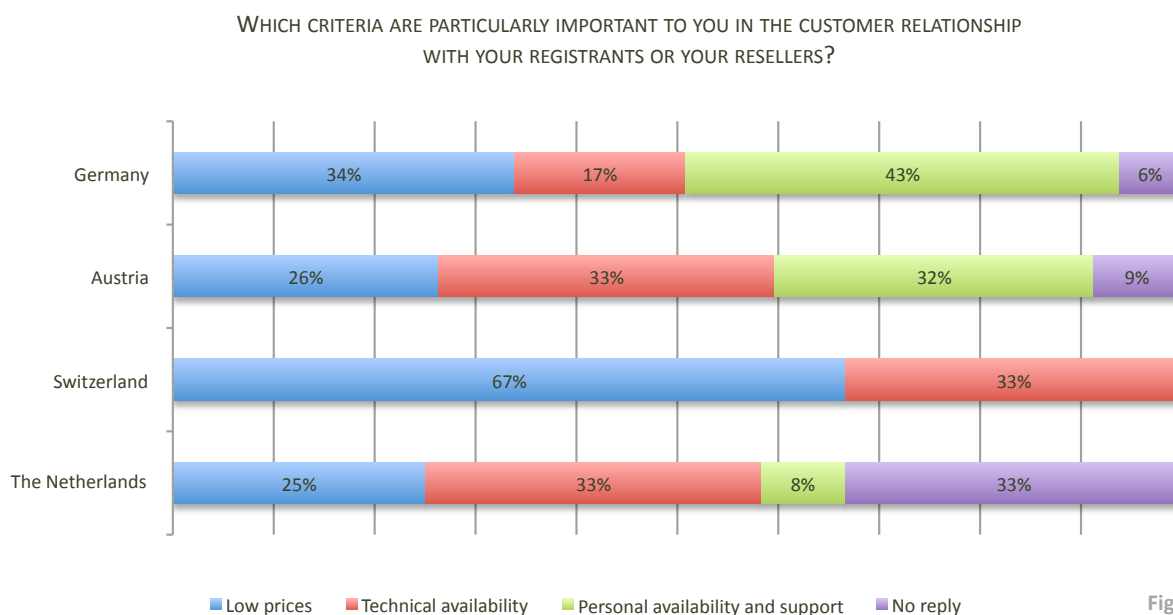


Fig. 30

D. Questions about trends

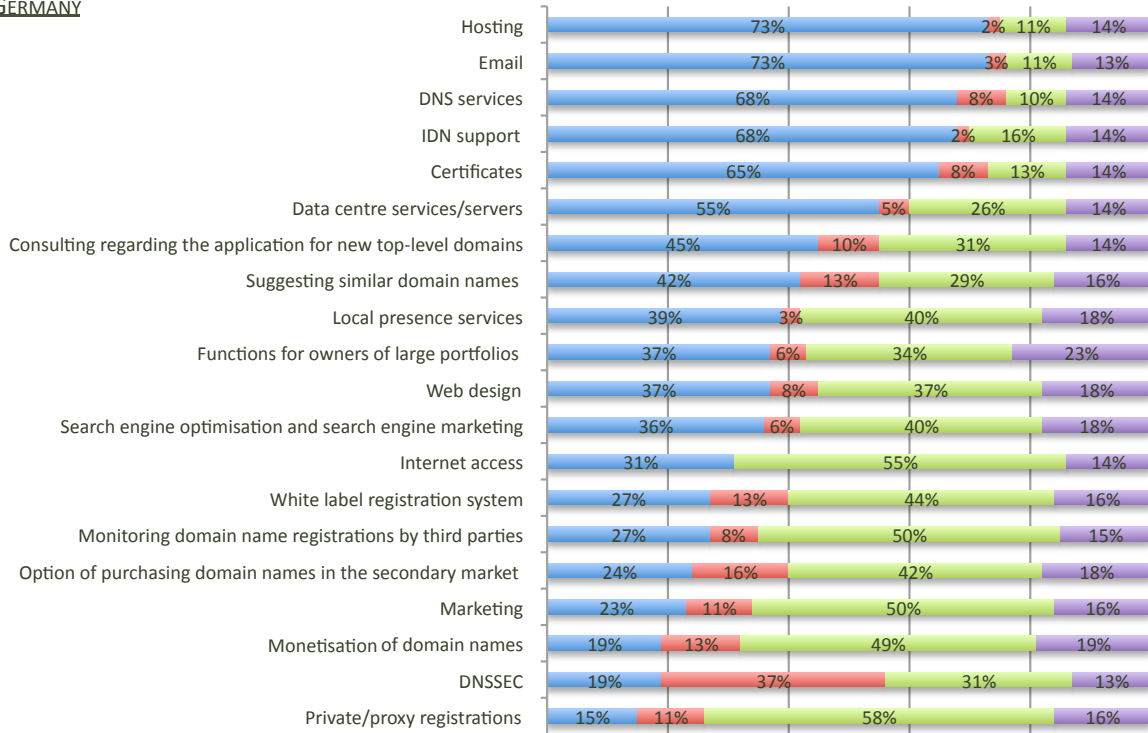
In order to track the industry's trends and plans for next year, we asked whether various services were already being offered by the companies, which were originally planned to be offered within the next twelve months, or were not planned to be offered at all. The respective illustrations are self-explanatory.

Nonetheless, we would like to draw special attention to a few aspects. In last year's survey, 17% of the participants in Germany stated that they were already offering DNSSEC. A total of 45% said they were planning to introduce the DNSSEC within the next twelve months. If these plans had in fact been carried out, 62% would already be offering the DNSSEC today. In fact, at this point only 19% of companies already offer DNSSEC. Even though this result may be explained in part by the incongruous nature of the circle of participants compared to the previous year, the figure of 2% growth is meagre. This is particularly true when considering that with 37% of companies planning to offer DNSSEC during the next twelve months, the total percentage of those who have already implemented, and are planning to implement, DNSSEC has declined. In other areas, however, it has turned out that a larger percentage of German companies are now offering services we inquired about last year. For example, the percentage of companies offering certificates climbed from 61% to 65%. The percentage of companies offering their customers alternative domain names, when the desired domain names are not available, also rose from 38% to 42%. A total of 39% compared to 27% last year stated that they were offering their

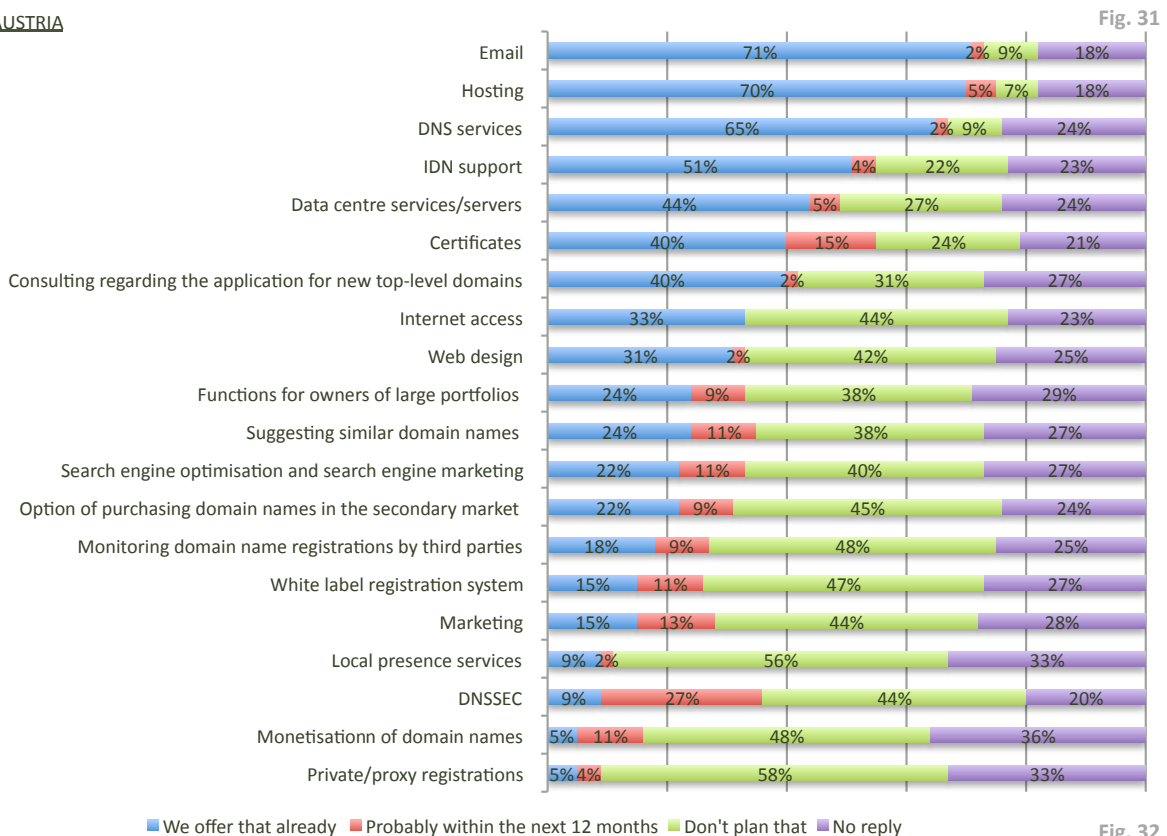
customers Local Presence Services. Only 40% of the participants compared to 50% last year intend not to implement this. It is interesting to note that the share of German companies (24%) that are already offering their customers the option of purchasing domain names in the secondary market, or are planning to do so within the next twelve months (16%), has remained the same. While it is true that 'used domain names' are available in the market, this potential growth area is still hardly taken advantage of. Many end consumers are apparently not even aware of the possibilities of acquiring domain names in the secondary market, when this is often just a simple case of entering a new registration. Many providers are therefore missing out on a potentially considerable amount of additional business in this area. The greatest market penetration, with respect to offers in the secondary market, is to be found in the Netherlands with 37%. Another 27% of the Dutch participants are planning to introduce offers of this kind within the next year. With regards to Switzerland, it will be interesting to see if the expectations of 50% of the companies, for offering their customers the option to purchase domains in the secondary market within the next 12 months, will be met. Moreover, email, hosting and DNS services are among the top three services that domain name providers are offering their customers.

WHICH INNOVATIONS OR ADDITIONAL SERVICES ARE YOU PLANNING TO OFFER YOUR CUSTOMERS WITHIN THE NEXT 12 MONTHS?

GERMANY



AUSTRIA



WHICH INNOVATIONS OR ADDITIONAL SERVICES ARE YOU PLANNING TO OFFER YOUR CUSTOMERS WITHIN THE NEXT 12 MONTHS?

SWITZERLAND

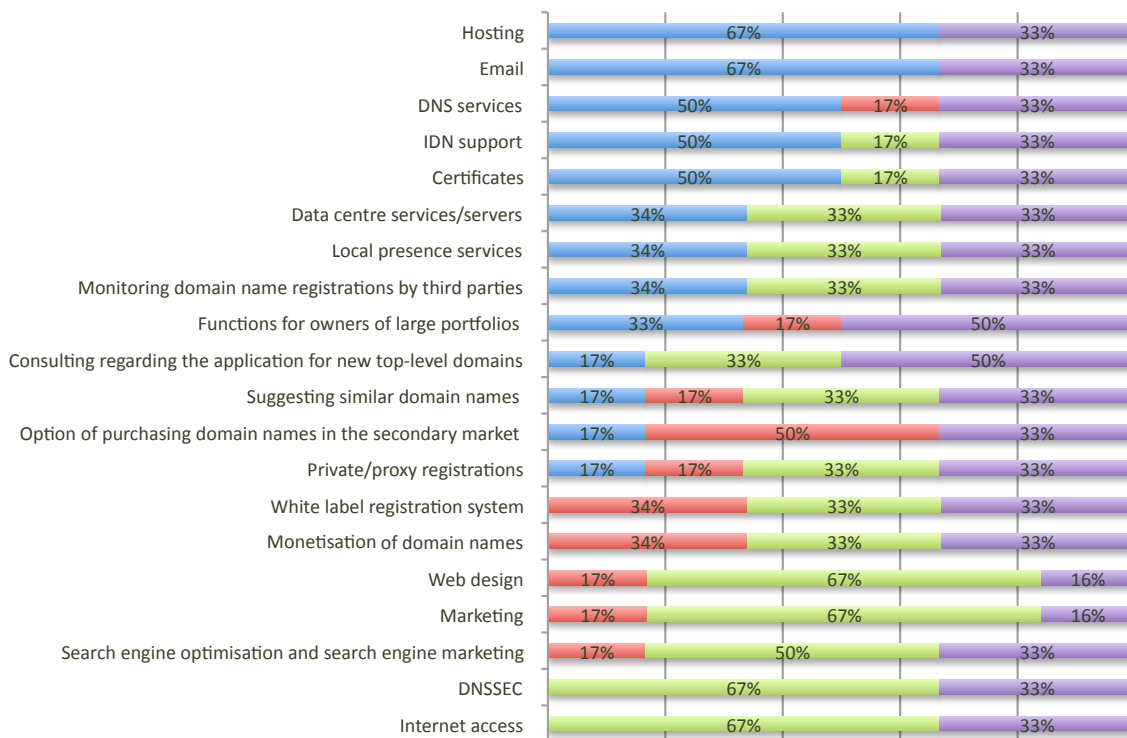
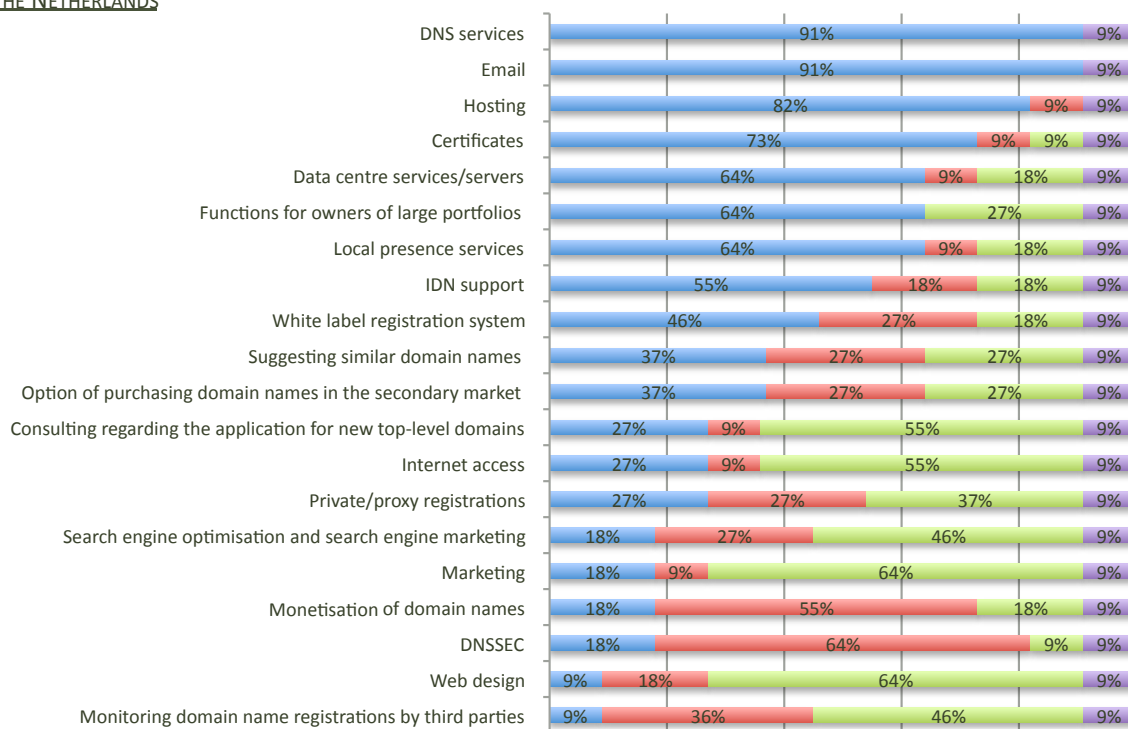


Fig. 33

THE NETHERLANDS



■ We offer that already ■ Probably within the next 12 months ■ Don't plan that ■ No reply

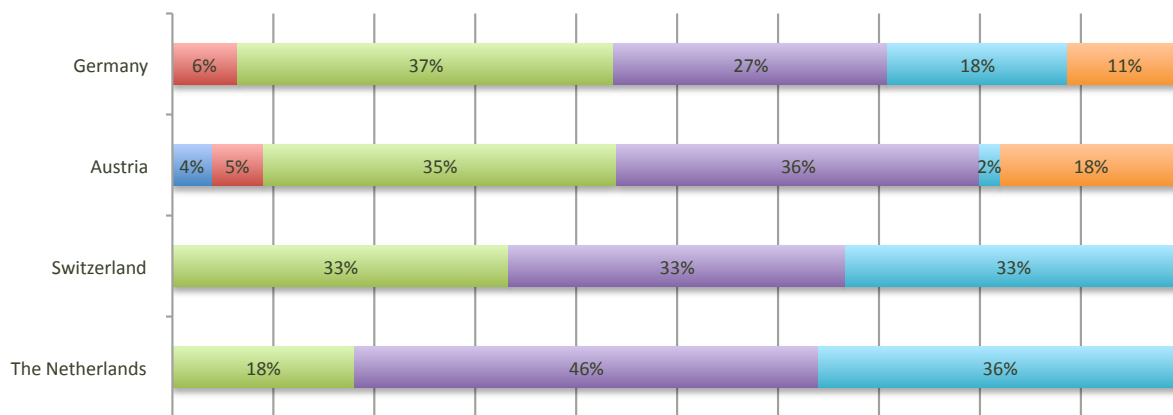
Fig. 34

In answer to the question on the survey participants' view of the overall business development in the next 24 months, with respect to their market and the general domain name market, it was revealed that in all countries – as was already the case in Germany last year – the participants' expectations concerning the business development of their own company is more positive than that of the entire domain name market as a whole. The Dutch companies outlook to the future was the most optimistic. A total of 36% believe that their

business is going to grow strongly. This percentage is twice as high as in Germany. Germany and Austria also have the largest percentage of pessimists.

However, this should not make us fail to see that in a country-by-country comparison, only very few participants consider the business to be declining. Only Austrian survey participants indicated that they believe the business is going to strongly decline.

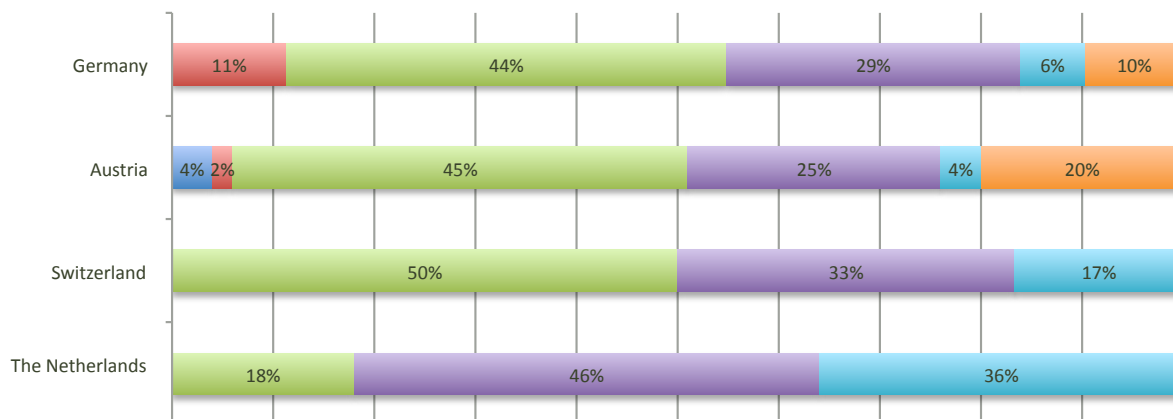
WHAT IS YOUR ASSESSMENT OF THE BUSINESS DEVELOPMENT OVER THE NEXT 24 MONTHS WITH RESPECT TO YOUR COMPANY?



■ Business will experience a strong decline. (1) ■ (2) ■ (3) ■ (4) ■ Business will experience strong growth. (5) ■ No reply

Fig. 35

WHAT IS YOUR ASSESSMENT OF THE BUSINESS DEVELOPMENT OVER THE NEXT 24 MONTHS WITH RESPECT TO THE TOTAL DOMAIN NAME MARKET?



■ Business will experience a strong decline. (1) ■ (2) ■ (3) ■ (4) ■ Business will experience strong growth. (5) ■ No reply

Fig. 36

In consideration of how ubiquitous certain social media sites are and of the market power of search engines we asked: Do user profiles on social media sites, which can be used instead of an own domain name, or search engines, which users can employ instead of domain names for the purpose of finding information, constitute a threat for the domain name business? The participants could choose between five categories ranging from 'no

risk' through to 'a predicted high risk'. The largest percentage of participants who see a great risk in social media sites and search engines is to be found in Austria. Here the percentage is 9% and 15%, respectively, of the survey participants. For both aspects combined, it is the participants from Germany who consider the risks the greatest. The participants from Switzerland see them as the least threatening.

DO THE FOLLOWING ISSUES CONSTITUTE A THREAT FOR THE DOMAIN NAME BUSINESS IN YOUR OPINION?

CUSTOMERS USE A USER PROFILE ON SOCIAL MEDIA SITES RATHER THAN THEIR OWN DOMAIN NAME

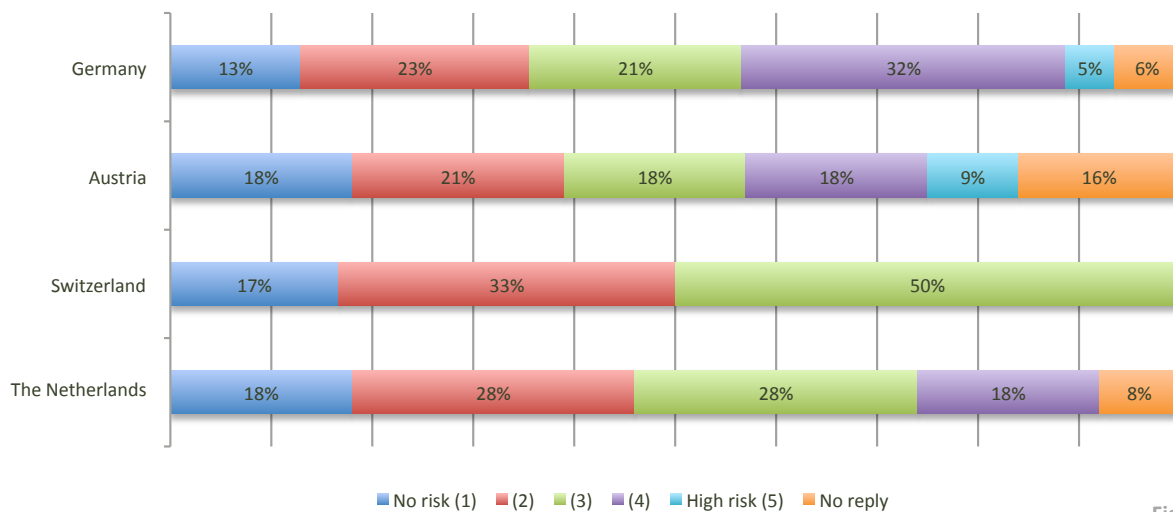


Fig. 37

CUSTOMERS USE SEARCH ENGINES RATHER THAN DOMAIN NAMES FOR FINDING INFORMATION

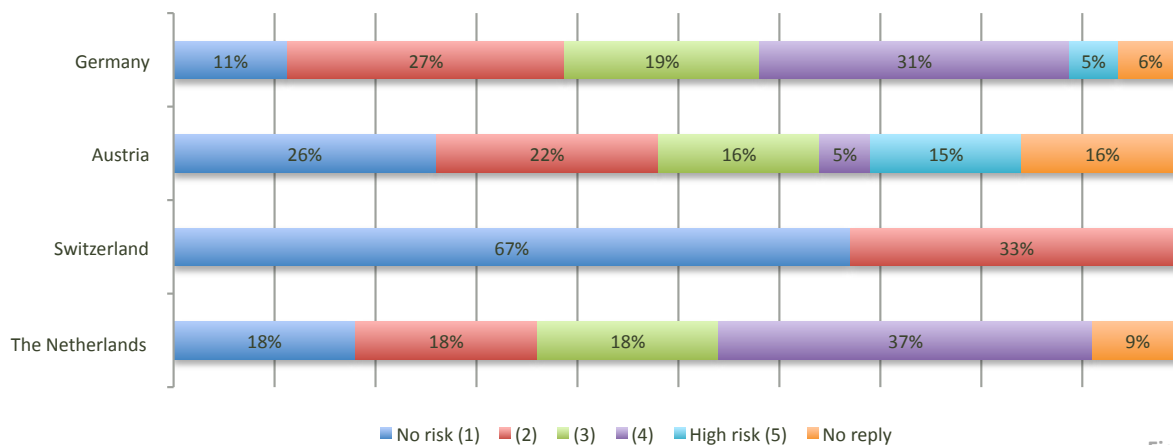


Fig. 38

The new gTLD programme of ICANN, which has been talked about for years, has now been put into practice. For this reason we made new top-level domain names a focus of this year's survey. To begin with, we asked the participants what they thought the chances were, of new TLDs in different categories being successful. On the one hand we asked about the chances for success of company TLDs, and on the other, of generic names such as .radio, .movie and .sport, and finally with regards to geographic domain names such as .berlin, .bayern (Bavaria) and .nyc. Especially in the Netherlands the overall picture was between indifferent and negative. In Switzerland we get a largely negative overall picture, with 68% of the participants believing that the chances for company TLDs are poor. A total of 84% believe that the chances for success of geographic TLDs are bad or quite bad. The overall picture we get in Germany and Austria is somewhat similar, with an even larger percentage of participants from Austria giving the geographic TLDs excellent chances. However, we posed yet another question – enquiring as to what the chances for success are regardless of the respective category, but depending on the specific string. In other words, the specific TLD. As was the case in Germany last year, it consistently turned out that the domain name providers consider new TLDs generally not promising, simply because they exist or because of their type. Rather, they assume that the specific suffixes stand a good chance of being successful if they are attractive. That is why the overall picture in response to this question is persistently much more

positive than for the questions about the individual categories. In Germany, 40% of the survey participants believe that the registries have excellent chances in the market with a specific TLD, while 24% still see good market opportunities for them. This insight is of special significance for all those who are planning to apply to ICANN for their own TLD, or have already submitted their application. Generic domain names cannot 'be purchased' directly at the registry. It is mandatory to go through the sales channel of accredited registrars or their resellers. To be successful in the market at all, it is essential for the registries to find registrars who offer the customers their TLD in a prominent manner. Given the probably large number of new top-level domain names that are going to be introduced before long, it is important to get the attention of the target group for any respective domain name. If no, or only few, registrars are prepared to alert their customers to the respective suffix, or to make a special promotions effort in its behalf, the chances that the customer is going to find it by him or herself is likely to be slim. In this context the response behaviour of the survey participants reveals that the domain name providers will certainly make a selection and only keep domain names in their portfolio that are attractive to them. Therefore it is necessary to establish good relations with registrars and to be able to persuade them now that the respective suffixes are going to be successful.

HOW DO YOU ASSESS THE CHANCES OF SUCCESS FOR NEW TOP-LEVEL DOMAINS?

GERMANY

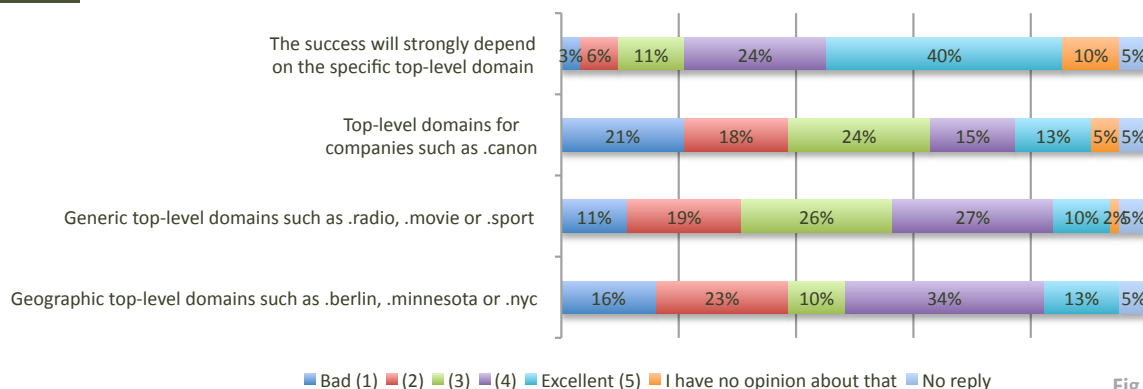


Fig. 39

HOW DO YOU ASSESS THE CHANCES OF SUCCESS FOR NEW TOP-LEVEL DOMAINS?

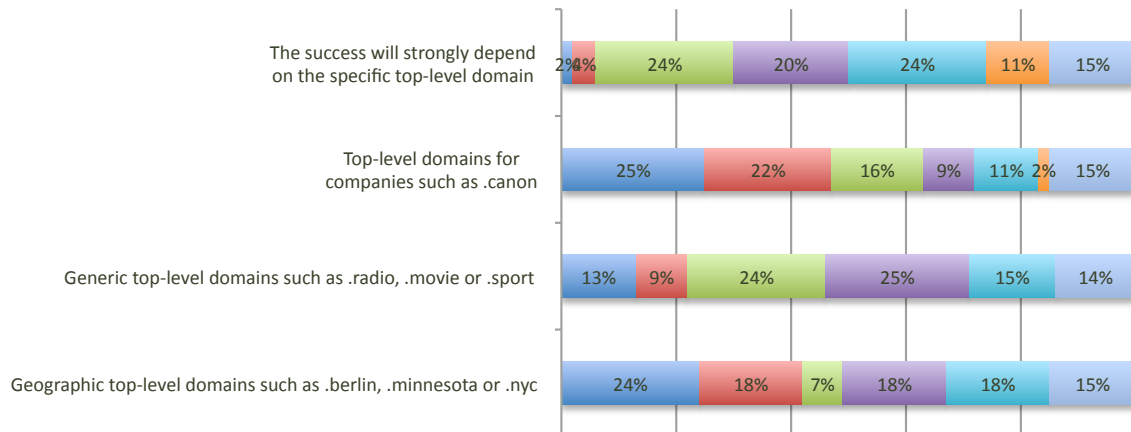
AUSTRIASWITZERLAND

Abb. 40

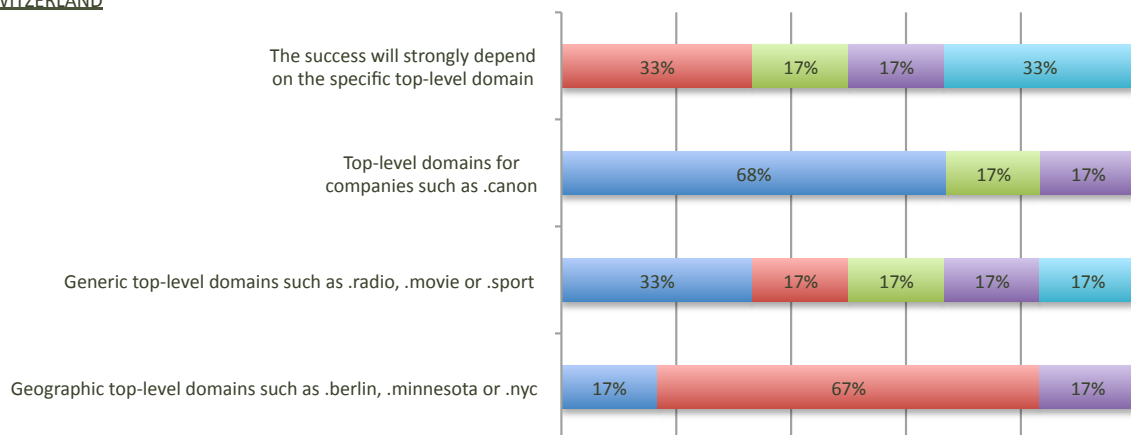
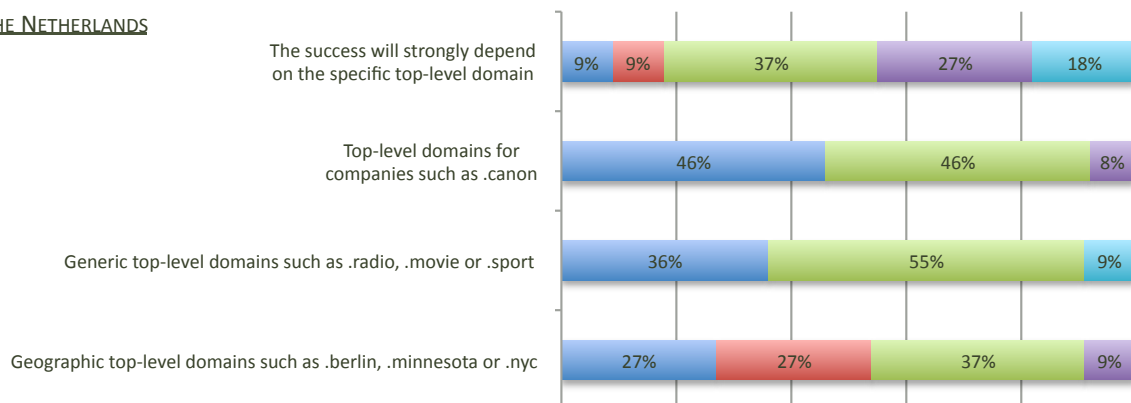
THE NETHERLANDS

Abb. 41



■ Bad (1) ■ (2) ■ (3) ■ (4) ■ Excellent (5) ■ I have no opinion about that ■ No reply

Abb. 42

What makes matters more difficult is that only a small percentage of the survey participants indicated that they were ready to make a special marketing effort for new TLDs. Only a little less than one-quarter of the companies in Germany are planning special activities on behalf of new TLDs. Despite this low percentage, Germany is still in the

lead in a country-by-country comparison. In Switzerland, only 17% of providers are planning pertinent activities and in Austria only 13%. In the Netherlands not a single participant stated that he or she is planning to undertake special promotional activities.

WILL YOU CONDUCT SPECIAL MARKETING ACTIVITIES FOR NEW TLDs?

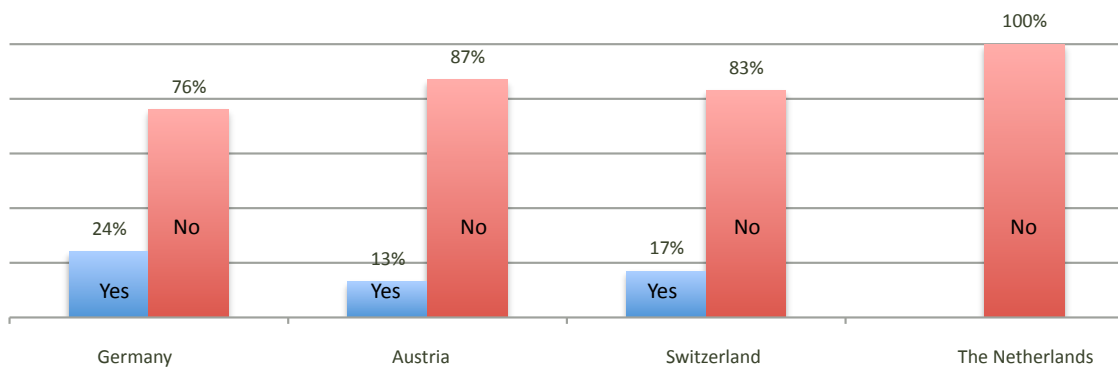


Fig. 43

The providers of the different country code suffixes will more than likely be pleased with the response to the question of whether or not geoTLDs are going to lead to a decline in domain name registrations of the 'respective ccTLDs'. In Switzerland, all participants answered the question in the negative. With 14%, Germany leads the group of those who assume that there will be a decline in domain name registration numbers, followed by Austria with 13%

and the Netherlands with 9%. However, this does not necessarily mean that geoTLDs are not going to be highly successful. Rather, we must assume that the registrants of a ccTLD might register additionally the geoTLD that is attractive to them. eco discovered this 'double-registration' process many years ago in a different context, during a survey about new TLDs.

DO YOU EXPECT GEOGRAPHIC TLDs TO LEAD TO A DECLINE OF THE DOMAIN NAME REGISTRATIONS OF THE RESPECTIVE ccTLDs?

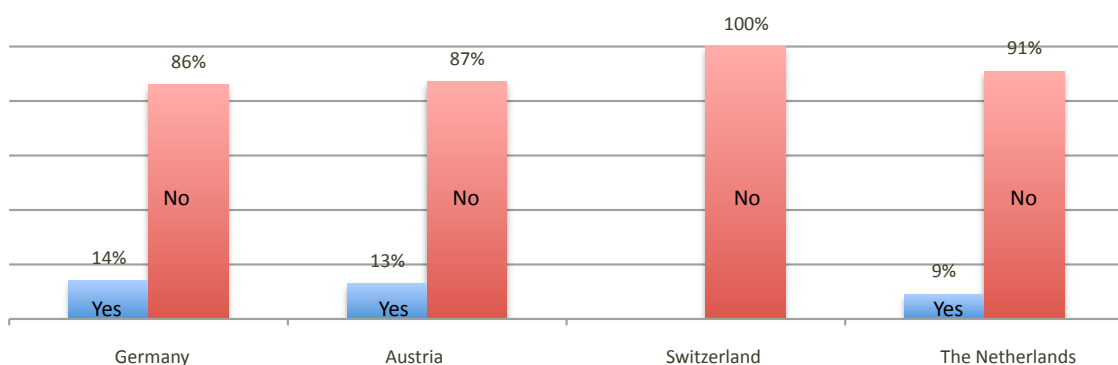


Fig. 44

We furthermore asked about the interest in having an own TLD which the domain name providers recognise amongst their customers. The majority in each country stated that they had no customers who wanted to apply for their own TLD. The greatest interest in participating in the application process at ICANN could be determined in Germany and

Austria, in equal amounts. Just more than 30% of the survey participants in either country stated that they have up to five customers who are interested in their own TLD. However, there are also providers who have even more than 20 customers indicating their interest in their own TLD.

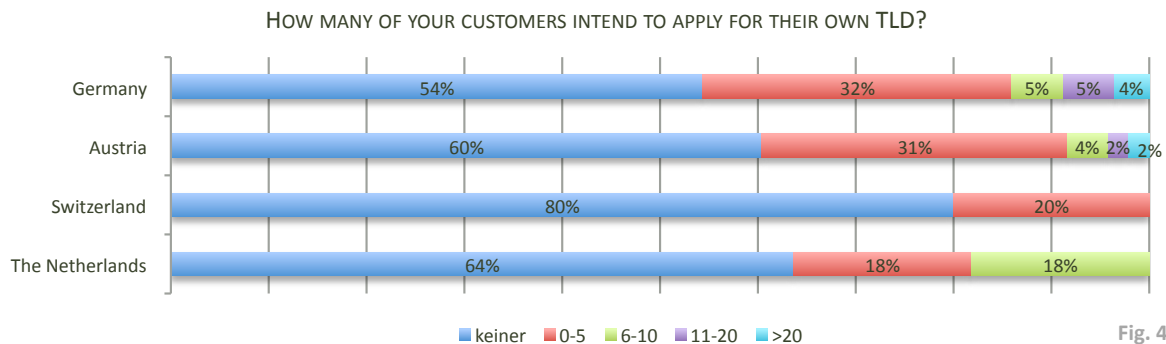


Fig. 45

In contrast to the insight that no Dutch provider is willing to undertake a special marketing effort on behalf of new top-level domains, 39% of the participants are offering consulting regarding the new TLDs – the largest percentage in a country-by-country comparison. In Germany that figure is 25%, in Switzerland 17% and in Austria 11%. Technical services concerning new gTLDs – without us specifying in more detail whether these are registry services, DNS or other necessary technical services – are only offered by between 15% and 17% of those surveyed. A total of 17%

and 19% of the participants refer interested parties to cooperation parties, while the remaining companies (DE: 40%, AT: 55%, CH: 50% and NL: 31%) are inactive in this area. It would probably make sense to reconsider this stance during the preparation of future application rounds with ICANN. Strategic partnerships with experienced providers may, not only, have the potential for earning commissions, but this may also provide customers with critical and pertinent information.

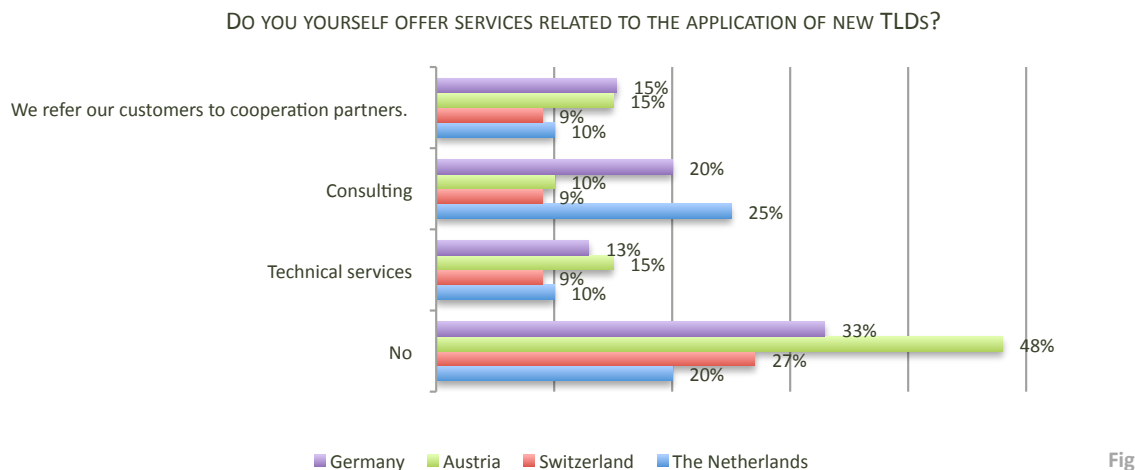


Fig. 46

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