

New Top-Level Internet Domains Won't Impact Most Firms

Lydia Leong

The creation by ICANN of additional generic top-level Internet domains will offer value in some instances. But Gartner expects classic extensions like “.com” to continue to dominate overwhelmingly in the marketplace.

NEWS ANALYSIS

Event

On 26 June 2008, the Internet Corporation for Assigned Names and Numbers (ICANN), the governing body of the Internet, approved a proposal to allow the creation of additional, arbitrarily named, generic top-level domains (gTLDs). A top-level domain is an extension such as “.com,” “.net,” or “.edu.” The new policy would allow any organization with the technical and financial means to have its own top-level domain (TLD), enabling extensions such as “.nyc,” “.xxx” or “.shopping.” Application fees for new gTLDs have not been set, but are expected to be in the vicinity of US\$100,000. ICANN expects to begin taking applications for new gTLDs during 2Q09.

Analysis

The new policy will impact businesses in two key areas:

- Registrations in new, generic, category-focused gTLDs registered by others. The proliferation of additional TLDs will increase the number of defensive domain registrations that businesses might potentially need to carry out. For instance, if an organization creates “.francais” to indicate sites written in French, a business will have to decide whether its French-language Internet presence ought to be accessible via that domain extension (for instance, www.gartner.francais), and whether it needs to complete a defensive registration to prevent cybersquatting on its trademark.
- Creation of a business's own gTLD, focused on its own brand. For instance, eBay could create an “.ebay” TLD, and use “chicago.ebay” (Chicago local auctions), “autos.ebay” (automobile auctions) and so forth. Businesses will need to decide if this approach has value to them. They may also need to consider defensive registrations.

Gartner believes that in some cases, the new gTLDs will have value. For instance, the country of Tuvalu, which has a country code TLD of “.tv,” has leveraged that extension into a common extension for television shows. Consequently, we would expect that an extension such as “.movie” would have similar value. Some popular proposals previously rejected by ICANN, such as the creation of “.xxx” for adult-oriented sites, are also likely to be commercially successful. Language-specific TLDs may make navigation to appropriate sites easier, and may also prove to be popular. The same may be true, to a more limited extent, for locations. However, we expect that the “classic” TLDs, particularly “.com,” to continue to overwhelmingly dominate the domain name marketplace. Although other newer extensions such as “.biz” have been modestly successful, they are not perceived as equal in value to a “.com” domain.

RECOMMENDATIONS

Enterprises:

- Don't try to manage a comprehensive portfolio of domain registrations; defensive domain registrations are of limited value for most organizations.
- Register your trademarks in key TLDs such as “.com” and the countries in which you do business.
- Use a brand-monitoring service to watch for trademark-violating registrations and handle resolving such issues. The dispute process substantially favors established brands.

- Set your domain name registration policy and manage these registrations in a coherent manner that includes representatives from your legal, marketing and IT departments.
- Determine a rationale and policy for defensive registrations, and apply that to any new gTLDs that are created.
- Determine whether owning a gTLD yourself would be of value, and if so, begin to monitor the ICANN process toward implementing the new gTLDs.

RECOMMENDED READING

- "Brand-Monitoring and Anti-Phishing Vendors" — Although the technology offered by brand-monitoring vendors is commoditizing, each vendors has its own analytical focus, service differentiators and challenges. **By Avivah Litan and Arabella Hallowell**
- "Enterprises, Not Just SMBs, Need Low-Cost Web-Hosting Solutions" — Web hosters can expand their market by targeting large enterprises that run very large numbers of small-scale Web sites that require fully managed yet low-cost Web hosting solutions. **By Lydia Leong**

(You may need to sign in or be a Gartner client to access the documents referenced in this First Take.)

REGIONAL HEADQUARTERS

Corporate Headquarters

56 Top Gallant Road
Stamford, CT 06902-7700
U.S.A.
+1 203 964 0096

European Headquarters

Tamesis
The Glanty
Egham
Surrey, TW20 9AW
UNITED KINGDOM
+44 1784 431611

Asia/Pacific Headquarters

Gartner Australasia Pty. Ltd.
Level 9, 141 Walker Street
North Sydney
New South Wales 2060
AUSTRALIA
+61 2 9459 4600

Japan Headquarters

Gartner Japan Ltd.
Aobadai Hills, 6F
7-7, Aobadai, 4-chome
Meguro-ku, Tokyo 153-0042
JAPAN
+81 3 3481 3670

Latin America Headquarters

Gartner do Brazil
Av. das Nações Unidas, 12551
9º andar—World Trade Center
04578-903—São Paulo SP
BRAZIL
+55 11 3443 1509