

Research Brief 2013/09

ADVERTISING and MARKETING INDUSTRY gTLD AWARENESS REPORT

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OVERVIEW

In 2008, the Internet's governing body, the Internet Corporation for Assigned Names and Numbers (ICANN), began a process to fundamentally change the way people navigate online by introducing the possibility of an unlimited number of domain extensions that any company or individual could apply to manage.

In 2012, ICANN received almost 2,000 applications from companies such as Google, Amazon.com, Microsoft, AOL, HBO, American Express, McDonalds, L'Oréal, Nike, Chrysler and Walmart, all who wanted to manage a set of new website domain addresses, known as gTLDs.

A gTLD, or generic Top-Level Domain, is the suffix at the end of a website address, such as ".com," ".net," or ".org." After a lengthy approval process, the first new extensions will become available for public use in late-2013, with the potential for more to be introduced over the following years. They will include extensions that are brand specific such as .Nike or .AOL, those that are geographically rooted such as .Boston and those that are truly generic, such as .music, .home or .inc.

The goal of this advertising and marketing industry research is to uncover whether those that work in the industry (or their clients) are aware of the pending launch of new gTLDs in 2013 – and whether they plan to take advantage of them.

Over the course of August 2013, 361 respondents were queried via SurveyMonkey, an online survey services provider.



KEY FINDINGS

The most important findings of the "Advertising and Marketing Industry gTLD Awareness Report" are:

- Awareness of gTLDs still remains an issue. Increasing awareness will be key to a successful gTLD launch. These findings reinforce the importance of consumer marketing and education before new extensions are released, in order for them to be successfully received.
- A majority of those in the advertising and marketing industry feel that gTLDs will make the Internet more confusing. However, this seems to be a short-term concern because at the same time a majority also feels that gTLDs will eventually be successful. In fact, many respondents felt that gTLDs will be an additional tool for them to utilize to get a message or product in front of their audiences.
- It should come as no surprise that securing memorable addresses is important to the advertising and marketing community – this was often cited as the most important reason to select an address. The new gTLD program should provide a great benefit to the advertising and marketing industry, making it possible to register a wider variety of memorable addresses.

The underlying theme throughout the results is not surprising – both existing research and common sense clearly show that there is low awareness of the pending launch of gTLDs.

The other major theme, however, is that those in the advertising and marketing industry can see the potential that new gTLDs have as a tool for them to better market their wares and create memorable names and website addresses. Securing memorable website addresses was cited as the most important reason to select a domain, and new gTLDs greatly increase the possibilities of finding a memorable address compared to what is available today.

Despite the need for education and marketing to raise awareness, the advertising and marketing respondents surveyed indicated that new gTLDs will not be a difficult concept for their peers to understand or to leverage for business.

MAKEUP OF RESPONDENTS



361 individuals responded to the survey, conducted in August 2013. The respondents were all employees at advertising or marketing firms, or were responsible for the advertising or marketing programs at their companies.

65% directed advertising or marketing at their own companies, and the remaining 35% were from agencies.

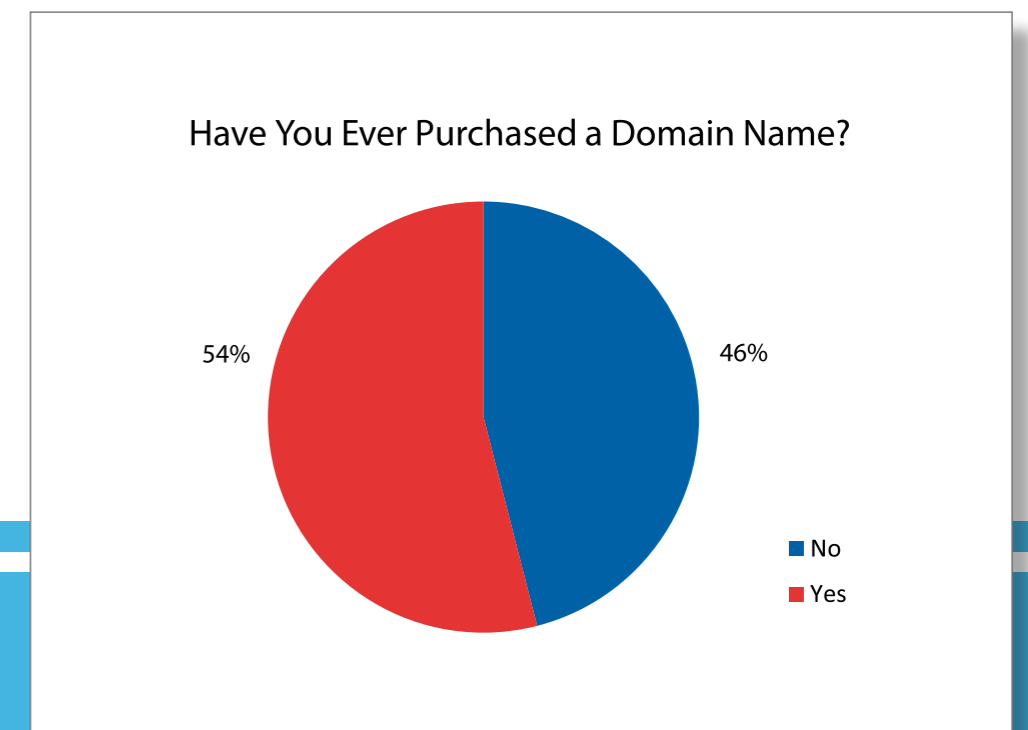
57% of respondents were from small (less than 100-employee) businesses; 32% were from companies of more than 250 employees. Respondents were stretched evenly across the job spectrum: 17% junior staff; 25% mid-level, 26% managers; 17% directors; 3% vice president and 11% C-level or equivalent.

Respondents to the survey were 82% female. 30% were under age 29; 31% were in between age 30 and 44; 28% were in between 45 and 60, and 11% were over age 60.

In terms of income, 34% made between \$50,000 and \$99,000 annually; with 28% making less and 38% making more. 59% had a college degree and 25% had a graduate degree.

The Advertising and Marketing INDUSTRY'S USE OF DOMAIN NAMES

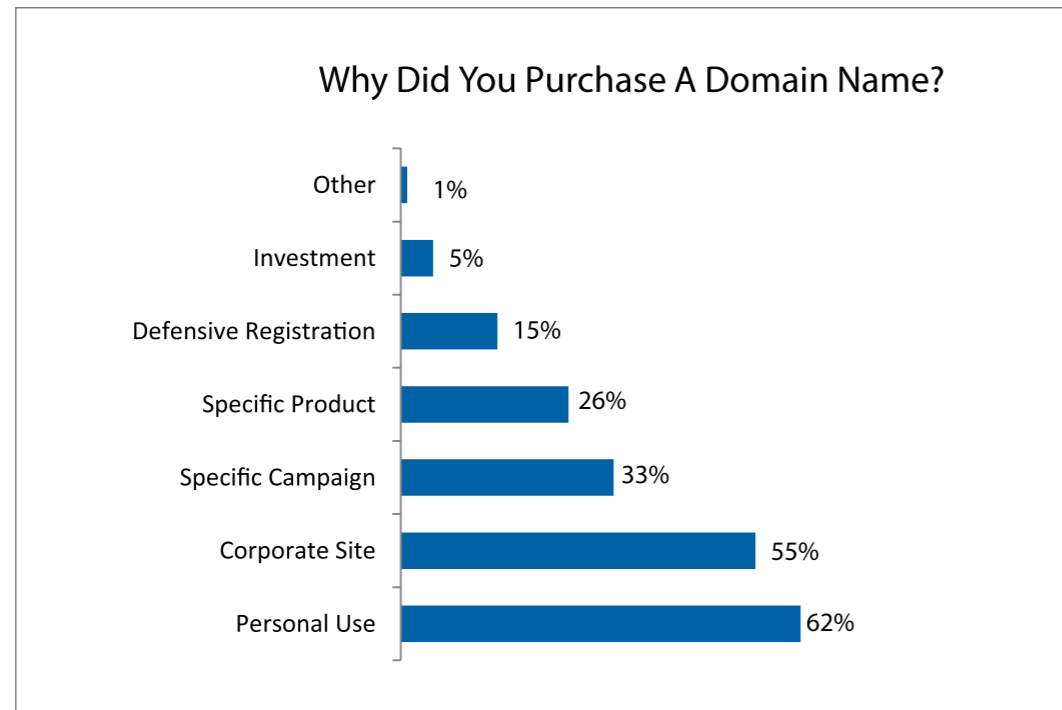
54% of respondents have purchased domain names in the past, while 46% have not – an almost even split. Regardless of whether they have purchased a domain name before or not, those in the advertising and marketing industry should be aware of the pending changes to the way business is conducted on the internet.



The Advertising and Marketing INDUSTRY'S USE OF DOMAIN NAMES

Respondents were asked to indicate all of the reasons they had purchased a domain in the past. Of those that had purchased a domain before, 62% did so for a personal website and 55% did so for a corporate site. Given the respondents' field of work, it was not surprising to see that 33% said they had purchased a

domain for a specific advertising or marketing campaign and 26% had purchased one for a specific product.

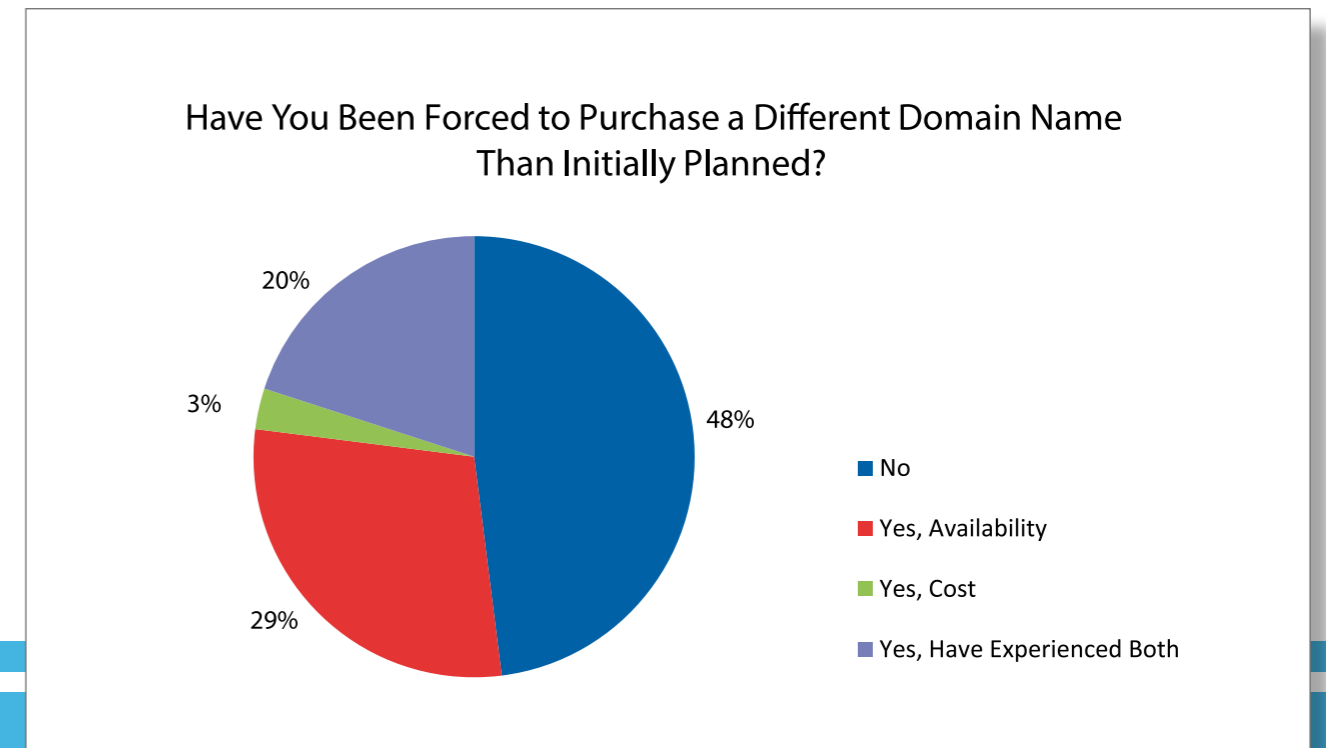


The Advertising and Marketing INDUSTRY'S USE OF DOMAIN NAMES

85% of those that have purchased a website address have done so only from a registrar; 2% have only purchased from a previous owner; 11% have purchased from both sources; 2% were unsure of the source.

Respondents were asked a series of questions about their use of website addresses, to try and learn how they currently were using different ones and whether those patterns would continue or change as new gTLDs were launched.

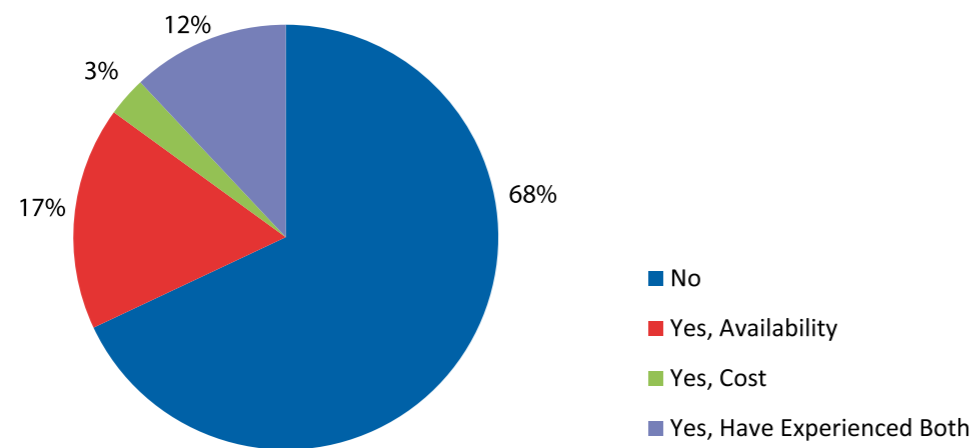
The survey asked whether respondents had been forced to purchase a different domain name because the ones they wanted weren't available or were too expensive. Just over half (52%) responded that they indeed have had to purchase a different domain name than originally planned. 29% responded that availability was a problem, 3% said expense was an issue and 20% said they'd experienced both situations – while 48% said they had not run into this issue before.



The Advertising and Marketing INDUSTRY'S USE OF DOMAIN NAMES

32% went on to say that they've had to rename a product, service or campaign because the website address they wanted wasn't available or was too expensive to purchase.

Have You Been Forced to Rename a Product or Service Because a Domain Wasn't Available?

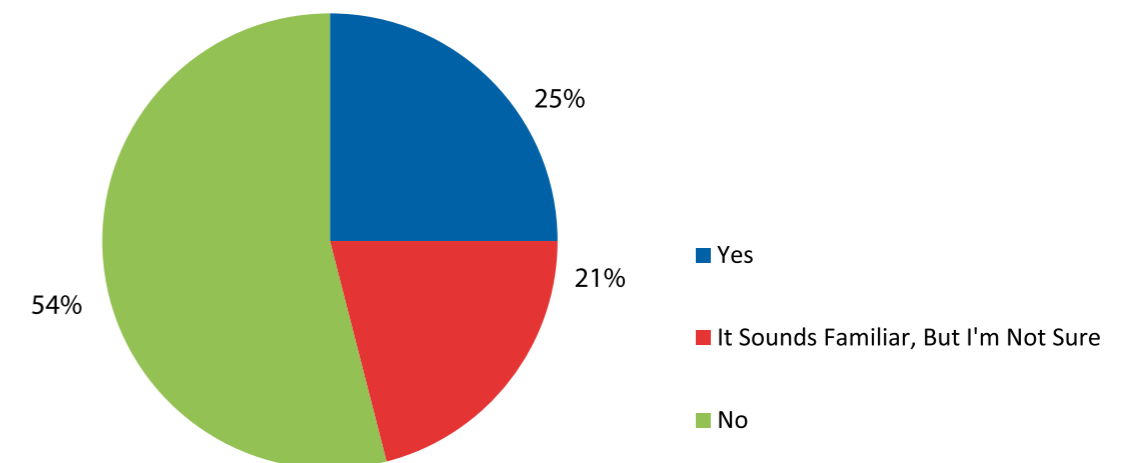


gTLD AWARENESS

Respondents were asked if they were aware of the fact that new gTLDs would be introduced in 2013, joining the ones that everyone has become accustomed to (such as .com, .org and .net).

More than half (54%) responded that they were unaware of the coming gTLD expansion, while 25% said that they were aware that this was happening this year.

Are You Aware That New gTLDs Will Be Introduced in 2013?



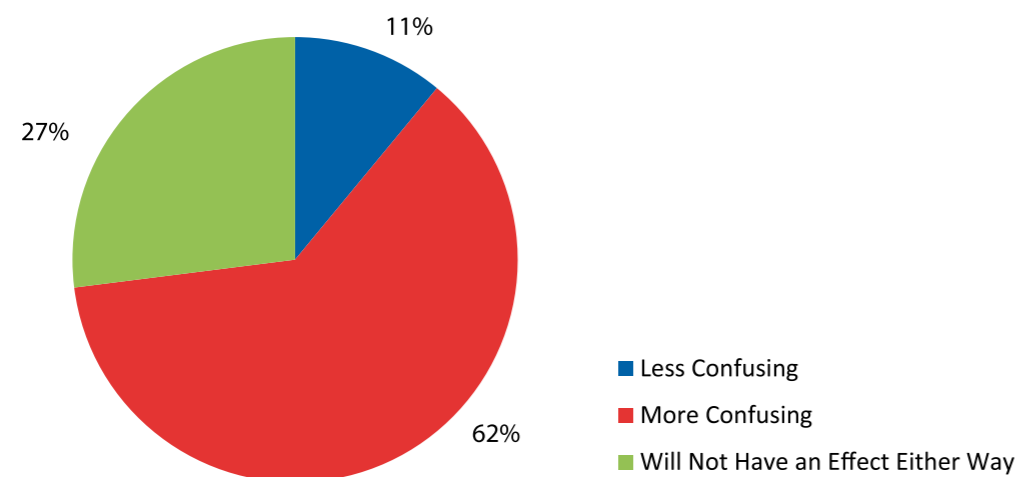
gTLD AWARENESS

These results echo an earlier survey on gTLDs, where 63% of small and mid-sized businesses responded that they were unaware of the gTLD expansion. Different audiences were surveyed each time, but the message is still the same – awareness needs to grow.

The survey also asked whether respondents thought new gTLDs would make the Internet more or less confusing to navigate. A majority

(62%) said that these changes would indeed make the internet more confusing. 11% felt it would be less confusing, while 27% responded that it would have no effect either way. These results mirror the small and mid-sized business survey from earlier, as more than half in that survey felt new gTLDs would make Internet navigation more confusing.

Do You Think the New gTLDs Will Make the Internet More or Less Confusing to Navigate?

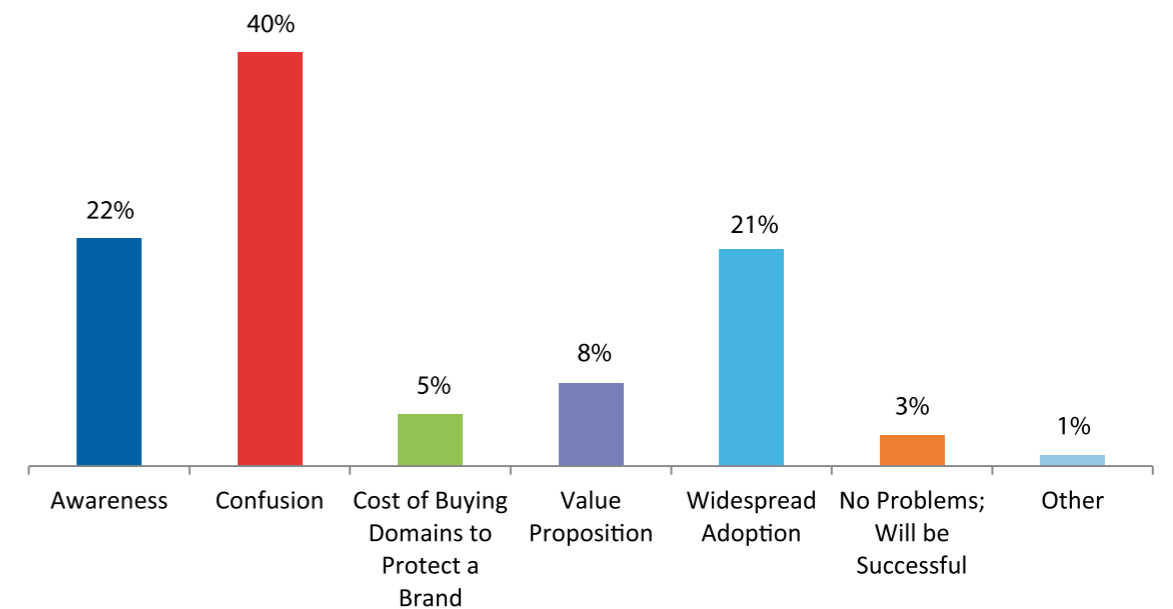


gTLD AWARENESS

Taking a look at chances for successful gTLD adoption, the survey asked respondents about what hurdles gTLDs would face out of the starting gate. According to 40% of respondents,

the biggest hurdle that adoption of new gTLDs would have to face is marketplace confusion. 22% felt that general awareness was an issue.

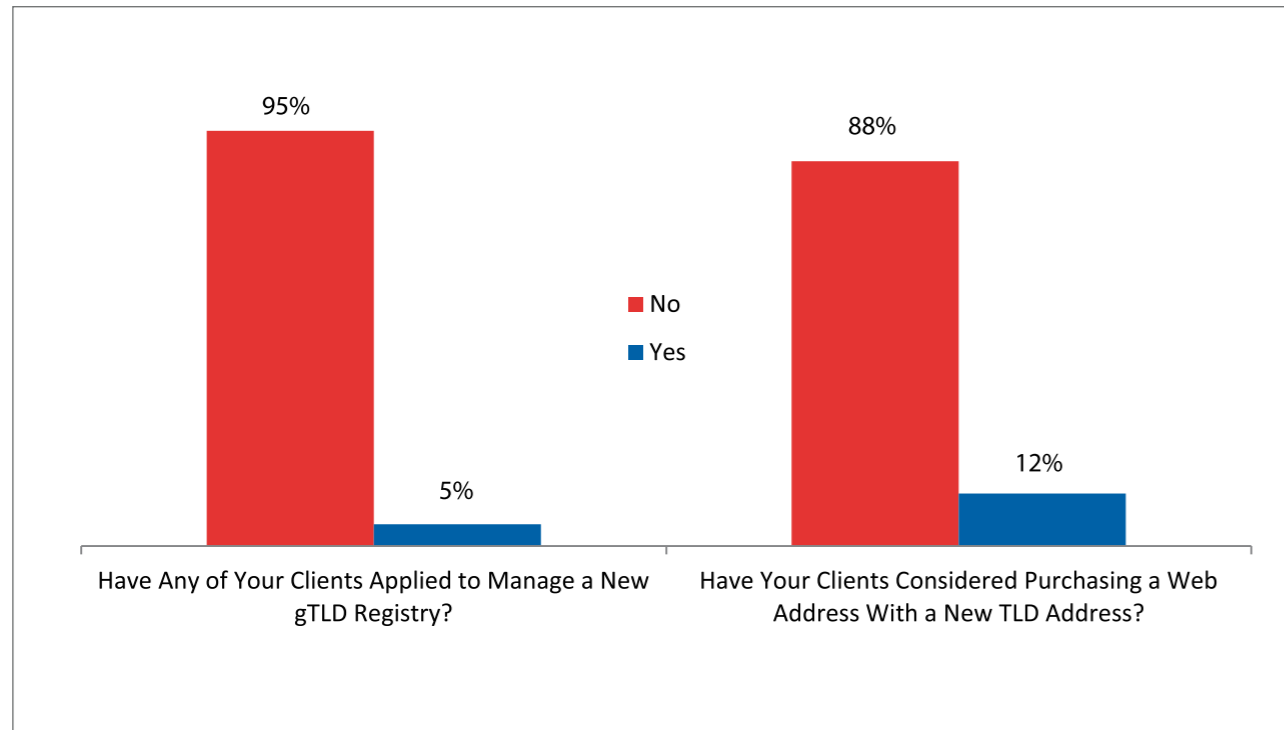
What is the Biggest Hurdle Facing the Launch of New gTLDs?



gTLD AWARENESS

Respondents were asked about whether they have had any clients apply to manage a new gTLD registry, or if any of their clients had considered purchasing a new gTLD address when they're available. For the purposes of

this research, we asked any respondents that managed in-house advertising for their own company to answer as if their company was the "client."



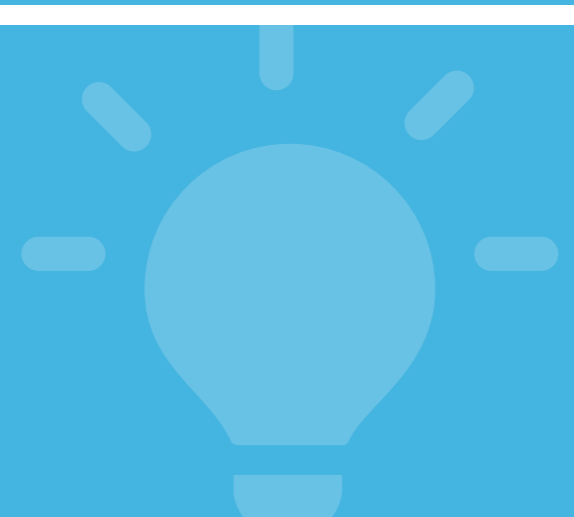
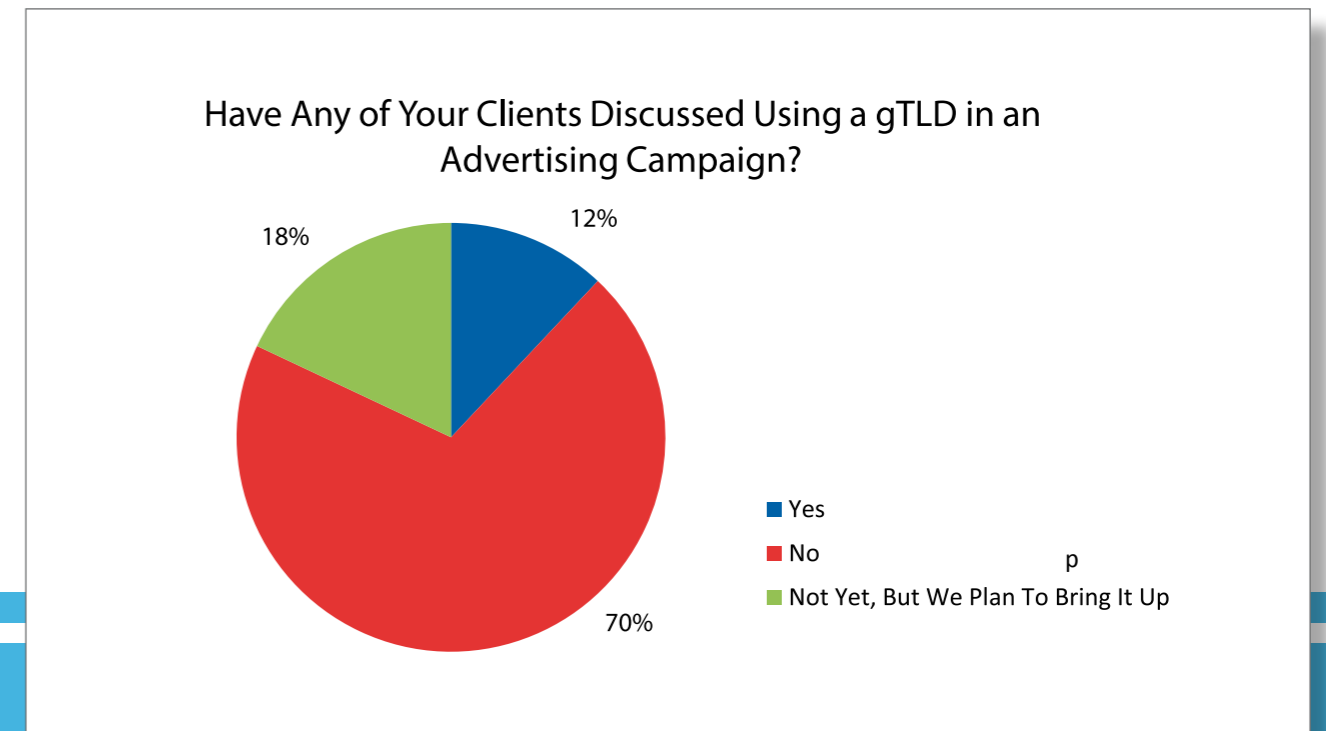
gTLD AWARENESS

These results also pointed back to the general lack of awareness of gTLDs. Put simply, it would be difficult for an advertising or marketing executive to recommend that their company or client become involved with a new gTLD registry or website address if they were mostly unaware of their existence.

That said, the fact that 12% of respondents' clients have considered purchasing a new website address is a promising statistic, indicating that some in the advertising and marketing

industry are aware of gTLDs and are actively discussing how to use them to their advantage.

Another question about awareness was asked of the advertising and marketing respondents, looking at whether they or their clients had discussed using a new gTLD for a specific advertising campaign. While the results were not surprising in that the majority responded that they had not (70%), 12% said they had discussed it – and 18% responded that they had not yet, but definitely planned on bringing it up.



gTLD AWARENESS

Respondents were also asked whether they would consider using a domain that ended in something other than .com for an upcoming campaign. 59% of respondents said that they would consider it, showing how easy it is for those in the advertising and marketing industry – many whom had no awareness of gTLDs at the start of the survey – to understand the value of the greater variety of website addresses that gTLDs enable. This is especially encouraging, as those surveyed were located in the United States, where few are aware of website addresses other than .com.

This theme shines through in the responses to the next question as well. Respondents were asked whether consumers would understand a website address ending in something other than .com if it appeared in a campaign. A majority (57%) said they would indeed understand what it was.

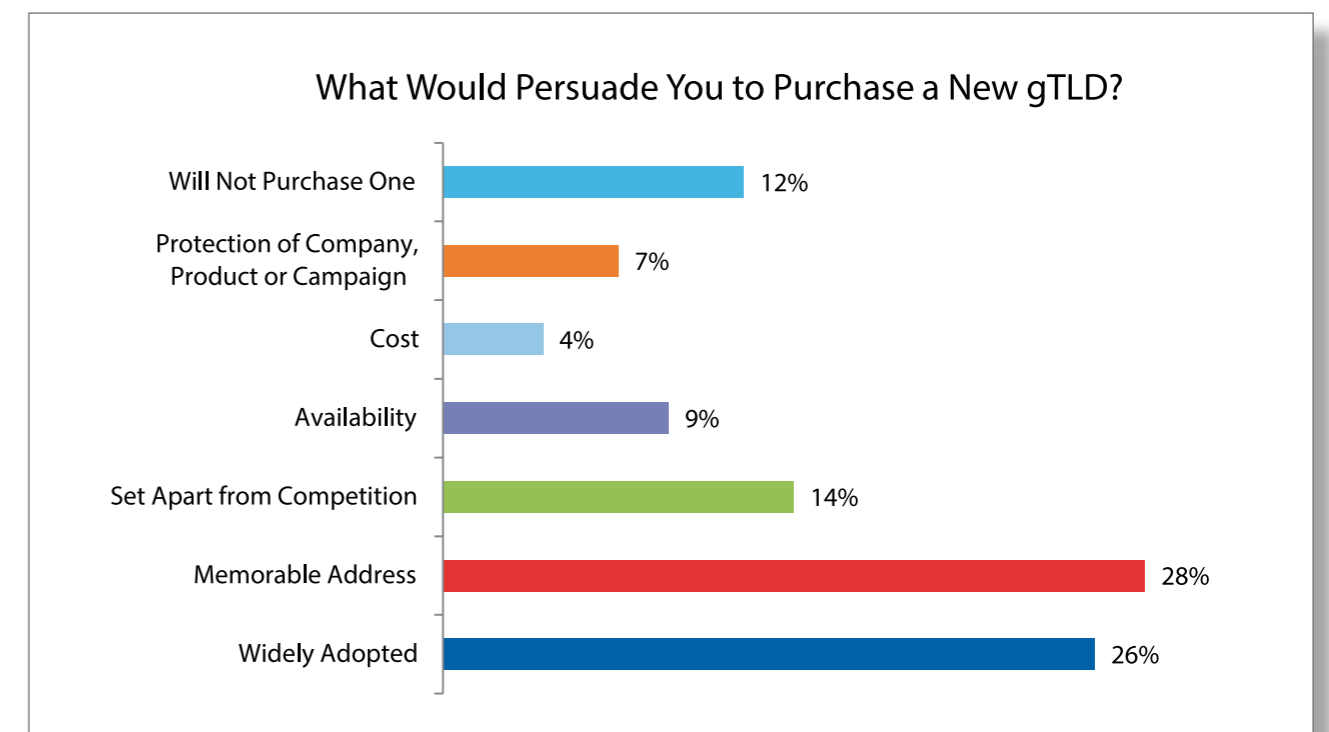
Respondents were also queried about what would get them to purchase a new gTLD. Only 12% of respondents said they would not purchase a new gTLD while others were open to using them for a variety of scenarios.



gTLD AWARENESS

The most popular answer (28%) was if the new gTLD gave them/their product a memorable website address. This was closely followed by the idea that if they are widely adopted, 26% would follow suit and purchase them. Only 4% were worried about it being too expensive

to purchase the website address they wanted and saw new gTLDs as adding less expensive options to the market.



gTLD AWARENESS

Comparing this with the previously released survey about gTLD awareness among small and mid-size businesses from earlier this year, 17% said they'd look into purchasing a new gTLD if they were widely adopted. While cost was barely a factor in the advertising and marketing world, it was the third most popular response among small businesses with 15% of them mentioning it as a concern. This may be due to small business respondents being more directly involved in the purchase of website addresses.

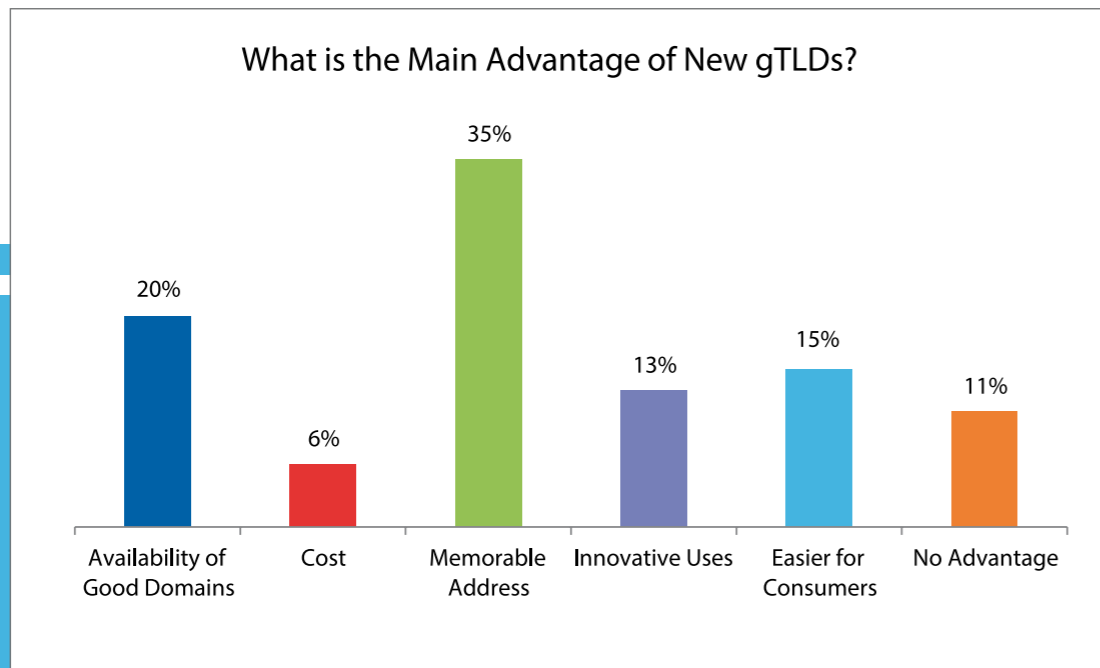
Next up was a look at what respondents perceived to be the main advantages of gTLDs. The results echo the previous question and show that securing a memorable website address is clearly important to the advertising/marketing community.

35% of respondents said their ability to secure a memorable website address would be the main advantage of new gTLDs, while 19% said availability was the main advantage. Again, cost was the least chosen response with only 4% of respondents saying the potential expense of purchasing a current website address

option would be their primary motivation for purchasing a new gTLD address.

Once again comparing these responses to the earlier gTLD survey, 20% of small and mid-sized businesses felt that the introduction of new gTLDs would make good domain names available, while 16% felt that additional branding possibilities were the biggest advantage created. That said, the largest number, 29%, felt that there was no advantage to owning a new gTLD. This highlighted the need for better education on why new gTLDs are advantageous to small and mid-sized businesses – and shows how much better the advantages are understood by the advertising community, as only 11% of advertising respondents said there was no advantage.

Despite a majority of respondents being unaware of new gTLDs prior to being informed of their pending launch during the survey, the two previous questions show that a majority of advertising and marketing professionals see gTLDs as another tool to reach audiences.



TRADEMARK CLEARINGHOUSE

Brand protection is one of the biggest concerns companies have voiced about the introduction of new gTLDs. As a rights protection mechanism, ICANN has developed the Trademark Clearinghouse to help trademark holders protect themselves from potential abuse of their trademarks.

The survey first asked respondents whether they have ever had an issue where they had to contest a trademark infringement. The majority of the survey's respondents (85%) have never had to contest an infringement.

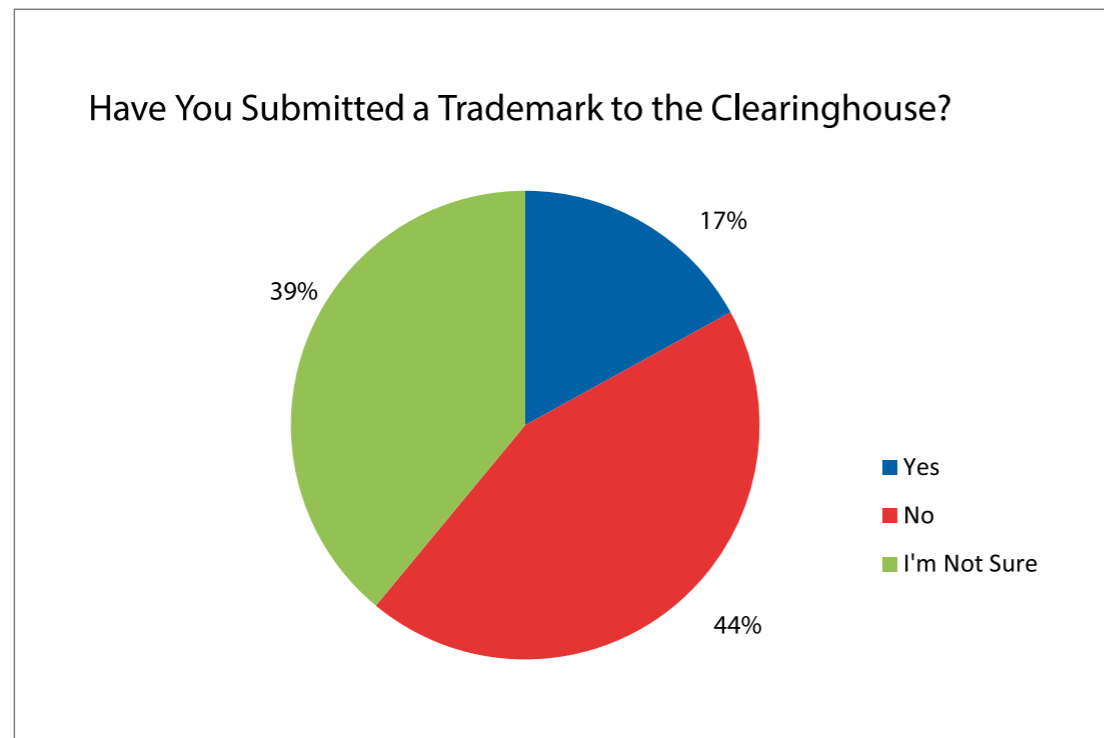
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TRADEMARK CLEARINGHOUSE

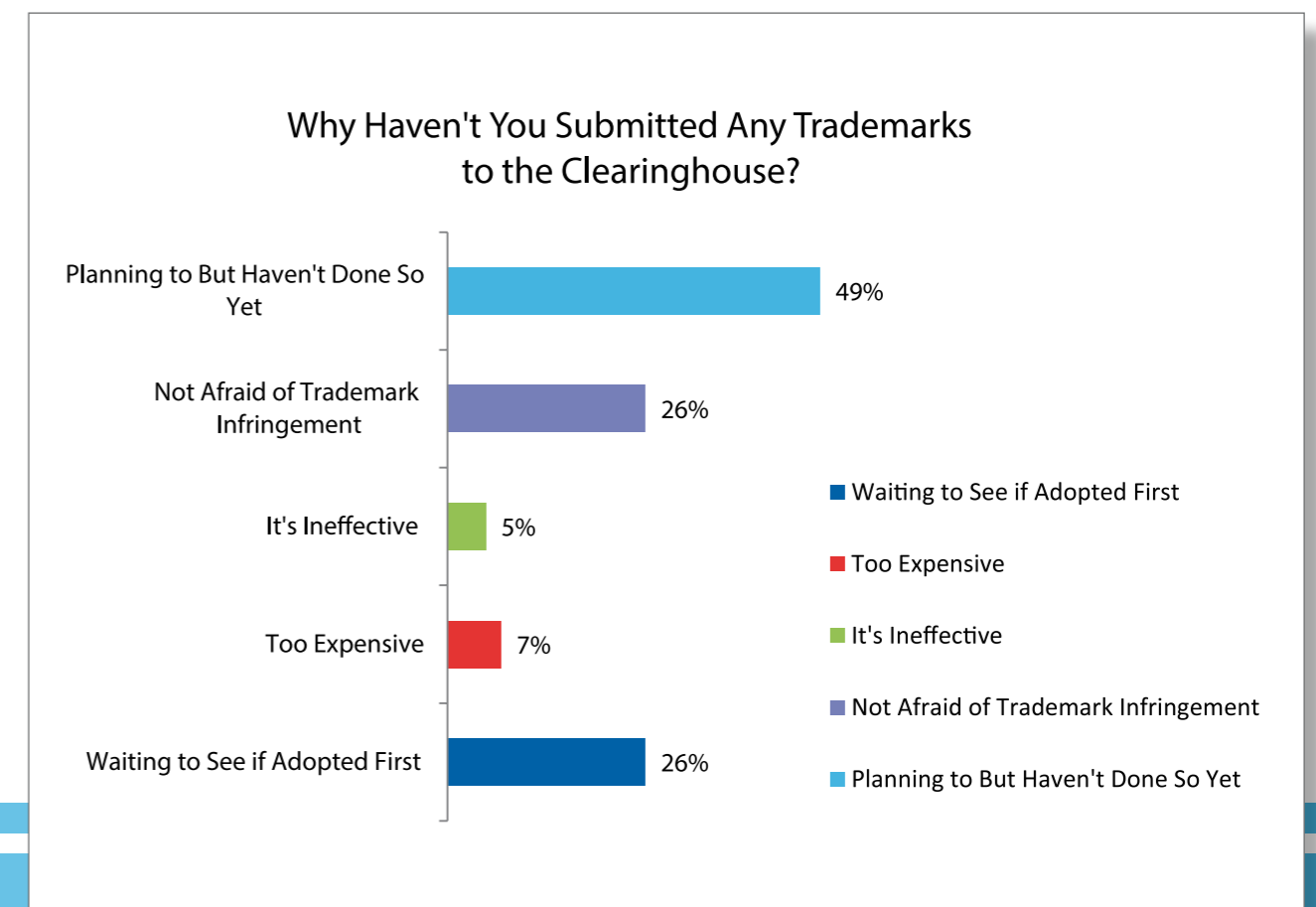
Further examining the 14% that knew about the Clearinghouse, only 17% of that group has ever submitted a mark to the Clearinghouse, with 44% saying they had decided not to submit anything and 39% being unsure if they had used it in the past.



TRADEMARK CLEARINGHOUSE

Among respondents that knew of the Clearinghouse but hadn't used it yet, nearly half of them (49%) said they ultimately plan to, but had not yet had a chance. 26% responded that they are waiting to see if new gTLDs were even adopted before working on it and another 26% said they simply weren't afraid of trademark infringement.

The finding that 49% were planning on using the Trademark Clearinghouse reinforces the theme that despite general unawareness of gTLDs, advertising and marketing employees can see the advantages of registering their marks with the Clearinghouse.



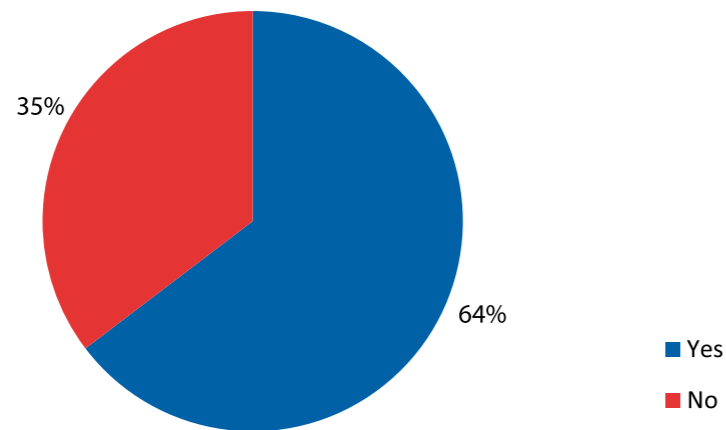


NEW gTLD CHANCES FOR SUCCESS

Respondents were asked two things to finish off the survey – whether they thought that gTLDs would ultimately be successful, and to rank the ten most commonly applied for new gTLDs in order of their chances for success.

A majority of respondents (64%) felt, that despite the hurdles that new gTLDs must overcome, they will ultimately be successful. Only 35% said they would fail.

Will the Use and Adoption of New gTLDs be Successful?

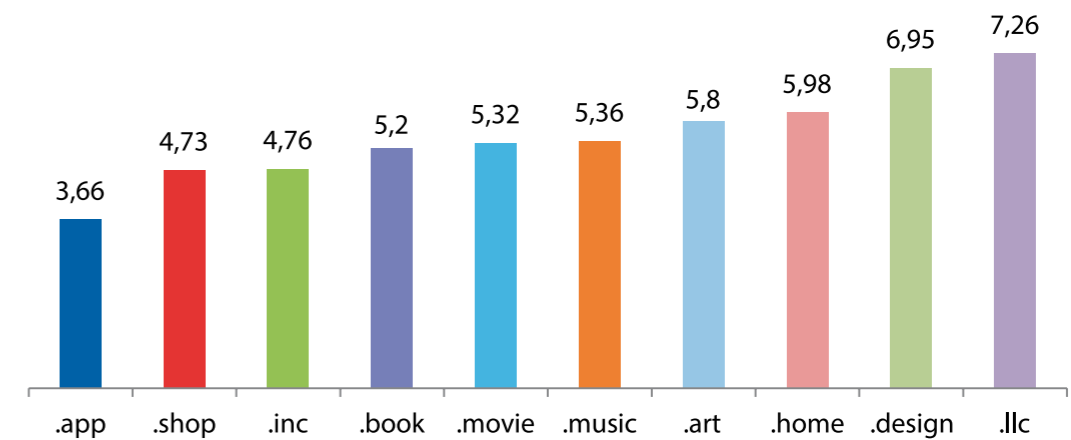


NEW gTLD CHANCES FOR SUCCESS

The below numbers reflect the average score for each choice, with lower numbers being those considered to be more successful when they launch. In asking the respondents to rank the ten most commonly applied for gTLDs,

.app was deemed to be the most likely to be successful, followed by .inc and .shop. The one expected to be least successful was .llc.

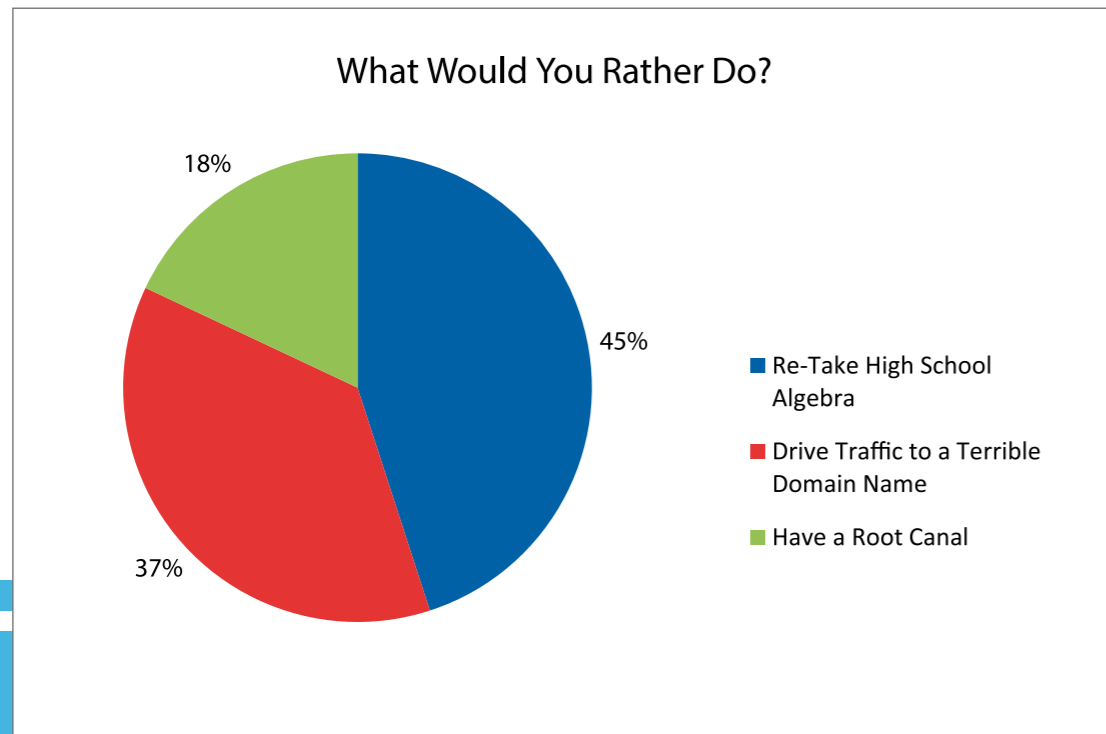
Most Commonly Applied for New gTLDs, Ranked by Chance of Success (Lowest = Most Successful)



THE LIGHTER SIDE

Just for fun, respondents were asked about how they felt about driving traffic to a terrible domain name. 45% percent of respondents said that they would rather re-take high school algebra than try and drive traffic to a terrible domain name.

Driving traffic was more popular than the other choice, having a root canal, so we can say that dental work is still scarier than marketing challenges.



ABOUT SEDO

Sedo, an acronym for **Search Engine for Domain Offers**, is the **leading domain marketplace** and **monetization provider**. Headquartered in Cologne, Germany and with offices in London, England and Cambridge, Mass., Sedo has assembled the world's largest database of domain names for sale, with more than **16 million listings**. The success of Sedo's model has attracted a global base of more than **2 million members**.

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