Online internationalization and domain name strategy

Research on internet domain names as a source of competitive advantages

Lars Miguel Sandborg Lima

Cand.Merc. IBS

Copenhagen Business School

Date: 11-04-2011

Pages: 77

Standard units: 160.194

Counselor: Professor, PhD, Dr. Volker Mahnke

Institut for International Økonomi og Virksomhedsledelse

Abstract:

The internet has radically altered the conditions for MNEs conducting internationalization. Online market entry costs are comparatively much smaller than their offline counterparts. Setting up a website and developing appropriate functionality can be costly, but the cost fades compared to setting up an international line of physical retail locations, finding local suppliers and all the other necessary steps needed to complete a traditional internationalization process. Furthermore the internet has allowed MNEs to simplify the consumer targeting process. Instead of using regional outlets they now have the possibility of assembling the global consumer base into one virtual location. This new arena of modern business has also entailed a new pool of competitive advantages. Traditional advantages such as manufacturing assets and employee expertise has not lost its significance. But it is joined by new online specific resources. Chief amongst these are internet domain names. Domain names are increasingly being used in branding efforts. This is understandable since it allows companies not only to communicate its product name and characteristics, but also instantly convey a retail location. Consumers can view a commercial and seconds later be in a virtual location that allows them to instantly purchase the product or service.

This paper examines internet domain names as a source of competitive advantages. Using internationalization theory, the peculiarities of online internationalization are examined and the rationale behind internationalization is discussed. The theory is used to extrapolate domain name specific business attributes that are determinate for successful online internationalization. To document the value of domain name strategy the growth in the E-commerce sector is analyzed and quantified. Growth in E-commerce has previously been fueled by spending from American consumers, but future growth indicators such as internet penetration rates and E-commerce spending, points towards Asia and the BRIC countries as the future champions for online consumption.

By using case material collected from market innovators and consumer feedback, domain name strategy is discussed and best practices identified. Cases include online innovators such as the Disney Corporation. Disney is increasingly capitalizing on the inherit benefits of generic domain names. In lieu of redirecting their category killer domain names such as, Movies.com, to the Go.com network, they are now developing independent websites. This is done to both capitalize on the search engine benefits, but also brand their business units to a wider audience. It is found that the makeup of a domain name has a large significance for inherit consumer trust. Choosing a keyword domain name based on a local domain extension will carry more consumer trust than a brandable domain name on a global generic domain extension.

Finally the domain name industry is studied in depth, by looking at the key stakeholders and institutions. Domain selection criteria are discussed and domain acquisition strategy touched upon in order to prepare corporate managers for domain name specific strategic considerations.

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Contents

0.1 Introduction

Utilizing the internet as a global market entry tool is becoming the preferred alternative to the traditional internationalization process for retailers and service providers. The consumers' rapid shift towards electronic trade or Ecommerce has changed the market entry rules for smaller companies and MNCs alike. The internet as market platform has entailed lower initial setup costs and higher transparency amongst competitors and suppliers. Once your core business is in place it is now much less resource intensive to set up sales operations targeting other geographical regions. Taking all these new conditions into account they imply a paradigm shift in the complexity and availability for companies to target markets outside their traditional sphere of operations.

Huge corporations like Disney, Honda, Nestle and Kraft foods are first movers in this new emerging trend and they are all using it to cement their positions as market leaders. Smaller companies like 1800contacts.com are using this idea to wrestle market shares from established market leaders.

So what do all these companies have in common? - They own a "category killer" domain name in one or several of their market niches.

Disney owns; Movies.com, Video.com, Family.com.

Honda owns; Motorcycles.com

Nestle owns; Meals.com

1800contacts.com owns; Glasses.com

All these domain names can be described as being generic; generic as in the sense that they describe their relevant product or service accurately and without bias. Furthermore these domains can be described as "Category killers". They have the potential to dominate their online market niche, because of their memorability and authority amongst consumers. Generic domain names have three main marketing characteristics, they have *type in traffic*, they are preferred by the search engines and they inspire company confidence in consumers.

Type in traffic is a concept that covers the action of a consumer when he types in a product name in his browser window without knowing if there is an actual website present at the domain name. Usually consumers will attach .com to such a query since .com is seen as the dominant global Top Level Domain (TLD). Consumers will usually assume that the .com domain name is in use by a retailer in the relevant product line. Most often though this is not the case, most category killer domain names are not in use by consumer aimed companies. They are instead being held by investors hoping to resell the name to a relevant company. Usually a brief one page advertisement page is in place with a notice of the domain name being for sale. Domain investors will usually have limited possibilities for monetizing the domain name, which also means that most generic domain names represent a significant unrealized market potential.

Although Google has never fully published what their algorithm for determining search engine rankings contain, many search engine entrepreneurs have been trying to determine its components by analyzing their results as Search Engine Optimization (SEO) professionals. One survey amongst SEO entrepreneurs by the Seomoz.org collective shows that they believe that up to 24% of the ranking results are made up of the degree of "Trust/Authority of the Host Domain".[1] This is an indication that search engine professionals believe that generic domain names are preferred by search engines over sites with more or less the same content but with a less descriptive domain name.

Another benefit to owning a generic domain name is that consumer studies have shown that customers have more trust in websites located on authoritative domain names. It is also proposed that this confidence translates into a higher percentile degree of purchases being made, than on an identical webpage located on another domain name with less authority. [2]

Together, these attributes signify that a category killer domain name can have serious implications on your online presence.

0.2 Methodology

The aim of this paper is to investigate how internet domain names can be used as sustainable competitive advantages and to examine the importance of internet domain names in the online internationalization process.

[1] SEOmoz´s top SEO expert survey - www.seomoz.org/article/search-ranking-factors
[2] Marketingcharts.com, "Generic Domain Names in Ads Outperform Non-Generic".

This leads to the following overall research question:

How can internet domain names be used to create competitive advantages?

In order to examine the significance of internet domain names in regards to internationalization and to establish the value of considering domain name strategy, the following sub questions are posed:

- *How does online internationalization differ from offline internationalization?*
- *Why is E-commerce important?*

To answer this, online internationalization will be investigated on a macro level to gain insight into domain name specific business conditions. This analysis will be based on a review of authoritative internationalization theory. To examine the importance of online internationalization, the E-commerce sector is quantified and analyzed.

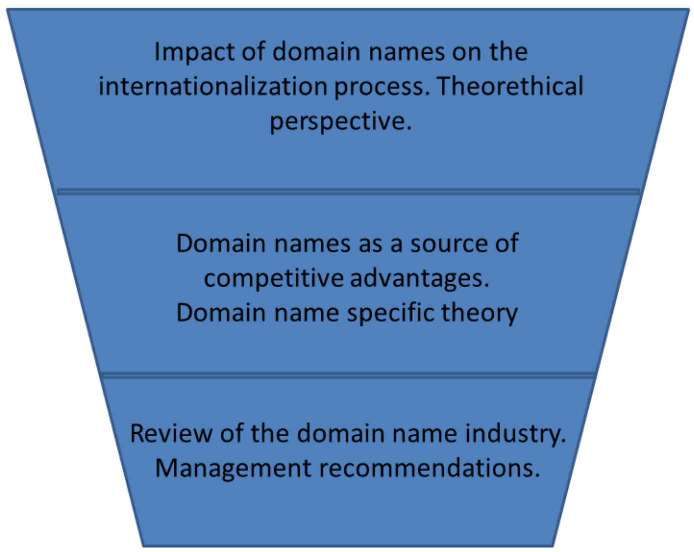
In order to examine how domain names can be used to create competitive advantages, it is required to know the specific business characteristics of domain names. To this end the following sub questions are posed:

- *Which domain name characteristics are determinant in successful online internationalization?*
- *How can managers capitalize on domain name strategy?*

Internationalization theory will form the basis of a discussion of which characteristics of domain names that are determinant for successful online internationalization. These insights will be applied to case material and primary data to investigate the cogency of the discussion. Finally the domain name market is examined in order to shed some managerial light on domain name management and acquisition and to investigate the dynamics of the domain name industry.

Structural framework

This paper takes a top down approach to examine the impact of domain names on online internationalization. The paper is structured into three overall sections. The first section treats online internationalization on a macro level and examines authoritative internationalization theory. Furthermore the theoretical literature is used to extrapolate domain name specific business attributes and set up a theoretical construct aimed at dissecting domain name strategy. The second section examines domain name strategy as it is implemented by market leaders and investigates the application of domain name strategy. This is achieved through case analysis of corporate first movers and a proprietary consumer survey. Finally a review of the domain name industry is aimed at giving a managerial outlook on domain name specific business conditions and help managers navigate the domain name industry. The structure is illustrated in the following graphic representation.



Source: Author.

Theoretical framework

An examination of authoritative internationalization theory will shape a theoretical discussion of online specific internationalization. Derived from the discussion a theoretical construct for examining domain name strategy is devised. This will be applied to the online specific strategies currently employed by a select number of case companies. Hamel and Prahalad are used to give a Resource Based View of internationalization (RBV). RBV focuses on the company specific resources and argue that it is crucial to identify and apply these in order to create competitive advantages. Bartlett and Ghoshals framework for analyzing the internationalization process examine the strengths and weaknesses of specific international strategies. Dunnings OLI model is used to shed light on some of the structural rationales behind the internationalization process.

The Uppsala model is based on process argumentation and will be used to put focus on the mechanisms that encourage the degree of investment in a specific market.

Data sources

The main data source of this thesis is secondary data in the form of books, articles and surveys. The online centric topic of this thesis, dictates that most relevant secondary data is mainly available through online sources. As such this makes the critical assessment of source validity of paramount importance. In the case of scholarly articles both the methodology and data treatment was evaluated to assess the value of the results. Furthermore a review of the amount of references to the work of the authors was made in order to assess the critical acclaim of their theory. When treating online data from seemingly authoritative sources, it is important to make an assessment of the validity of the source website. Sources such as Wikipedia are based on public contribution and the author of the article cannot be readily unveiled. As such it is hard to assess the purpose and aim of the author and hence to assess the validity of the claims put forth. For this reason use of Wikipedia and other public contribution based networks, is limited as much as possible. When used the article sources have been checked for accuracy.

To support the secondary data, primary data has been collected in the form of a consumer survey. The aim of the survey is to test the cogency of the domain name strategies put forth in the domain name strategy section. The survey was conducted as a questionnaire amongst 100 Danish consumers approached in person on the streets of the city of Copenhagen. A sample of the questionnaire is attached as Appendix 1. Participation in the survey was incentivized by having a 200 DKK prize draw of a gift certificate amongst all participants. The survey was constructed by forming four questions which all asked the consumer how secure he/she would feel shopping at a specific website, which was only designated by the domain name. All domain names used in the survey were fictive so respondents were asked to perform the evaluation solely on the basis of their personal associations that the domain name invoked. Two questions were formed regarding a physical product and two questions were formed regarding an intangible service. In the two groups there was one comparably expensive product/service and one comparably inexpensive. For each question the respondent had to evaluate how secure they would feel about shopping the product/service on four fictive domain names. They were asked to judge them on a scale from 1 to 5, were 1 was unsecure and 5 were very secure. The four fictive domain names were each constructed to fall in a specific category. One was an exact match keyword domain in the .DK extension. One was an exact match keyword domain in the .COM extension. One was a brandable domain in the .DK extension. One was a brandable domain name in the .COM extension.

The respondents were all presented with a short text on top of the survey, explaining the purpose of the survey as being a study on "the relationship between consumer trust and homepage addresses". The text also explained that all homepage addresses used were fictive and that the survey only called for their immediate response to the domain name. Finally the rating scale from 1 to 5 was explained. Besides of the text all participants were explained orally how to fill out the questionnaire. Below is a sample of one of the questions posed, translated into English.

How secure would you feel about shopping a 15.000 DKK flatscreen TV at the following webshops:

www.FladskærmsTV.dk
(Unsecure, 1_____)(Little secure, 2_____)(Secure, 3_____)(Pretty secure, 4_____)(Very secure, 5_____)

www.TVs.com
(Unsecure, 1_____)(Little secure, 2_____)(Secure, 3_____)(Pretty secure, 4_____)(Very secure, 5_____)

www.GreenToTV.dk
(Unsecure, 1_____)(Little secure, 2_____)(Secure, 3_____)(Pretty secure, 4_____)(Very secure, 5_____)

www.Vizkender.com
(Unsecure, 1_____)(Little secure, 2_____)(Secure, 3_____)(Pretty secure, 4_____)(Very secure, 5_____)

Source: Author.

0.3 Delimitation

The basic premise of this thesis is that it will focus on the domain name specific circumstances of the online internationalization process. In the theory review of authoritative internationalization theory, focus is therefore on the implications for online internationalization. The domain name strategy theory is aimed at describing domain name specific strategy. Other strategic considerations on the online internationalization process, such as logistic planning, marketing, and website branding will not be treated in depth.

When analyzing the case material, focus will be on the strategic choices made by companies regarding the composition of their domain name. The inherit value of domain names will be examined, but other factors, such as the effect of consumer brand awareness and industry competition on the domain name strategy, are not examined. This makes it possible to assess the static value of a given domain name strategy notwithstanding other corporate goals.

Finally the managerial implications will be limited to assessing how to navigate the domain name market and, to a limited degree, how to assess which domain name strategy to employ.

1.1 Theory discussion

The theoretical outlook of this paper is based on a review of authoritative frameworks of internationalization. In this section the arguments for differing internationalization strategies and key frameworks will be discussed. This will be done in the light of the topic of doing business in the Ecommerce sector. Further it will incorporate theoretical concepts attempting to explain the main differences in business conditions in offline internationalization in comparison to internationalization for Ecommerce specific companies.

1.2 Theory discussion - Strategic orientation

1.2.1 Hamel and Prahalad

Strategic focus

Hamel and Prahalad are viewed as exponents for the modern resource based view of the company. Previously companies were viewed as mostly static and a homogenous group whom competed by leveraging market knowledge to identify attractive markets. In contrast Hamel and Prahalad focus on the capabilities of the company and less on gearing external circumstances as a route to corporate success.

In the 1983 article “Managing strategic responsibility in the MNC”, Hamel and Prahalad (H&P) discuss the how a company should place strategic responsibility within its organization. It is argued that a series of mainly internal factors, determine which of two main strategic foci a company should chose. The two main strategies are focused around national responsiveness versus global integration.

Global integration should be the foci when the following conditions apply:

Technology investments are too large to recoup from a single national market.

Customers have universal needs and prefer a very standardized product.

The global competitor base is small and easily identifiable.

Product characteristics that conduce easy trade and low trade barriers.

Regional adaptation and responsiveness should be the foci when these conditions apply:

Customers have specific needs and have local tastes and preferences.

Scale production only yield small advantages.

Low dependency on central R&D efforts.

If a certain distribution channel is specific to a country. [3]

In later work Hamel and Prahalad developed their ideas and introduced the notion of core competencies in a business. A core competence is defined as any skill or resource that is unique to the company and hence can give an advantage over competitors. It is also inherit in the definition that the core competence is not easily replicable by competitors. This concept is discussed in detail below.

Core competencies

One of the most acclaimed theoretical constructions by Hamel and Prahalad is the concept of core competencies. The somewhat elusive concept of a core competency covers a unique and important business trait that a company can leverage in all or many of its business units or products. [4] The trait cannot be easily replicable by competitors. This is in tune with *the resource based view of the company*. This is a theoretical construct that attempts to describe the performance of a company based on specific internal resources. Resources are anything from technological advantages and knowhow to organizational attributes and physical assets. Companies should determine in which resource areas that they excel in and use them to create competitive advantages to leverage a company's competitiveness. Often competitors will attempt to nullify gains from a specific resource by copying it or substituting it. If a resource leads to long term competitive advantages it can be said to be a sustainable competitive advantage.[5] The

[3] "Pheng-Lui Chng and Nitin Pangarkar. Research on global strategy".2000. P. 104
[4] Hamel, G . and Prahalad, C.K; "The Core Competence of the Corporation", 1990, P. 79–91.
[5] Wernerfelt, Birger."A Resource-based View of the Firm". 1984. P. 171-180.

resource based view takes an “inside out” approach to international competition, as its starting point is the internal competences of a company. This way it is the internal competences that determine the strategic choices made when competing in the external environment. As such it is often put in contrast to theories that focus on external circumstances, such as Porters 5 forces. RBVs legacy is apparent in much of modern internationalization theory, which uses the concept if unique capabilities in various ways.

In general it can be said that Hamel and Prahalad focus on the animate resources a company can bring to the internationalization table.

An organization’s capacity to improve existing skills and learn new ones is the most defensible competitive advantage of all.[6]

Hamal and Prahalad focus on the knowledge and experience gathered by and in the company employee pool. At the time this view opposed much of the earlier internationalization theory that argued that mainly external circumstances should be used to guide a company’s strategic focus. Although Hamel and Prahalad advocate awareness about the connectedness of internal factors and the overall internationalization strategy, at the same time they tell managers to be pragmatic. A MNE can be made up of many different business units and as such one type of product can have differing conditions to another product made by the same company. Hence their advice for determining an overall internationalization focus for MNEs, is to balance each business unit´s strategic needs and be flexible when choosing if decision power should lie locally at the business unit or at the global headquarters. They argue that attempting to fit a company’s resources into a predetermined strategic box will often create a mismatch between strategy and corporate capability.

1.2.2 Bhartlett and Ghoshals internationalization typology

Bartlett and Ghoshals framework for categorizing MNCs strategies when facing internationalizing challenges has been widely acclaimed and developed by both scholars and managers alike. Hamel and Prahalads outset for determining an internationalization strategy is physical resources such as technology, national specific resources and production capabilities. Bartlett and Ghoshal start their line of reasoning differently. They focus on the organizational

[6] Hamel, G . and Prahalad, C.K; “The Core Competence of the Corporation”, 1990, P. 79-91

orientation of the company and examine the possible strategic possibilities from that outset. According to their theory much of a company's success, or lack of same, can be attributed to organizational choices and company strategy. The framework differentiates between three distinct types of internationalization strategy and group companies after their dominating characteristics. [7] The three types of companies identified are Multinational, international and global oriented corporations.

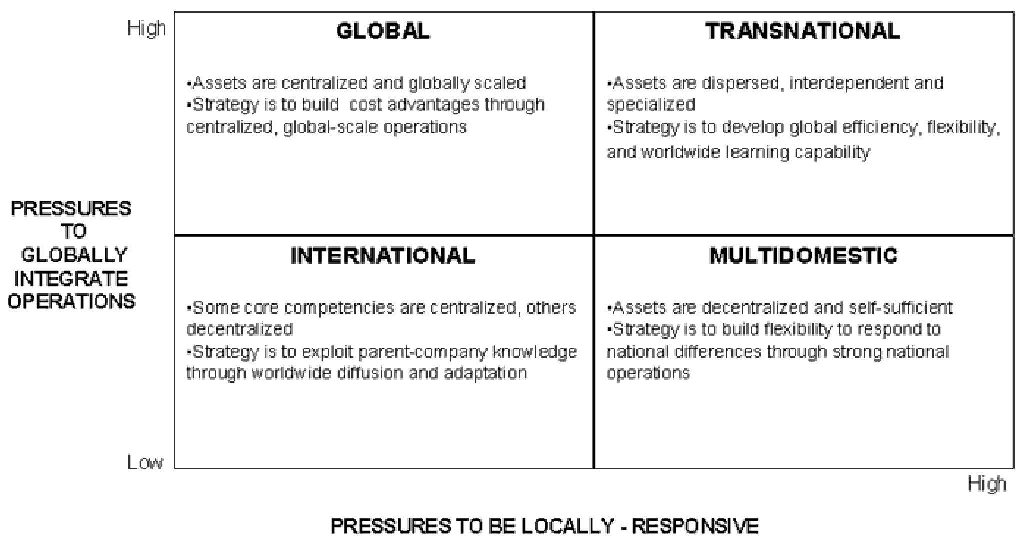
The most widespread and traditional company type identified by B&G is the *multinational enterprise*. The key to the management strategy in these types of corporation was that the most important factor was to develop positions in key markets across the globe and managing the offshore units as independent businesses. As such each national unit was managed as a separate entity that focused on optimizing its own situation according to the local environment. These distinct characteristic identify companies of the multinational enterprise; decentralized coalition of resources and responsibilities; management process characterized by straightforward financial systems and casual personal coordination and a strategic outlook of the company as being made up by individual and separate national business entities. As such, competences such as local responsiveness and strategic autonomy for subsidiaries are favored. Bartlett and Ghoshal dubbed this structural configuration a decentralized federation. [8] The organizational makeup of the multinational corporation corresponds to the infrastructural and communicational possibilities in the world before world war two.

The *international enterprise* is focused primarily on knowledge transfer and is diverse in its strategic makeup. This type of corporation structure was predominant in the post WWII period when western companies would expand into markets in less developed countries. Often this meant that the local market and technology level was not as advanced as in the company's home country and knowledge transfer was therefore paramount. The local business units were free to adopt products and strategies, but relied on the company headquarters for such new products and strategic inspiration. [9] This type of operation required a larger degree of organizational coordination than is the case in the multinational corporation. Bartlett and Ghoshal dubbed this type of structure coordinated federation.

[7] Bartlett & Ghoshal; "Managing across borders: The transnational solution". 1998. Page 55.
[8] Bartlett & Ghoshal; "Managing across borders: The transnational solution". 1998. Page 56.
[9] Bartlett & Ghoshal; "Managing across borders: The transnational solution". 1998. Page 57.

The *global enterprise* focuses on a centralized organizational strategy with emphasize on internal efficiency and supply chain management. This type of internationalization organization stems from the very roots of international business. Early industrial entrepreneurs such as Henry Ford perfected mass production of products and as such lowered the cost of production significantly. This uniform production was also matched by a similar uniform internationalization strategy. Each product was made the same no matter the nationality of the consumer and shipped from a centralized production facility. Operations of international subsidiaries were limited to conducting sales and service operations and at most had a assembly facility were larger products were put together pre distribution in the local market. All product characteristic and strategic choices were decided by the company headquarters.[10] Later this type of organizational configuration served as inspiration for the hugely successful Japanese expansion into the world markets. In the illustration below the organizational types are shown with their corresponding business environment circumstances.

FIGURE 1.
GLOBAL ORGANIZATIONAL TYPES *



* Adapted from Bartlett & Ghoshal, 1989

Source: Anne-Wil Harzing, 2000.[11]

[10] Bartlett & Ghoshal; "Managing across borders: The transnational solution". 1998. P. 58-59.
[11] Anne-Wil Harzing; "An Empirical Analysis and Extension of the Bartlettt and Ghoshal Typology of Multinational Companies". 2000. P. 104.

In later work published by Bartlett and Ghoshal in 2002 an ideal approach, unifying the three strategic outlooks, was identified. They dubbed it the transnational corporation model. Transnational corporations attempt to be pragmatic in their approach to strategic focus. This ideal type closely resembles the ideal approach Hamel and Prahalad identified.

In fact B&G advocate that the most important factors of the internationalization process is not only to have a cemented, well thought out strategic plan, but just as much having the capabilities to successfully manage and organize on the fly. In this way their conclusion mimics what H&P advises, namely to be pragmatic and evaluate each business units situation individually instead of trying to fit management into a predetermined overall strategy. Ghoshal is a true believer in the power of management, he argues that companies are influenced by external circumstances like industry conditions and competitors efforts, but most if not all challenges can be overcome by management efforts.[12] As such strategic planning becomes a day to day concern instead of just a tool that is mainly used in the planning process to assess future conditions.

"*… As we have seen, companies that once regarded their international units as entirely separate from the core domestic business now see the need to integrate their worldwide strategies and operations. Those that previously thought they could manage everything in much the same way globally now recognize the need to be sensitive to environmental diversity…"* [13]

Online specific relevance

Drawing upon Bartletts and Ghoshals typology between the centralized and the autonomous we can analyze certain characteristics in the behavior of companies that are either inventing or rethinking their online readiness strategy. Should companies focus on regional differentiation and tailor their strategy to geographical markets or should they focus on their internal competencies and adopt a global overarching strategy for all markets? Although it seems that the overall tendency is leaning towards regional differentiation, there are examples of both extremes.

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[12] Ghoshal & Piramal; "Sumantra Ghoshal on Management: A Force for Good". 2005. P.134.
[13] Bartlett & Ghoshal; "Managing across borders: The transnational solution". 1998. P. 281-282.

Companies such as Amazon, Paypal, Ebay, Yahoo and Google all provide their services in a multitude of languages aimed at people in specific geographical markets using country specific domain names. Although the core product remains the same and the differing strategic differences between markets can be small, this is still an example of regional differentiation in various degrees depending on the emphasize put on autonomy for each regional subsidiary. Companies such as Apple´s Itunes and MSN prefer to centralize their online operations on a single domain name and reroute geographical requests to sub domains. Bartlett and Ghoshals framework will be will be more thoroughly examined in the "Right of the dot – regional or global" section.

1.3 Theory discussion - Creating competitive advantages

1.3.1 Dunnings eclectic paradigm – The OLI model

As the word eclectic indicates Dunning has attempted to bring together a broad range of factors in a cohesive theoretical construct to explain foreign direct investment. The paradigm attempts to explain the existence of MNEs by asking why, where and how. Although the theory does little to attempt to describe the managerial implications of an internationalization process, it does attempt to explain the strategic reasoning behind such a move. The strategic focus is on the production of a product, not so much the sale. Dunning grouped these explanatory factors in three distinct categories, attempting to describe the process sequentially. The three categories are Ownership specific advantages; these describe the competitive advantages a firm possesses that can offer an edge on a foreign market. This is the why question. Secondly the Location specific advantages attempt to describe the targets market features that make it attractive to FDI. This is the where question. Finally the Internal advantages are the efforts an MNE will take to secure its position in the long run.[14] This is the how question. These three advantage groups have given the framework its nickname, the OLI model.

Ownership advantages

Ownership specific advantages are also called "firm specific advantages" or "core competences". A MNE operating in a foreign market will have additional costs compared to a local company.

[14] Moffet et all; "Fundamentals of multinational finance". 2006. P. 423.

These costs can stem from; cultural, institutional or legal differences in the target market. As such a foreign company will have an additional cost of doing business from a distance. To offset these costs, a company needs either to have lower costs or higher revenue than its local competitors. These advantages are most often intangible resources that a company can leverage to either offset the cost of production in a foreign country or gain a larger profit. The ownership advantage must be easily transferable both between subsidiaries and national borders in order for it to be of any use for a company engaging in FDI.

Location advantages

The location advantages are also called "country specific advantages". The location specific advantages are what determine which host country a company should setup production in. To be able to determine which country a company's ownership specific advantages can be optimally geared in a MNE has to look at the location specific advantages. These coupled with the unique makeup of a company determine where there is the best possibility for it to achieve sustainable competitive advantages. The location specific advantages are grouped into three sub categories, a: Economic advantages, b: political advantages and c: cultural and social advantages. Economic advantages are; infrastructure condition, communication cost, transport cost and size of the local market. Political advantages are local national policy that favor or disfavor FDI in the host country. Social advantages are the host country´s work culture, labour laws, pay level etc. This can roughly be equated to "psychic distance" from the Uppsala model. [15]

Internalization advantages

Internalization advantages are the advantages a MNE can gain from internalizing parts of an imperfect market. Instead of accepting a market failure because of the imperfect nature of a given market, a MNE can attempt to replace part of that market with internal counterparts. As an example, in some countries, purchasing supply of a given resource might be more costly than setting up an internal production of the resource. Market failures can be attributed to various factors; they are generally grouped into two areas, natural market failures and structural market failures. Natural market failures can be; transparency failure if knowledge of a given market is imperfect. High transaction costs. Structural market failures can be attributed to some of these

[15] Moffet et all; "Fundamentals of multinational finance". 2006. P. 424.

factors; externally forced market imperfections, such as government regulation. There are also oligopolistic market failures, which stems from dominance in a given sector from a single or a few MNEs. Although internalization can offset some of the costs from market failures, there is also a cost and prerequisite when internalizing parts of the value chain. Larger financial sums are committed and the administrative cost of managing the larger organization can be large.

1.3.2 E-commerce specific interpretation of OLI

In 2001 Dunning teamed up with Cliff Wymbs in order to modernize the OLI framework to accommodate the advent of E-commerce. They concluded that many of their original assertions still hold true for e-commerce centric MNEs. Network centric companies will still benefit from internalizing functions to reduce transaction costs and increase efficiency. The most important aspect of creating competitive advantages is still hinged on the company ability to nurture and maintain core competences. [16]

"…at a macro level, social relational capital measured inter alia by the lack of crime, bribery, corruption and terrorism is becoming a more important factor influencing the location of economic activity by MNEs…"[17]

Synopsis and critical evaluation

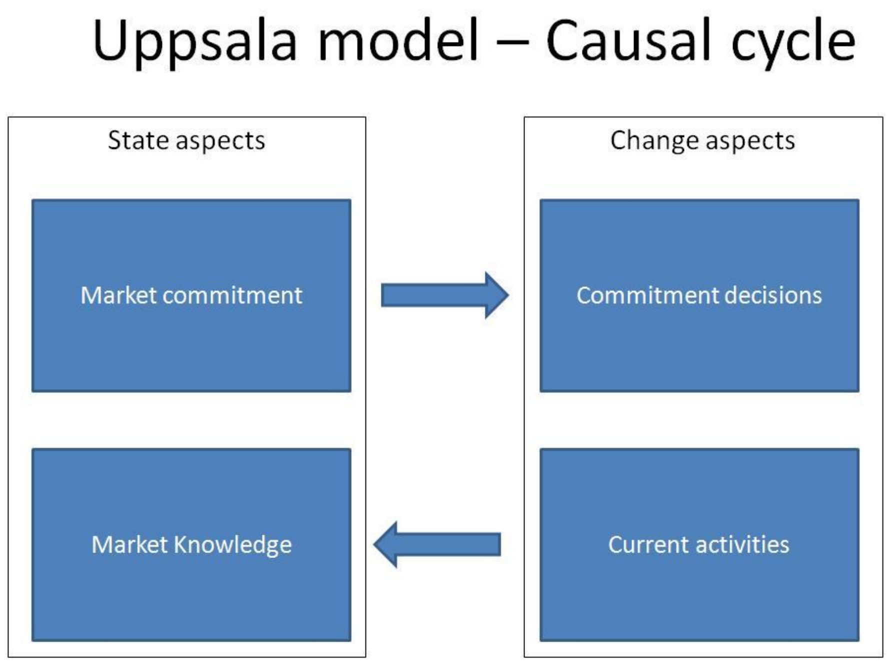
Dunnings theory was put together in the late 1970es and published in 1980. As mentioned its main aim is to explain the reasons for companies to directly invest in a foreign market. Other types of entry into a foreign market are not examined, such as exporting, licensing and joint ventures. Although the local market size and strength are considered in Dunnings theory, less emphasis is put on these factors. The strength of the OLI model is in the broadness of factors considered, Dunning looks at company resources, business environment and critical competences. It can be said that this means that in depth review of each data area was sacrificed to achieve a more comprehensive view of the internationalization challenge for MNCs.

1.4 Theory discussion – Process focus

[16] Dunning et all: "The Challenge of Electronic Markets for International Business Theory". 2001. P. 295-296.
[17] Dunning; "The Eclectic (OLI) Paradigm of International Production: Past, Present and Future". 2001, pp. 185

1.4.1 Uppsala model

The Uppsala model is an internationalization framework that was formed by a number of Swedish researchers based at the University of Uppsala. Its main contributors are Jan Johanson, Jan-Erik Vahlne and Paul Finn Wiedersheim. The model is based on observations of the internationalization processes at several large Swedish manufacturing firms. The Uppsala model emphasizes sales activities as the driving force for the internalization process and the importance of market specific knowledge possessed by a company. MNEs should use a gradual and incremental internationalization process, using the current market commitment as a guide to the level of further investment and development of the foreign subsidiary. The model distinguishes between two different aspects of internationalization the state aspects and change aspects. State aspects are the current market commitment and knowledge. Change aspects are current business activities and commitment decisions. The process is viewed as causal cycles.

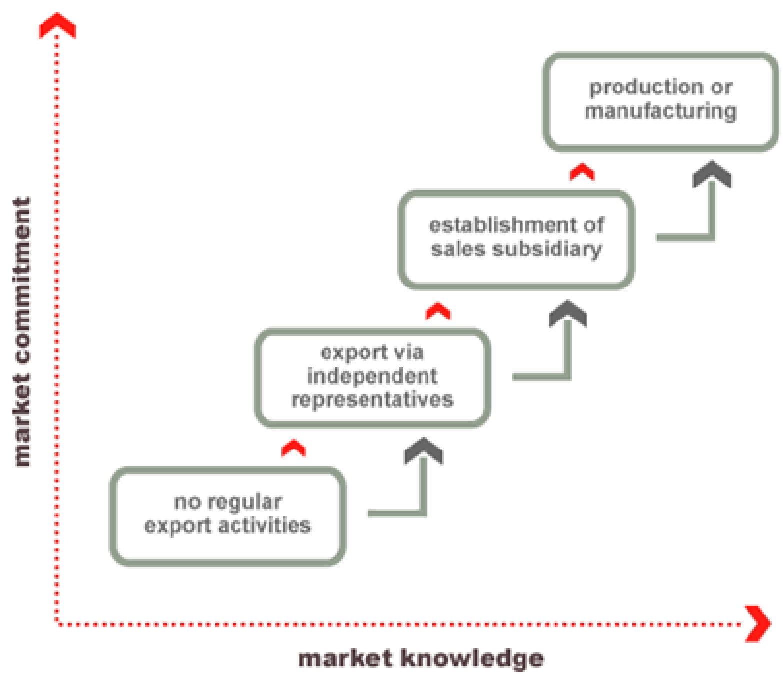


Source: Adapted from work by Johanson & Vahlne. [18]

One of the basic presumptions of the model is adapted from work by Penrose done in 1959. It states that there exists two kinds of knowledge; *Objective knowledge* which can be taught and

[18] Adapted from work by: Johanson & Vahlne; "The Mechanism of Internationalisation". 1990.

Experiential knowledge which has to be gained through personal experience.[19] This means that company specific resources such as employee knowledge become pivotal when deciding on internationalization strategy. The Uppsala model identifies four main steps in the process of establishing a foreign presence. The steps represent a gradual increase in local presence as local market commitment rises. The model states that a company will enter a new market at the lowest possible commitment level and develop their position incrementally according to their market specific knowledge and market position.



Source: Provenmodels.com. [20]

Market knowledge is a measure of how well a company knows a specific market. The model introduces a quantity called "psychic distance" to evaluate the degree of foreignness of a market. "Psychic distance" attempts to quantify many different variables such as culture and language, but also factors such as legal and political systems. These are analyzed to describe how foreign a market is to a company.

[19] Johanson & Vahlne; "The Mechanism of Internationalisation". 1990. P. 12
[20] Provenmodels.com; Uppsala model discussion.

Overall the Uppsala model paint the picture of a rational and traditional expansion model, that follows an incremental process only committing new resources when they are actually needed. Since the original model is based on case studies done at large manufacturing companies, it can be criticized for not having much variance in the type of companies analysed. Later work done in 1990 by Johanson and Vahlne, attempted to identify situations were companies would not gain advantages from using the incremental approach to expansion. Three main situations were identified.[21] One; for companies that are sufficiently large to offset short term losses, it can be gainful to hasten the commitment process. Two; when relevant market experience can be gained through other means than direct representation in a market. Three; experiences in markets with similar conditions can allow the company to generalize the experiences and put them to use in other markets.

Synopsis and critical evaluation

Critics of the Uppsala model argues that internalization is not a necessarily an incremental process. An internationalization process can start with export, but other types of starting points can be envisioned such as licensing. Furthermore developments in production technology and falling transportation costs have introduced the notion of a "born global" type of corporation; these companies can leapfrog in a local market from no presence into a full blown Greenfield production scheme. The emphasis on manufacturing companies also means that radically different types of companies, such as service providers, can have radically different commitment conditions.

1.4.2 Luo et all, research into Internationalization of Ecommerce specific companies

In 2005 Luo et all did an empirical analysis of the speed of internationalization of Ecommerce companies (ECCs). It argued that ECCs deal purely on virtual networks and are hence subject to completely different internationalization conditions than traditional MNCs. Instead of adhering to an incremental internationalization process, ECCs can mount and execute internationalization at a much quicker pace than MNCs. They argue that ECCs differ in their internationalization process on three distinct areas from traditional MNCs.[22]

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[21] Johanson & Vahlne; "The Mechanism of Internationalisation". 1990. P. 12
[22] Luo et all; "The internationalization speed of e-commerce companies: an empirical analysis". 2005. P. 696.

Firstly they emphasize the open nature of an ECC allowing information to flow more freely in the organization. This is because ECCs operates in a mainly virtual environment where information can be transmitted and shared by the touch of a button. This allows ECCs to adapt and absorb information quickly which in turn translates into a more rapid internationalization process compared to the incremental process favored by most traditional internationalization theorists.

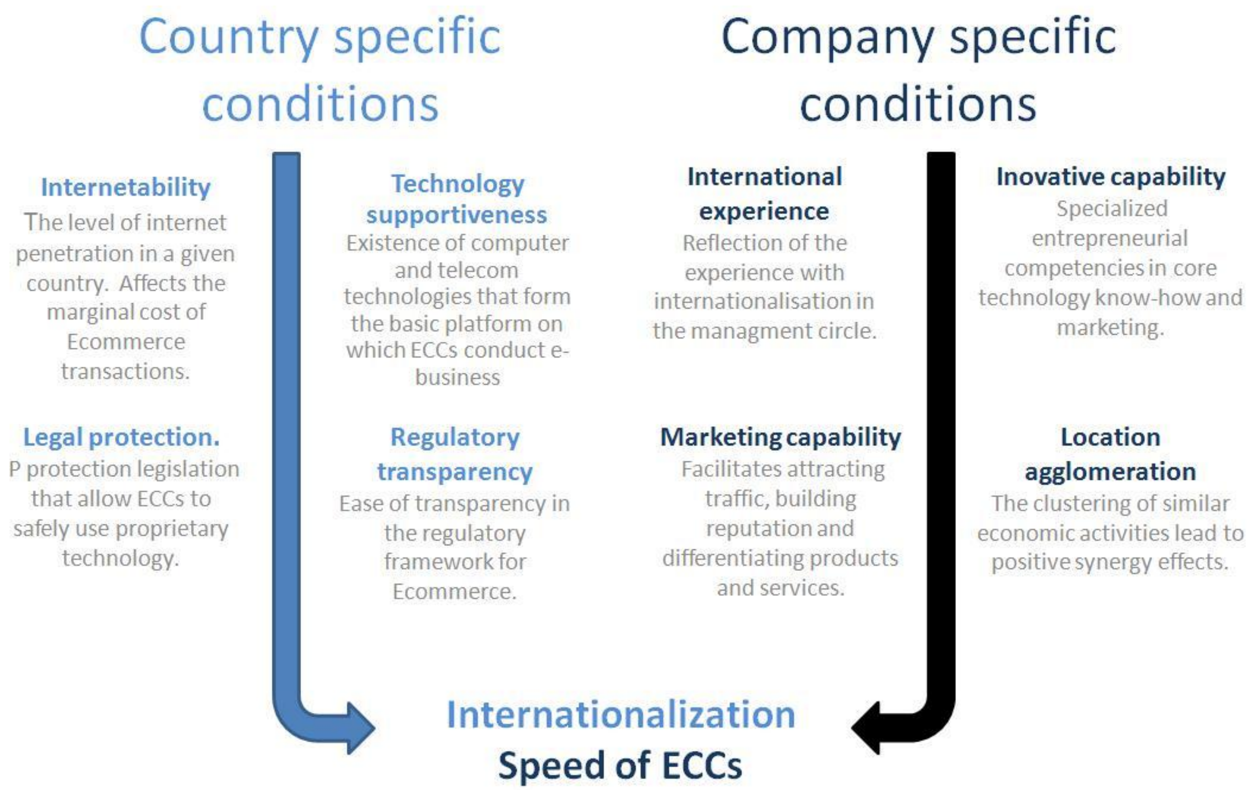
Secondly most ECCs are built around synchronized systems that allow them to manage and process customer orders and requests in real time. Luo et all argue that this system allows ECCs to incorporate stakeholders from the entire value chain into the decision making process. This facilitates organizational learning at a higher rate than in the traditional MNCs and allows ECCs to deliver customers' orders without making use of intermediaries. These two factors mean that the ECC is less dependent on local resources in order to enter a new market. Luo et all suggest that this in turn implies that ECCs are likely to expand internationally at a faster pace than MNCs.

Thirdly Luo et all propose that ECCs are less physically and culturally constrained than traditional MNCs.

"…e-commerce is featured with information transmission and sharing in a dimensionless space where suppliers and consumers interact, an ECC does not need a strong home country base as required for a traditional company nor does it need to follow an incremental and sequential approach as a traditional firm does to respond to cultural or psychic distances." [23]

The premise in this proposal is that the internet medium removes many traditional cultural barriers to trade as it uniforms the trade platform. These three propositions lead to the construction of a theoretical framework which attempts to grade the significance of both micro and macro level factors to the ECCs internationalization speed. The framework proposes for empirical testing is composed by four macro level conditions (or country specific conditions) and four micro level conditions (or company specific conditions).

[23] Luo et all; "The internationalization speed of e-commerce companies: an empirical analysis. 2005. P. 696.



Source: Adapted from the work of Luo et all. [24]

Their framework was tested using multiple regression analysis based on historical data from American ECCs. For analysis purposes the framework was first broken up into two models, one for micro factors (model 1) and one for macro factors (model 2) and then compiled in a third model. Below the results of the regression analyses is shown.

[24] Adapted from: Luo et all; “The internationalization speed of e-commerce companies: an empirical analysis”. 2005.

Variables	Model 1	Speed of internationalization Model 2	Model 3
Intercept	1.34* (0.79)	1.42* (0.74)	9.82** (4.21)
Micro-level determinants			
Innovative capability	0.30** (0.09)		0.28* (0.16)
Marketing capability	0.27*** (0.06)		0.25*** (0.06)
TMT international experience	0.55** (0.05)		0.57*** (0.15)
Location agglomeration	0.13 (0.08)		0.10 (0.23)
Macro-level determinants			
Internetability		0.52*** (0.07)	0.34*** (0.14)
Technological supportiveness		0.28*** (0.08)	0.11** (0.05)
Legal protection		0.16* (0.09)	0.17* (0.09)
Transparency		0.28** (0.12)	0.28** (0.14)
Control variables			
Size	0.35 (0.25)	0.13* (0.07)	0.14* (0.07)
Cultural distance	−0.14 (0.10)	−0.10 (0.07)	−0.01 (0.01)
Model F	5.22***	4.60**	7.99***
R^2	0.66	0.59	0.81
Adjusted R^2	0.57	0.51	0.74

Notes: Entries in this table are unstandardized regression coefficients with standard errors in parenthesis. $*p < 0.10$; $**p < 0.05$; $***p < 0.01$

Source: Luo et all. 2005. [25]

According to the regression analysis inherit company capabilities have a large impact on the internationalization speed of the ECC. Especially internationalization capabilities have a large effect. The Location agglomeration effect was found to be very little. This fact is mainly attributed to the young age of ECCs and hence the small possibilities for sharing of experience.

Looking at macro aspects it was found that especially internet ability and infrastructural technology support had a large impact on the decision and speed to enter a certain market. To a lesser extent IP protection and transparency also affected this. Two control variables, company size and cultural distance, exhibited different results. Firm size did have a favorable impact on internationalization speed, while cultural distance had little to no effect.

1.4.3 Speed of internationalization

As discussed above, online internationalization can take place at a much faster pace than offline internationalization. In the book "Managing across borders", second edition from 1998, by

[25] Luo et all; "The internationalization speed of e-commerce companies: an empirical analysis". 2005. P. 704.

Bartlett and Ghoshal, Matsushita Corporation is highlighted and applauded for its rapid growth. In a span of two decades it grew from a Japanese medium sized manufacturer of electric goods to a 20 billion dollar global company.[26] In comparison the company Facebook.com was launched in 2004 and achieved rapid growth up to today were it was recently valued at 50$ billion.[27] The difference in speed of growth is staggering and hints of the changes that have occurred in the possibilities of internationalization. Today targeting various parts of the world can be accomplished without ever leaving the companies home country. Market research, website development and purchase of online infrastructure can easily be done via the internet. In some cases even shipment can be done from a single centralized location. In this way online internationalization is often very geocentric and can be achieved without as much abroad investments as traditional internationalization. For companies that already have setup foreign subsidiaries the challenge lies in coordinating their efforts in a constructive manner.

These facts entail that online organic growth is possible at a much faster pace than offline organic growth. But the parameters of growth by acquisition is also changed allowing for absorption of new business branches at much faster pace than possible when the business is non-virtual. Although Ecommerce companies still rely on physical locations for employees, stock and infrastructure, much of the value of the company exists in virtual constructs such as Software, databases, customer details and patents. These are comparably cheaper and easier to move and absorb than traditional brick and mortar assets. As such online growth by acquisition can also be achieved at a much faster pace than acquisition of offline centric companies.

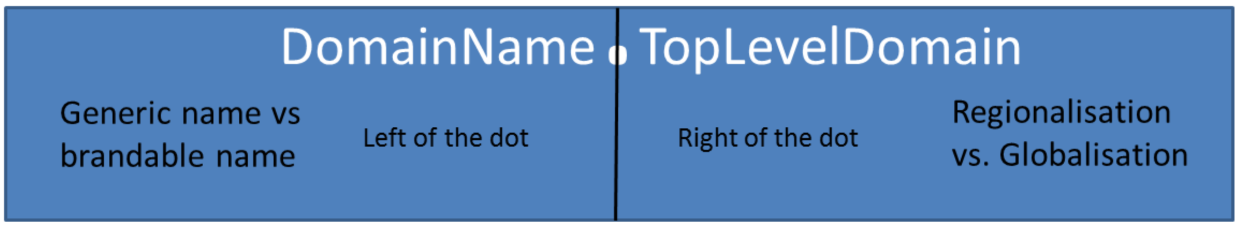
In the post 2000 business world both organic growth and growth by acquisition happens much faster online than offline, this means that the speed of online growth ends up becoming a question of rapid or very rapid growth through organic growth or acquisition.

1.5 Using Domain names to create competitive advantages

In order to organize and analyze domain name strategy a framework is constructed using lessons derived from authoritative internationalization theory. The framework

[26] Bartlett & Ghoshal; "Managing across borders: The transnational solution". 1998. P. 4.
[27] The Guardian UK; "Facebook's value swells to $50bn after Goldman Sachs investment". January 2011.

process of selecting a suitable internet domain name geared at international markets. This framework is divided into two main areas. What’s left of the dot and what’s right of the dot, this division is based on the makeup of domain names. Each domain name is divided into a hostname which is left of the dot and a Top Level Domain (TLD) which is right of the dot.



Source: Author.

Left of the dot describes the keyword or brand name that a company selects. In terms of this paper a division between brandable domains and keyword domain names is made. Left of the dot describes the strategic choice of selecting the company or product brand name. The choice of the right name is an opportunity to create a unique and somewhat non-replicable competitive advantage. Right of the dot is aimed at describing and discussing the types of top level domain (TLD) strategy and their implications. This section is an effort to transfer the strategic choice between regional diversity versus global integration, to domain name specific conditions.

1.5.1 Left of the dot – keyword vs. brandable

In the online world little is completely un-replicable and proprietary. Almost any technological advance in homepage technology can be developed in parallel with competitors, without infringing on patents or copyrights. In general technological advances in the online marketplace platform is much easier recognized and copied by competitors. As such creating online competitive advantages is often hinged on the amount of resources poured into branding and making the company stand out from competitors. One manner of supporting the advertising efforts is for managers to decide on the hostname to base the online strategy on. An important strategic aspect when choosing a domain name is whether to choose to pursue a generic keyword domain or a brandable domain name.

Brandable domain names

Brandable domain names are all names that do not convey an immediate meaning and must be branded to achieve notoriety. They can be divided into to three overall categories; *made up words*, *non-typical word/word constellations domains* and *acronym domains*. The *made up words* category are most often short, memorable and easily pronounceable letter constructions. Company websites such as; Twitter, Ebay and Bing, are all good examples of this type of domain names. *Non typical words and word constellation domains* are domain names that use easily recognizable words for purposes that are not directly implied in the intended meaning of the word(s). Or put words together in non-typical constellations to describe their services. Websites such as; LinkedIn, Facebook and Godadd, are good examples of this type of strategy in action. The final category of brandable domain names are the *acronym domains*, most often these domains are only comprised of one to 4 letters and convey either the exact acronym or the start letters of a company or service. Company websites such as HP.com, MSN.com and PW.com are good examples of this type of domain names.

Pros: Catchy and easy for consumers to remember.

Cons: Needs accompanying branding effort to describe service or product.

Keyword domain names

Generic keyword domains are names that instantly convey a meaning by merit of the name itself. The use of these types of domains can be divided into two general categories; keyword brand development and redirecting domain names. Companies using the strategy of keyword brand development will seek to base their entire business or business units brand identity upon the domain name. This allows them to take advantage of both the type in traffic, SEO advantage and branding weight of the domain name. Good examples of this practice are Wine.com, Movies.com and Dictionary.com. Companies using redirecting domain name strategy will generally only take advantage of the type in traffic aspect of the keyword domain and use redirection to point the generic keyword domain towards another site. This practice can be used when you already have a strong brand presence in place and only want to supplement this with a portal domain. Good examples of this are; Labels.com, Motorcycles.com and BookPublisher.com.

Pros: Inherit description of product or service. Can be used as a Search Engine boost.

Cons: Hard to trademark/copyright. Difficult for consumers to remember, can cause traffic loss to competitors.

1.5.2 Right of the dot – regional vs. global

Drawing upon the typology used by Bartlett and Ghoshal the online presence strategy is divided into three strategic categories. The division is after the overall focus on a uniform global strategy or the choice of using regional specific domain names and websites. The third choice is to attempt to take the best of both worlds using a transnational strategy. Looking at online internationalization these three options hinge in part on the content delivered via the website and the domain name strategy that is employed. This draws upon the B&G typology to analyze a smaller aspect of the internationalization process. However this aspect, online presence strategy, is gaining importance and quickly becoming one of the most important aspect of online internationalization in the twenty-first century.

Regional online presence strategy

A regionalized strategy will look at geographical separate markets and treat each of them as a single entity and analyze what specific needs the national consumers have. This allows the company to target consumers in their own language and use country specific domain extensions to boost their local search engine results. Using a ccTLD domain name, coupled with content in the regional language, to target a specific geographical region allows companies to receive a better search engine placement compared to the single website approach using a language not specific to the region in question. Website content and products/services offered are tailored to the specific needs of each group of geographical consumers.

Globalized online presence strategy

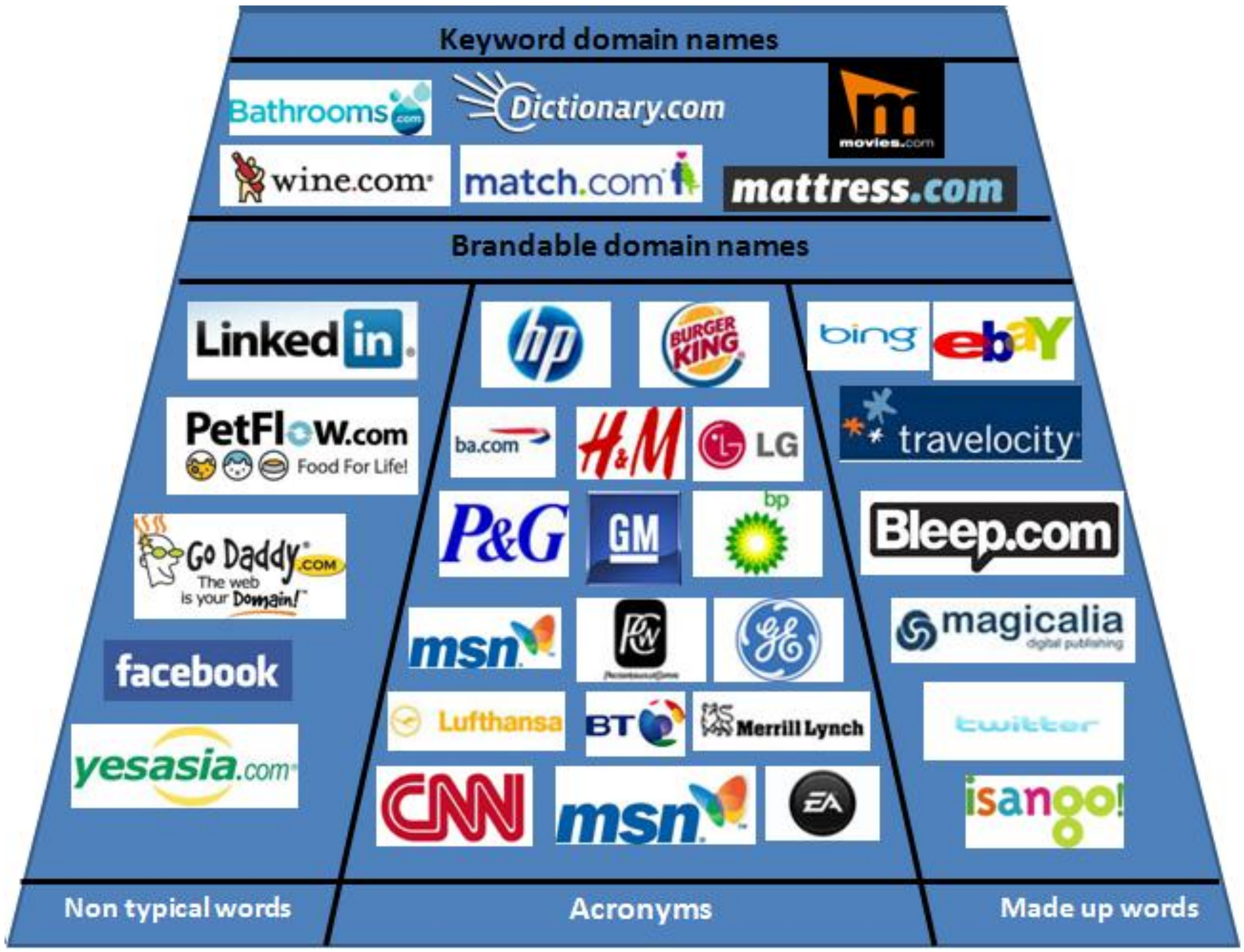
A company using a globalized strategy treats internet consumers as part of a single market, regardless of their geographical affiliation. As such it contains a notion of consumer as a uniform entity, which has been made unvarying by the internet medium. Companies employing this strategy provide content in a single language, most often English, or a simple translation of the English content. A single global domain name is used for all consumers. In some instances this type of company will register country code specific top level domains as a trademark protection and let them sit unused or redirect them to the main website. In other instances these companies use a website that consist of a two or three digit abbreviation of their company name or their company name is a generic term or word. These companies can have a hard time acquiring specific ccTLD domain names, since the competition for these types of names is big and trade marking them can be difficult. As such external conditions can have a large impact on what type of online presence strategy a company will employ.

Transnational online presence strategy

The transnational strategy will attempt to combine the strengths of the two other online presence strategies. It is a possibility for companies making use of this strategy for them to use a single website for their operations and purchase country code specific extensions and reroute the traffic from these to the "mother" website. But instead of providing content in a single language or simply providing a translated copy of the content, they make subpages on their website that are targeted to individual national groups. In this way they will realize search engine advantages pertaining to the local languages of each national market, but not receive the search engine boost that a local ccTLD domain extension will provide.

Illustration of domain name strategies

In the illustration below a graphical representation is given of some sample companies' domain name strategy. At the moment it is evident that most companies pursue a brandable domain name strategy of some sort. Established companies that are not founded in the post internet era, have a larger tendency to brand their acronym than companies that are relatively new.



Source: Author.

2.1 Cases and analysis

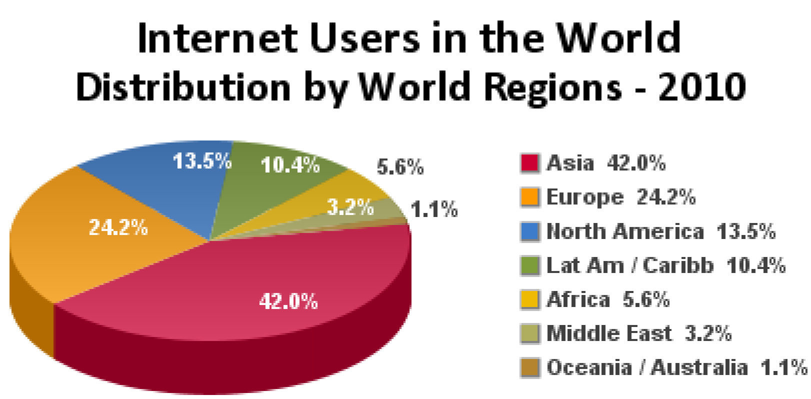
2.2 E-commerce Sector analysis

In the following section, the E-commerce sector is quantified and analyzed in order to document the growing importance of online internationalization.

Today every product known to man is either directly traded or researched online. Western consumers have grown into the habit of using the internet to induce a higher degree of market transparency. Today a vast amount of competing suppliers for any product can be directly compared sitting in front of your computer in your home.

Internet demographics

The early internet landscape was dominated by users from the United States of America. But in the period from 2000 until 2010, internet users from Europe accounted for the largest increase in users. The European user base grew with more than 300% from 105 million users to 477 million users in 2010. Today they account for 24% of the total internet user base, while North American accounts for roughly 13.5%.[28] The future of internet demographics might well change radically as the populations from South America, Asia and Africa are further integrated into the online community. Already Asia accounts for almost half, 42.5%, of the total internet user base with more than 825 million users. Africa accounts for only 5.6% of the global internet user base with more than 110 million users. Both these regions have the lowest population penetration rates and hence the largest potential in increase of internet users.



Source: InternetWorldStats.com[29]

In Africa only 11% of the population has access to the internet, large parts of the continent is without the needed technological infrastructure, to allow a significant increase in users over a shorter period of time. Asia on the other hand is both the largest contributor to internet users, but also the continent with the highest potential for an increase in this number. Internet penetration in the Asian public is 21.5%, compared to Europe's 58% and North Americas 77%, there is still a huge potential for growth. Unlike Africa, Asia has much better economical foundation to be able to invest in the infrastructure needed to be able provide internet access to the more than 3.800 million people living there. Furthermore many emerging countries have a growing middle class

[28] InternetWorldStats.com; Internet demographics.
[29] internetworldstats.com/stats.htm. Data collected in June 2010.

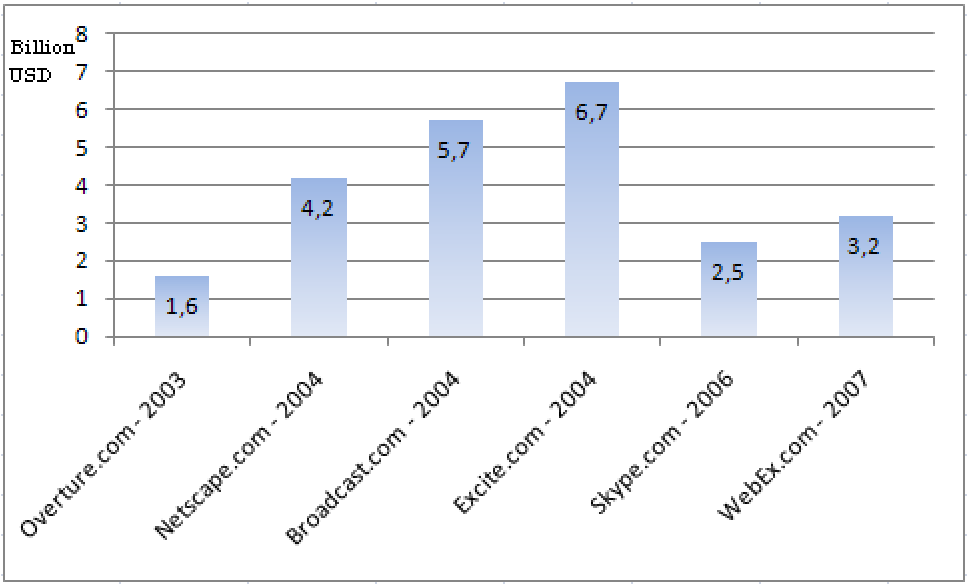
segment that will increase their consumption of goods to rival that of a western consumer. This will increase the size of the local consumption power and hence it will also increase the value of non-western internet traffic. This fact coupled with the potential for growth in internet penetration will potentially allow the emerging economies to shape the future of E-commerce by effectively dominating the geographical makeup of the global internet population.

Newcomer advantage

Established companies that are offline centric initially had a hard time adjusting to the necessities of the online age. This is natural since an offline centric company with an established value chain, has much of its strategy cemented. It is harder for a company to adjust the strategic goals when it has already made commitments in other areas. A new founded company would have a comparatively simpler task in formulating an online strategy in their outlining business plan. The early online marketplace also appealed to new comers for the simple reason that the startup costs are much lower in comparison to a physical retail location. Traditional routes to market often carry a heavy initial cost. For example a new started clothing company would need to rent a physical location and pay several employees, before they could actually sell their clothes to anyone. In comparison on average an online retail outlet carries a smaller initial investment and a smaller operating cost. In the late 1990es the online market was relatively unsaturated. Only the innovators were present and as such the entry barriers for a newcomer were comparably low. These comparative advantages to traditional markets meant that early internet E-commerce had a boom of startup companies vying for percentages of the new market.

Sales of online centric companies

The last decade has seen many sales of online companies. Some of these are in the billion USD range and as such can act as an indicator of the value attributed to E-commerce sector.



Source: Adapted from Bove-Nielsen et all 2000. [30]

These companies all share some common traits. They are fairly young and have amassed an explosive increase in value in a short time span. Another interesting fact is that they were all bought by other internet centric companies. This indicates that companies that have found initial online success are trying to capitalize on that success and cement their online market share.

Customer satisfaction when shopping online

One of the areas that have hampered early E-commerce is the fact that you cannot physically inspect a product and initially other areas such as personal service was also lacking compared to the offline alternatives for shopping. This makes improving customer satisfaction when shopping online very important to ensure an easy transition from offline to online shopping habits. When asked about what they consider to be important in a online store consumers picked these factors as the chief ones; 64% found good product details essential, 60% liked site incentives (such as coupons and special offers), 46% thought that easy site navigation was important and 42% would like to see more product reviews when shopping online.[31]

Customer satisfaction when shopping online is reaching the levels of its offline counterparts. In a survey from 2006 online retailers scored 83 using a 100 index score versus offline retailer's

[30] Adapted from work by: Bove-Nielsen & Ørsted. "E-business – Digital foretningsstrategier". 2000,
[31] internetnews.com; "Mobile Commerce, Twitter to Save E-Comm Sales?"

aggregate score of 74. [32] The survey indicated that improved means of viewing a product and zooming in on it as major contributors to the increase in online customer satisfaction. Consumer satisfaction is an important factor when considering growth potential for online purchasing activity. Already ease of availability and price comparisons are vastly superior when shopping online compared to offline shopping.

Advertising income

In recent years traditional media outlets has lost significant market shares to online advertising. Especially written media has lost ad revenue that has shifted to various types of online advertising. Today, online advertising is one of the largest sectors of E-commerce. In addition to the thousands of web pages that conduct actual sales activities, there are millions of others that are informational sites or part of social networks. These sites are usually monetized by showing virtual advertisements for various products or services. For some of the larger network sites this advertisement income can be as much as 1 million USD pr day.[33]

In the US which is the biggest market for online advertising, growth had flattened during the economic downturn. But although ad spending dropped from 2008 to 2009, the fourth quarter of 2009 set a new spending record of 6.3 billion USD in the US. In 2009 the online US ad market excluding mobile devices was estimated to be 24 billion USD by PWC. [34]

In a 2008 analysis and projection made by IDC, global online ad spending would rise from 68 billion USD in 2008 to 108 billion USD in 2011.[35] This figure is comparable to the total advertising market of 2009 which was estimated at 406 billion USD by PWC.[36] From these figures it can be extrapolated that soon online advertising spending will equal roughly a quarter of the total advertising spending across all media. This trend of online advertising conquering market shares from traditional media is likely to continue to increase as technology evolves and internet penetration increases.

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[32] Metrics2.com; "Web 2.0 Helps E-Commerce Sites Beat Offline Stores in Customer Satisfaction". 2007.
[33] Smallbusinesscomputing.com; "Online Advertisers Resume Paying Big Bucks". 2010.
[34] Wsj.com; "Internet Is Set to Overtake Newspapers in Ad Revenue" 2010.
[35] Marketingcharts.com; "Worldwide Internet Advertising Spending to Surpass $106 Billion in 2011". 2008.
[36] Pwcjp.com; "Consumer behaviour drives change; Entertainment & Media players seek new roles in digital value chain". 2010.

Online retail spending

One of the most important indicators of value to the E-commerce sector is how much money consumers actually spend when shopping online. The US market has been the largest so far, but growth is stagnating compared to other global regions. Spending flattened during the economic downturn, but even so US retail E-commerce spending has seen huge increases since 2004. From 2004 to 2008 turnover doubled from 66$ billion to 130$ billion. Most forecasters expect the 2009 figure to be surpassed in 2010, thereby ending the flattening trend.

Source: Emarketer.com. [37]

Although the current E-commerce market is driven by American consumers it is quickly being overtaken by Asian E-commerce spending. South Korea was an initial first mover in E-commerce and holds a significant position today as its E-commerce market equals roughly that of France. Another big Asian market to emerge is in China, which is waiting to experience a boom in E-commerce as its growing middle class gets money to spend. China has more than 100 million internet users and is as such the country in the world with most Internet users. Already

[37] Emarketer.com; "E-Commerce in a Recession: The Impact on Consumers and Retailers". 2009.

37% of internet users, in Chinas larger urban areas, are buying online.[38]. Senior IDC analyst Lincoln Lee assed the 2006 E-commerce market to be more than 5 trillion USD. [39]

2.2.1 E-commerce section summary

The E-commerce sector has achieved growth at a staggering rate and although investment and spending in the online sector fell during the recent economic downturn, key industries such as online advertisements, were amongst the first to recover. Online advertisement has grown by taking market shares from traditional media outlets and taking advantage of new markets fueled by technological innovations in online entertainment and the increase in product availability online.

Consumer satisfaction figures show that consumers already find the online shopping experience almost as favorable as shopping offline. Obvious shortcomings such as not being able to physically inspect the product and delivery time opposed to taking the product home from the shop are being countermanded by improvements in technology and shorter delivery time.

Development in internet penetration in Asia, South America and Africa will vastly increase and diversify the user base of the internet. This development will open up a huge global consumer base that will allowed unified marketing at a scale never seen before. Overall online retail spending is increasing on a world wide scale and although the American market is still the largest, markets in South America and Asia is leading the growth rate figures.

E-commerce has grown from nothing more than a concept to an incredible 5 trillion USD sector during the last 20 years. This growth has been fueled by technological advances and consumer behavioral change. As of yet this change is still to fully hit some of the largest populations in the world. When this happens it will change the face of the current E-commerce market and ad incredible value to the current size of the sector.

2.3 Strategic choice – Regional or global

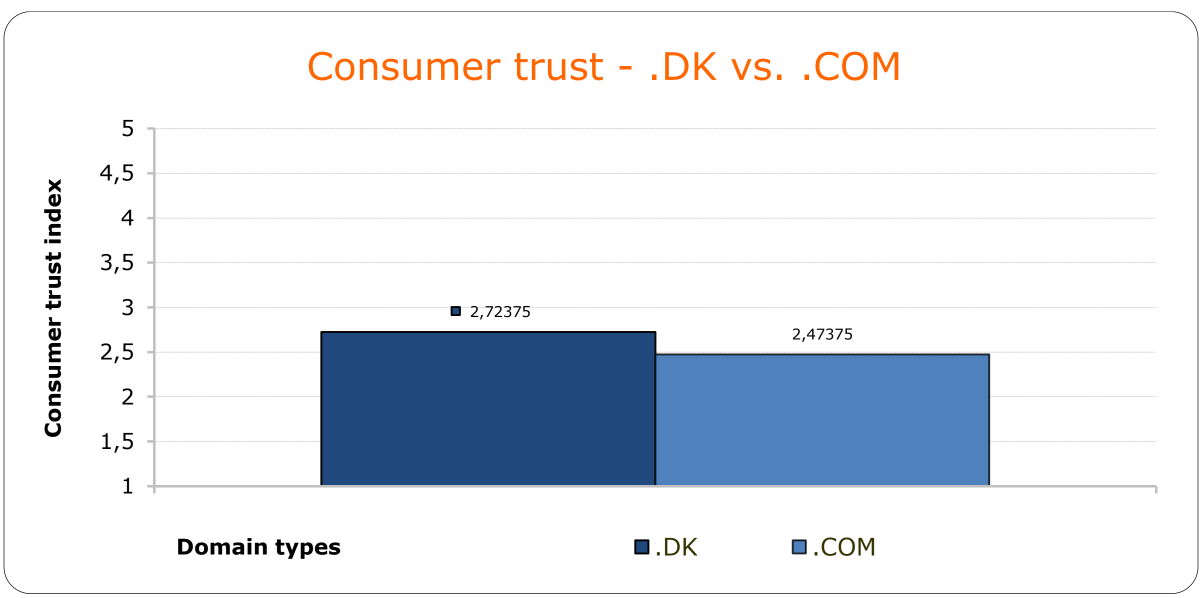
One of the measures of inherit value of a domain name is the public's perception and trust in it. In the following section I will examine the differences that the chosen top level domain

[38] internetretailer.com; "E-commerce will gradually emerge abroad, Forrester Research predicts". 2010;
[39] powerup.com.au; "Ecommerce spending". 2008.

extension carries when selecting your online presence. A look at consumer trust differences and current strategies in use will be examined. To this end the results from the survey conducted amongst Danish consumers are analyzed, as supporting evidence data from the .uk registry, Nominet, is discussed. Further current examples from companies using various online presence stragies are discussed.

.DK vs. .COM – A trend survey analysis on Danish consumers

To investigate the theory put forth in the domain name strategy section I have conducted a survey amongst 100 Danish consumers. The survey allows us to examine the trust Danish consumers' show in the location extension, .DK, versus the global extension .COM. It must be remarked that this survey can only act as a trend indication of the global consumers' preferences, since the questions were only posed to Danish consumers and as such only represent a single nationality. Another validity issue is that Danes have a tendency to put a large degree of trust into institutions regulated by Danish law and as such the trust figures might be skewed in comparison to other nationalities. Nevertheless this is a representative example of the inherit consumer trust a domain name or domain name extension can carry. The consumer trust index scale runs from 1, a very low degree of trust, to 5, a very large degree of trust.

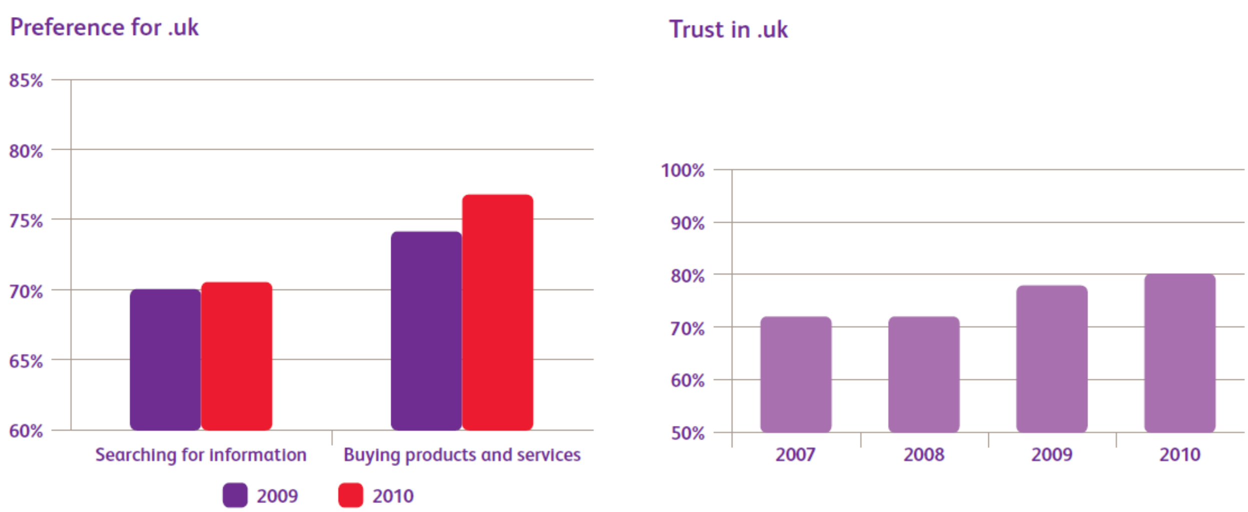


Source: Author

The average from a 100 respondents puts the .dk extension in at a trust index number of 2, 72 compared to .coms 2, 47. From those figures it is apparent that Danes put a comparably larger degree of trust in domain names from the local ccTLD extension in comparison to websites hosted on the most recognized global extension. These figures represent the immediate trust level when presented with a domain name, when a company already has branded itself and its name this effort will of course offset the negative effects of choosing a global extension versus a local. The results from the survey are attached in a spreadsheet as appendix 2.

British consumer trust in the .co.uk extension

Nominet.org.uk is the registry that administers the British ccTLD extensions ending in .UK. It is a non-profit private organization established in the mid nineteen nineties. Since 2007 Nominet has been measuring the British public's trust and preference in their local domain extension compared to the global .COM extension.



Source: Nominet.org.uk. [40]

The registry posed questions to British consumers, based on their inherit trust and preference when searching and shopping online. They were asked "Would you chose to visit a .uk website over a .com website when presented with a search result?". 80% of the respondents answered that they would trust and visit the .uk result over the .com result. Nominet has posed this question to the British public since 2007, since then the result has climbed from 73% up to the

[40] Nominet.co.uk. "Domain name industry report 2010". P. 31.

current 80%, a heavy bias towards the local extension in comparison with the global. Since 2009 Nominet has further checked the difference between informational searches and purchasing searches. This shows that when British consumers are looking to buy a product or service they will prefer a .uk website over a .com website 77% of the time. This preference shows very little variance when looking at different age groups and geographical location.

According to Nominet the preference is driven by "…*UK consumers' perception that .uk is more secure, credible and trusted than .com. They also consider .uk more familiar, friendly and responsible than .com".* [41]

TLD strategies

In the following section I will examine a few choice examples of companies that are currently using various extension strategies.

Globalized online presence strategy

Very few international companies use a single global website in one language to target their online consumers. The ease of setting up localized versions of websites and the low costs of creating content in various languages have removed most barriers to providing somewhat regionalized solutions. The few companies we do find in this category are most often companies that do not target consumers directly, for example companies involved in business to business. Further they might use names that can be described as generic which can make it hard to lay claim to country code specific domain names. Example below:

Total.com

French based energy producer with more than 95.000 employees, present in 130 countries. Their name is a generic word in many languages including English and French. This company has a truly global customer base, but since it does not target consumers directly and does not rely on search engine rankings to provide customers, it is of less comparative importance for them to have regionalized websites.

[41] Nominet.co.uk. "Domain name industry report 2010". P. 31.

Companies using a regionalized online presence strategy

Companies in this group tailor content and websites to users from a specific geographical region. Companies in this often offer a service aimed directly at consumers and use search engine rankings to acquire customers. Example below:

Ebay.com

Ebay offers regionalized versions of their main website, using local country code extension. The overall Ebay strategy is still to target each country specifically. Although the websites share a common brand identity the products for sale are specific to each localized version and the sellers present are required to ship to the all locations in a the specific country. This strategy makes sense for Ebay since it needs to target consumers and sellers alike. Ebay does not handle the shipping or sale of the products offered and hence needs to tailor its business strategy to allow ease for both sellers and consumers. If Ebay choose a purely globalized strategy they would have no way of ensuring that people sellers would ship to all locations in spite of their own location. As such localized websites with localized terms of service is needed to ensure that local markets are serviced. It is apparent that initially the larger countries have been targeted by Ebay. Recently a global website was also implemented to reach the international customers that are residents of smaller countries and hence not targeted with an independent version of Ebay.

Regional or global - Summary

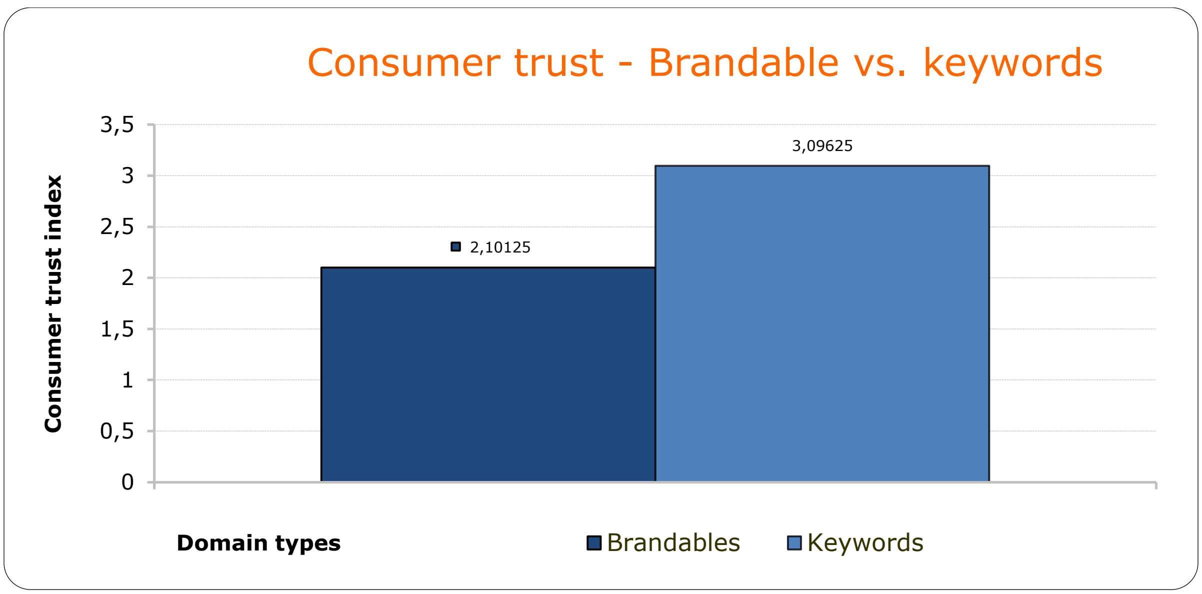
Both Danish and British consumers show a preference for shopping on websites hosted in their local country code extension. The surveys indicate that the consumer preference stems from the perception of the local extension as being more trustworthy and residing in a more thoroughly regulated legal environment than the global counterpart. These results indicate that companies have compelling reasons to set up a localized version of their international website on a local country code extension or choosing a regionalized domain name strategy from the outset. Both to gain consumer support but also to capitalize on the inherit search engine advantages garnished from this strategy.

2.4 Strategic choice – keyword vs. brandable domain names

In the following section I will give examples of domain name strategies used by various global and local companies and discuss and describe the advantages and disadvantages of each. Results from the survey amongst Danish consumers are also analyzed and discussed.

Brandable vs. keyword domains – trend survey analysis amongst Danish consumers

The consumers trust index survey conducted amongst Danish consumers allows us to examine the immediate impact that the type of domain left of the dot has on the consumer trust level. I divided the type of domains into two overall categories. Brandable and keyword domains. When we examine the aggregated results from all four questions and 16 fictive domain names an apparent trend emerges.



Source: Author.

When presented with domain names that are not previously known by the consumer there is a trust difference of almost an entire index point between keyword domains and brandable domains. This translates to keyword domains having almost 20% more inherit trust than brandable domain names. The level of trust can have significant impact on customers when reaching purchase decisions and hence are of paramount importance.

Companies using keyword domain names

Although it is not a predominant trend, many smaller and medium sized companies are already using a category killer keyword domain name to spearhead their online ventures. The strategy has not achieved nearly as much use amongst larger companies and MNCs. But a few very striking examples do exist.

One of the very largest is the Disney Corporation. The ideas and operation of Disneys online ventures are discussed in detail in the Disney case. Summarizing Disney uses generic domain names such as Movies.com, which they previously ran in one large website network centered on the Go.com domain name. More recently Disney has begun to use these category killer domain names more independently as standalone websites. But as mentioned as of yet, it is mostly smaller and medium sized companies utilizing this type of online presence strategy. This might have to do with the instant authority recognition that keyword domains carry. Established companies most often has already made significant brand investments and built consumer trust. As such it is more important for newcomer companies to secure this type of domain name to brand itself upon. New companies are also more flexible in their strategic makeup than an MNE that has to contend with a large organization and complex considerations.

2.5 InterActiveGroup – a diverse giant

One of the e-commerce companies that have grown into a truly global MNC using various domain name strategies is InterActivCorp (IAC). IAC is led by the former television studio executive, Barry Diller. Barry Diller is the Senior Executive and he also sits at the head of the table at board meetings as the chairman. [42] IAC subsidiaries have offices on all 7 continents in the world, its headquarters are located in Oakland California. Although suffering huge loses in recent years due to a downturn in earnings in its primary business areas, IAC owns some of the most valuable developed web assets in existence today. The IAC network of sites claim more than 1.2 billion monthly visits making it the 8th largest online network in the world. [43] IAC has grown very fast by absorbing competitors and relevant suppliers instead of by achieving organic growth. This has also lead to a very diverse portfolio that encompasses a multitude of different domain name strategies. IAC runs websites on domain names that can be grouped as being Keyword domains and brandable domain names of both the Non typical word kind and the Made

[42] IAC website "about us – History" http://www.iac.com/About-IAC/History/
[43] IAC website "about us" http://www.iac.com/About-IAC/

up word type. Below is a sample of the websites run by IAC grouped by the domain name strategy employed.

Source: Author.

IAC owns keyword domain names such as; Match.com, Chemistry.com, Dictionary.com, Reference.com, Thesaurus.com and Ask.com.

2.5 The internet entrepreneur – bridging the gap between techie and MNE

The importance of personal experiences and talent in the management team, becomes even more acute when examining one of the 2100st centuries business phenomenon's, the internet entrepreneur. Internet entrepreneurs are individuals that apply innovation to create new businesses online. Often they have a large impact on a business sector or even whole industry, using only the resources of a few people. In the domain name space a very good example is that of Mike 'Zappy' Zapolin and Andrew Miller. Together they formed the Internet Real Estate Group which has developed a multitude of generic domains names into viable and growing businesses. Today they own 17 generic domain names which are all growing businesses. Amongst those are; Chocolate.com, Consultants.com, Dutyfree.com, Jeans.com, Phone.com, Safety.com.

Zapolin and Miller meet each other in the late 1980s as sales trainees at the company Drexel Burnham Lambert. They later teamed up to create infomercials in the early 1990es. Amongst their clients was the music band, The Grateful Dead, for whom they created a video series for in

1996.[44] The grateful Dead were at the time expanding their merchandise operations and had acquired the domain name, www.dead.net, as an outlet store in 1995. The band inspired Zapolin and Miller to enter the internet sector and also showed them the power of generic domain names.

They quickly reacted to the potential media platform that a generic domain name posed for them and in 1998 they bought the domain name www.beer.com for 80.000 USD. They quickly developed a comprehensive site featuring articles on brewing beer and the option of rating various beer brands. They also had an Email subscription service where people could get updates from the site and get their own beer.com email address. Using his contacts in the press and word of mouth helped the site grew to more than 100.000 subscribers within a few months. At that point Zapolin and Miller recognized the need for relevant advertisers and reached out to brewery companies. One such company, Interbrew, reacted to the lead and invited Mike Zapolin to Toronto to discuss the possibilities of developing beer.com. Interbrew had hired the consultant house, McKenzie, to represent them in the matter.

Zapolin recalls that he laid out the current development status of beer.com and the future possibilities that the brand could entail. The answer was that Interbrew would much rather buy beer.com from Zapolin and Miller than joint into a cooperation or joint venture. In a very informal conversation the price was determined and a deal was struck. Interbrew started with a 1 million dollar offer, which Zapolion countered with 10 million.[45] Finally a sum of 7 million USD was agreed upon and less than a year after the purchase of beer.com it was sold for almost 100 times as much as the purchase price.

The Internet Real Estate Group is not immune to error though. In the case of Creditcards.com a large profit was initially made with the sale of the domain in 2004 for 2.75 million USD.[46] But the domain name was resold in June 2010 for 145 million USD.[47] This experience has left the group wary of completely letting go of their virtual assets and in future, a strategy were part of the equity is kept will be used if domain name assets are sold.

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[44] InternetRealEstate.com. “The Domains Of The Day”. 2007.

[45] Fragerfactor.blogspot.com. “Zappy: "I said, $10 million. And he said, 10 million? That's crazy."”. 2010

[46] Fragerfactor.blogspot.com. “Zappy: "I said, $10 million. And he said, 10 million? That's crazy."”. 2010

[47] Newfoundnames.com. “$350 Million Acquisition – CreditCards.com and NetQuote”. 2010.

Speaking at the Milken institutes Global conference on successful internet businesses, Mike Zapolin identified what he sees as the most important drivers to building successful internet businesses.

".. recognition of the value of a memorable and strong Internet brand and address; recognition that the most important aspect of any successful Internet business is to build a strong audience, defined by loyalty, participation and conversion rate; the prominent role that users play in developing Internet businesses (also known as user-generated content, social networks, or, just Web 2.0); leveraging and embracing the open-walled /open-sourced environment to rapidly and cost-efficiently build Internet businesses; and a strong understanding of basic Internet marketing, including search engine optimization, keyword buying and arbitrage, and affiliate and viral marketing." [48]

Three key areas are identified as being paramount to online success. One; a strong and memorable internet brand and address. Two; recognizing the role internet users play in providing content. Three; understanding internet marketing mechanisms. Looking at the domain names the Internet Real Estate group has developed and is currently developing, it is evident that for them a "memorable and strong internet brand" is derived from having an authoritative domain name that describes the product or service. Using generic category killer domain names they have capitalized on their own skills as marketers and created several hugely successful business operations. Another big part of their strategy is using the search engine optimization value which lies in having a direct match keyword domain name.

2.7 Disney Corporation

Disney Corporation has a diverse portfolio of online investments. Being a company focused on delivering entertainment experiences to consumers Disney is also on the front line of online media innovation. Amongst those online ventures Disney owns and operates a media network junctioned at go.com, the network includes domain names such as Family.com, Video.com, Movies.com and of course Go.com. These four domain names are all generic category killers.

[48] Mike Zapolin at the Milken Institute's Global Conference on Successful Internet Businesses.

Their subjects are in very diverse areas but all pertain to markets were Disney's has a significant vested interest.

Disney Interactive Media Group

Disney Interactive Media Group (DIMG) is one of the four overall business divisions in the Disney Corporation and is the result of the merger between the two business divisions Disney Interactive Studios and the Walt Disney Internet Group. DIMG is subsequently divided into four business units; Disney Interactive Studios (DIS), The Walt Disney Company (Japan), Disney Connected and Advanced Technologies (DCAT) and Disney Online (DOL). DIS delivers content for computers and mobile devices and The Disney Company Japan delivers a mobile phone service, in joint venture with Softbank mobile. The two business units; DCAT and DOL handle all Disney´s online ventures and websites.

Disney Connected and Advanced Technologies

DCAT is amongst other things in charge of Disneys flagship websites.[49] DCAT operates one of the world's largest website networks at Go.com. Go.com is the 45th most visited website in the world and the 13th most visited website in the US.[50] The network consists of a diverse portfolio of independent websites and redirected domain names. It represents an attempt at leveraging synergy effects from the many different online businesses that Disney has launched and acquired.

Part of the network?

Family.com, Video.com and Movies.com are branded individually and until recently they all redirected to sub domains on go.com. Family.com goes to family.go.com. Video.com goes to the obscure video.movies.go.com and until very recently Movies.com went to movies.go.com. But that has now been reversed. Movies.go.com now goes to Movies.com. In itself Movies.com is the 6289th most visited website in the world. [51] So it generates much less traffic compared to the Go.com network. This could well be the reason that Disney has now chosen to separate the Movies.com website from the network. By creating an independent website Disney can

[49] Disney corporate website at: http://disney.go.com/disneycareers/dimg/business-units.html
[50] "Alexa, the web information company." http://www.alexa.com/siteinfo/go.com#
[51] "Alexa, the web information company." http://www.alexa.com/siteinfo/movies.go.com

capitalize on some of the SEO benefits associated with the Movies.com domain name. Although the name previously redirected to Movies.Go.com it had an independent developed website. Hosting the site on a sub domain would mean that the host domain was go.com. By moving the site to Movies.com Disney can now instead incorporate sub domains on movies.com and capitalize on the authority of the domain name in search engines such as Google.

3.1 The domain name industry – concepts, stakeholders and figures

3.2 Basic concepts of the domain name industry

Domain names

A domain name is basically a way of familiarizing the cold, mechanized IP addresses that in reality make up the virtual land map of the internet. Every website/virtual location has a unique IP address that designates where the internet browser goes to find content for a given location. Two types of IP protocols are in use today, what they both have in common is their inherit ability to be impossible for ordinary humans to recall. The solution to this was to implement a familiar way to remember the location of each virtual location. They gave the IP addresses names. An analogy to this can be found in the way street addresses denotes the location of a given geographical coordinate. A domain name is made up of the hostname left of the dot and the top level domain right of the dot.

gTLDs

Generic (or global) Top Level Domains are, as the name implies, generic domain extensions. They are sometimes also known as Global TLDs which also hints at their universality in use. Commonly recognized gTLDs are .com, .net, .org, .info, .biz etc. Although gTLDs are known as global TLDs most are managed by commercial American companies, though their target audience is international. The use of gTLDs are usually very flat, each domain is registered at a top level. Currently more than 122 million gTLD names are active; of that pool more than 89 million are .com domain names. [52]

[52] Domaintools.com. “Internet statistics”. 2010

ccTLDs

Country code top level domains are TLDs that are assigned to a specific geographical region. The identifying code is always two letters. The use of ccTLD is left up to the corresponding registry. Some registries chose a flat structure were domains are registered at the top level. The Nordic countries for example make use of this strategy by only employing registrations made at the top level. This means that domain names are registered with the exact ccTLD ending. Other registries employ a more diverse structure where the nature of the domain registrant determines the sub TLD. In Britain for example you can chose between org.uk for organizations and .co.uk for commercial entities. Usually this division is voluntary and aimed at targeting the domain ending with the domain purpose, but some registries limit registration to entities that fulfill the original aim of the ending. [53]

Root Zone files

Root Zone files are huge databases which correlates each domain name to its corresponding IP address. A root zone file also keeps track of a domain names registration- and expiry dates. Each day all changes made in registrations and expiry of .com and .net domain names are recorded by the registry in the root zone file. The root zone file for .com and .net hence forms the basic infrastructure of the two gTLDs.[54]

Websites vs. domain parking

Ever since domain names have become investment objects and not just a business tool, an alternative was required for full blown websites. A personal investor holding more than 1000 domain names would never be able to develop and maintain each as a website. This niche was filled by domain parking, a concept that entails very little effort from the domain owners side and quickly and easily both monetizes and advertise ones sales intentions at the same time. They do this by filling the page with CPC advertisements and also a link to the domain sales page. Some claim that this has been a bane for domain investment. Instead of developing useful and informative websites, one page advertising sites is the norm in this niche. This is also a problem when it comes to navigation on the internet since the amount of parked sites is quickly

[53] Postel; "Domain Name System Structure and Delegation." 1994.
[54] Wikipedia,;"DNS Root zone article"

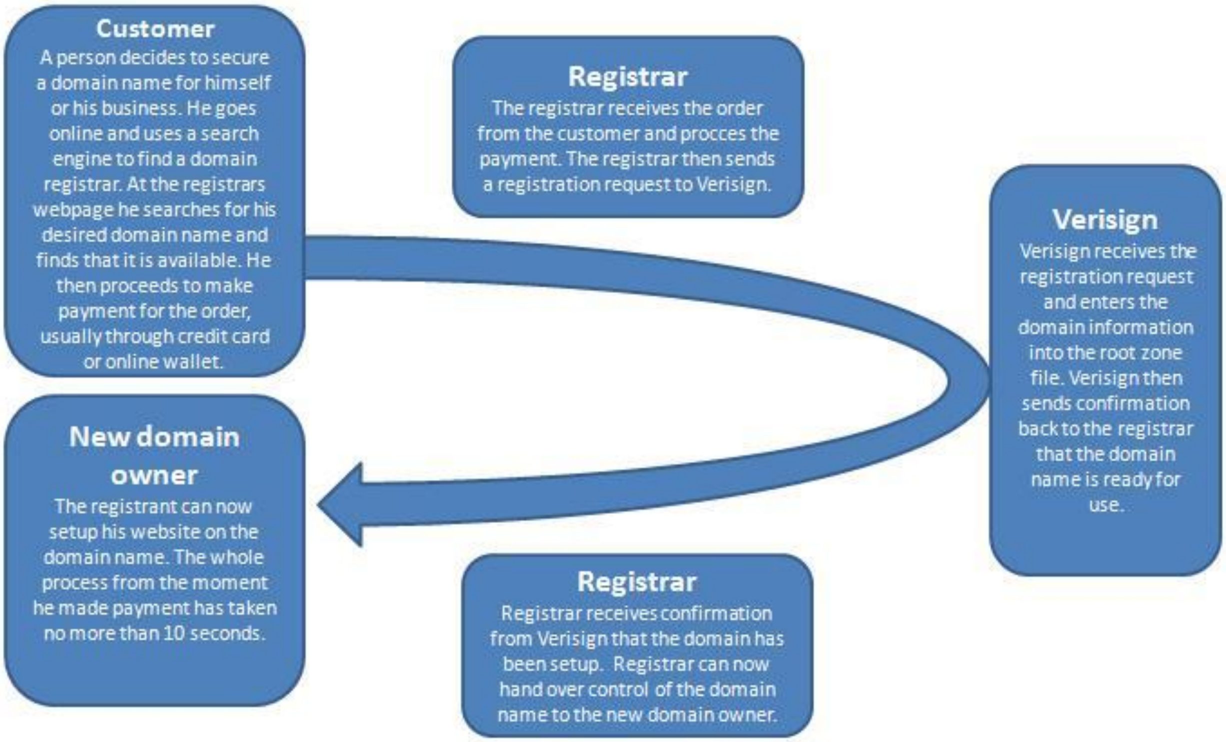
overtaking the number of websites developed, hence advertising sites that only relay the user to other sites or much more numerous than actual content sites.

3.2.1 Managing a domain name

Registering a domain name

As soon as a domain registration has been sold, the rights for the domain name are transferred to the registrant. Actual ownership of the domain name still resides at the chosen registrar, but this is considered a formality unless the domain registrant violates international law or breaches the terms of use of his chosen registrar. So by de facto a domain registrant is also considered the domain owner, although the legality of it is contested. As mentioned a domain can only be registered at one time for a period of 10 consecutive years, nothing prevents a registrant of doing this multiple times though and hence prolonging the registry period from 10 years to as many as he wishes to purchase at the time.

The process of a gTLD domain registration



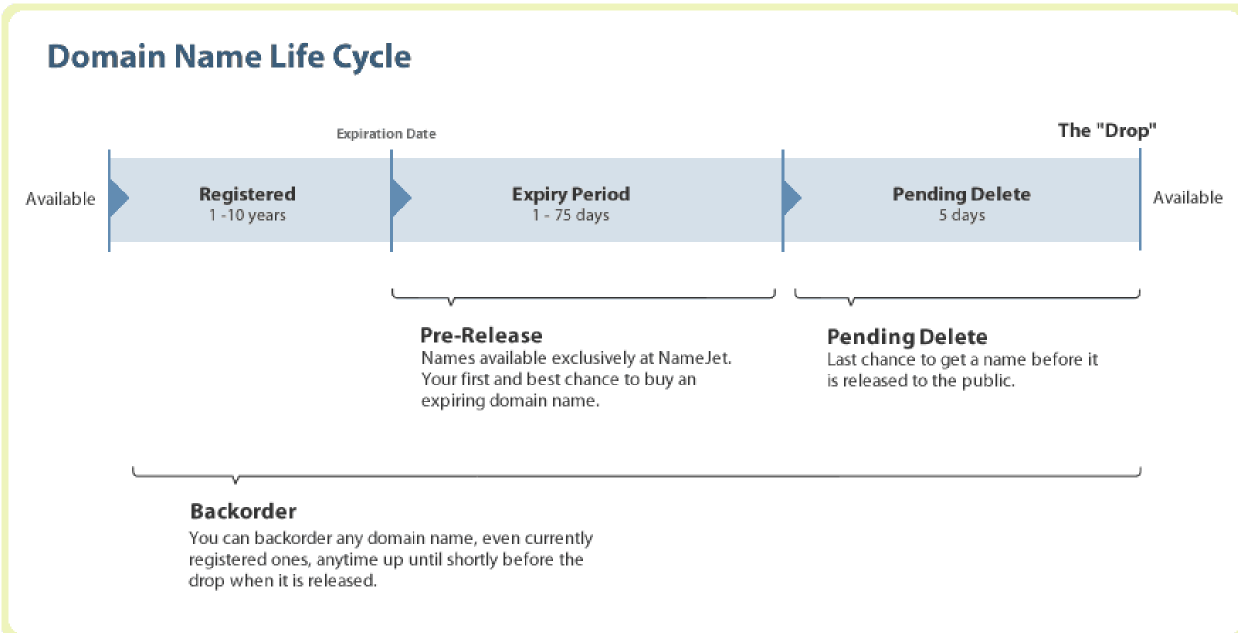
Source: Author.

Transferring ownership of domain names

.Com and .Net domain names are very easy to administrate and the actual ownership transfer can be done in a matter of minutes. There exists two ways to hand over ownership of a domain name. One is an internal registrar transfer and the other is the transfer from one registrar to another. The process of transferring ownership within registrar accounts is called a “domain push” and takes no more than a few minutes to conduct. This process just needs two parallel customer accounts at the registrar where the domain is registered.

The other option is to move the domain name to another registrar altogether. This happens because the buyer wants to consolidate his portfolio at a single location or because one registrar offers certain business advantages over the other. This process is called a domain transfer and involves the sending of codes from the current owner to the new and a waiting period of up to 10 working days. Even though this process is somewhat cumbersome compared to the domain push, it still remains a very easy and cost effective way to transfer ownership of domain names.

The domain name renewal cycle



Source: Namejet.com. [55]

Once a .com or .net domain name is registered it starts the domain name renewal cycle. This cycle determines the registration time and expiration time of a domain name. Once a domain name has reached the renewal date, the current owner has a period of up to 75 days to renew the domain name before it expires and is made available to the public. In reality this period is often somewhat shorter than 75 days. This is because registrars have started running their own aftermarket operations and now have a vested interest in making the available date move closer to the expiration date. This is a practice that is frowned upon and tests the legal framework that registrars operate under, but as of yet no significant challenges has been made against it.

[55] Namejet.com; "Domain name renewal cycle or domain name life cycle". 2007.

Domain name industry in numbers

The domain name market is a growing industry that currently numbers almost 197 million registered domain names across all TLDs, out of those; 100 million, more than half, are domains in the extensions .com and .net, the two most popular gTLDs [56]. The yearly growth in registrations for these two extensions has been fairly fixed at around 5% pa. More than 250 TLDs exist globally and ccTLD registrations reached just short of 80 million domain names in 2009. There are currently 100 million .Com and .net domain names registered. The bulk of these (90 million) are .com domain names.

3.3 Principle stakeholders in domain name infrastructure

ICANN

The Internet Corporation for Assigned Names and Numbers (ICANN) was founded in 1998 by the US government to handle the management of gTLDs. ICANN is a nonprofit organization which was created after a period of discussion about the possible privatization of crucial internet infrastructure. One of the main goals was to promote activity and competition in the area. [57] ICANN handles the functions of IANA, the "Internet Assigned Numbers Authority", which in turn manages the technical implementation of: IP address location, Root zone management and management of internet protocols. This basically means that IANA is the controller of the first tier of internet infrastructure, handling the allocation of virtual addresses (IP addresses) for gTLDs. ICANN also controls which companies are allowed to become certified registrars of .com and .net domains. ICANN is a nonprofit organization and seeks to cover their costs by charging a handling fee for each domain registered in any TLD.

The Verisign registry

All Top Level Domains has a registry which handles the availability of each domain name and the root zone file for the TLD. Verisign handles the zone file for .com and .net domain names. Verisign is a commercial company that is mainly known in public for its online security applications. Every time a .com or .net domain is registered or renewed Verisign currently

[56] Verisign.com; "The VeriSign Domain Report September 2010". 2010.
[57] Wikipedia.com; "ICANN history".

receives 7.34$ out of the registration fee. [58] At the current registration rate of 100 million .com and .net domains that amounts to an estimated 734 million USD yearly in revenues from the administration of the root zone file.

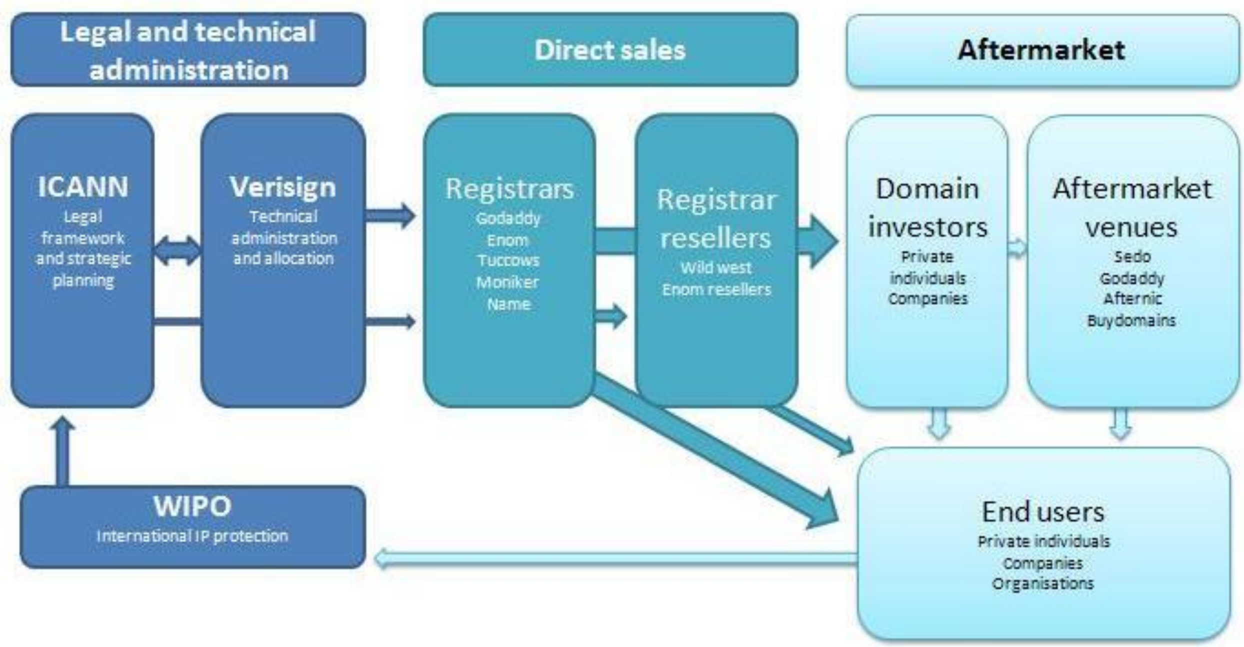
Registrars

Registrars are the companies that actually retail domain name registration. If a .com or .net domain name is available, any registrar that is accredited by Verisign can sell that domain name for a period of 1 to 10 consecutive years. .Com and .net domain names do not have any restrictions on their use or availability. Any private, commercial or public entity can register an available .com or .net domain name and put it to any use, as long as it does not conflict with international law. The three largest registrars are Godaddy, Enom and Tuccows. Registrar fees are not uniform, but the most common price for the registration and renewal of a .com domain is 10$. This coupled with around 100 million .com and .net registrations pr. year leads to a gross revenue figure of at least 1 billion USD pr. Year in registration and renewal fees for .com and .net domains alone. This leaves a very small margin for registrars to profit on since each .com domain name registration or renewal accrues fees of 7.52$ (7.34$ Verisign fee + 0.18$ ICANN fee).

[58] Verisign Registry to Increase COM & NET fees in July 2010

3.4 Business flow chart

This chart outlines the overall business dynamics in the gTLD domain name industry.



Source: Author.

Legal and technical administration

The left hand side shows the macro administration organizations. These include ICANN, Verisign and WIPO. ICANN delegated the technical setup and administration to Verisign which manages the root zone file for .com and .net domains. ICANN is also responsible for appointing the registrars that form the public retail link. The last key stakeholder in this group is the WIPO organization. ICANN has delegated the international *Uniform Domain-Name Dispute-Resolution Policy* (UDRP) to the UN organization WIPO. Trademark and copyright disputes are brought forth to WIPO by end users and domain investors, WIPO will then mediate between the complainant and the domain registrant.

Direct sales

The registrars handle the actual sale of domain registrations. Once accredited by ICANN they are allowed to provide domain registrations of various TLDs, depending on their geographical location and business size. All ICANN accredited registrars, allow registration of .com and .net domain names. Once a domain name is registered, registrars are in contact with Verisign to setup the technical aspects and pay a fee directly to ICANN for each name registered. Some registrars have grown so big that they offer other companies and individuals to become reseller of their services. Such resellers do not need independent ICANN accreditation since the core business features are operated from the host franchise. In some instances these resellers grow to a sufficient critical mass to become ICANN accredited registrars on their own.

Aftermarket

The final link in the business chain is the aftermarket participants. Once an individual, organization or a company becomes the registrant of a domain name this entity is able to resell the rights to the domain name should they chose so. Since the initial land rush of domain names were largely captured by investors most of this aftermarket traffic runs from domain name investors to end users. It is called "the domain name after market" because domains are resold after their initial registration. This market has grown significantly since the .com bubble burst in the year 2000. The initial reaction to the .com bust was a scramble for equity. Companies needed to realize all the capital that it was possible for them to finance the unexpected downturn in earnings. This resulted in many quality domain names being sold for comparatively low prices. Domain names previously owned by bankrupt ventures were sometimes not renewed and could hence be registered by new entities. This created a healthy basis for savvy investors that recognized the reselling potential of domain names to move into the market.

3.5 IP protection in the domain industry.

Typo traffic and cyber squatters

When a consumer types a website address directly into a web browser there is a chance of a typing mistake being made. This would send the consumer to a completely different website than the one intended, when this happen it is called a *typo*. Some domain investors focus on registering domain names that closely resemble existing companies' websites with the sole intent of profiting from the misdirected traffic. This is called typo traffic theft. These domainers fall into a larger category called cyber squatters. As the name implies, they "squat" on virtual property that they do not possess the intellectual property rights to own. This property can be in the form of typo traffic domain names, but it can also be domain names that resemble a trademarked name closely or even match the name, but in another TLD.

WIPO and UDRP

WIPO is a United Nations committee on IPR protection.[59] WIPO is the single international provider of legal recourse for trademark and copyright holders against domain name IP infringers. In the case of gTLD domains ICANN will follow any ruling put forth by WIPO. If a domain name is challenged WIPO starts a mediation process which attempts to determine if the challenger has a rightful claim on the domain in question. If the challenger is able to show that he has a trademark or copyright which covers parts of the domain name in question he can ultimately be awarded the ownership of the name. The cost of filing a WIPO dispute starts at 1500$ for 1-5 domain names disputed. This fee combined with the costs of legal fees for handling the dispute means that a WIPO mediation can be a costly affair for smaller companies. So in many cases companies that have legitimate IP challenges will opt to instead broker a deal with the infringer or to simply ignore it. Each year WIPO handles around 2000 disputes between domain owners and IP challengers. National courts will also allow a trademark holder to pursue legal recourse depending on the national domain name and IP legislation. However this most often only applies to cases related to the corresponding national ccTLD.

Commercial brand protection

Practices such as typo traffic theft and cybersquatting has left many companies open to brand dilution and outright trademark infringement. To combat these activities brand protection companies that specialize in online brand management have emerged.

Melbourne IT helps organizations identify and respond to online brand infringement – counterfeiting, cybersquatting, phishing, false advertising, and redirection of website traffic to fraudulent and often objectionable content. Using a combination of scanning technologies and human analysis, we provide early detection of possible cybersquatting and other fraudulent activity by monitoring of domain names, brands, logos, keywords and terms. [60]

Often employing the help of a brand protection company is a good solution for MNEs that do not possess the legal capabilities to recognize and combat such threats. A number of these companies exist, the three largest are Melbourne IT, MarkMonitor.com and Brandprotect.com. They elicit

[59] Wipo.int; "What is WIPO?". 2009
[60] Melbourneitdbs.com;" Brand protection by Melbourne IT". 2010

response from infringers using a fairly broad scope of tools including UDRP law suits, host reports and even domain acquisitions.

3.6 Domain name aftermarket

3.6.1 Aftermarket in numbers

The domain name aftermarket has grown significantly since the year 2000 and accounts for thousands of domain sales each month. Most of these sales are .com domain names. Afternic.com estimates that 81% of the domain sold on their platform in 2010 will be com domain names. [61] Since many domain name sales are kept private and very few monitoring services are available it is hard to give precise revenue figures on the domain name aftermarket. Even so I will attempt to compile key figures in order to give an image of the scope of the domain name aftermarket. The most spectacular sales happen to end users and one of the resources monitoring enduser sales is DNjournal.com. They manage a monthly and yearly top 100 of publicized domain name sales. Taking the gross of the 100 top sales of 2009 and 2010 gives us a little insight into the size of the end user aftermarket. The 2009 figure comes to just below 35 million USD and the top 100 names in 2010 grossed 26 million USD[62].

Another indicator we can ad is the gross figures for some of the largest aftermarket venues. These venues, amount for a very large degree of aftermarket sales and although some sales are kept private the gross amounts are added to the yearly totals. Sedo.com reported sales of 143 million euro in 2009, a slight decrease from 2008.

3.6.2 Buyers and sellers

Domainers – Private domain resellers

A domainer is a private individual that invest in internet domain names with the intention of reselling or developing them. When a domainer purchases a domain name most often it will be at a competitive price often below current market value. Sometimes a reseller will hold the name for a period of time expecting an increase in value, but at other times the domain can be resold within a matter of days for a significant premium. Typically the private domain reseller will

[61] Afternic.com. “TLD pie chart – June 2010”. 2010.
[62] Se calculations in appendix 3 – Numbers from DNjournal.com

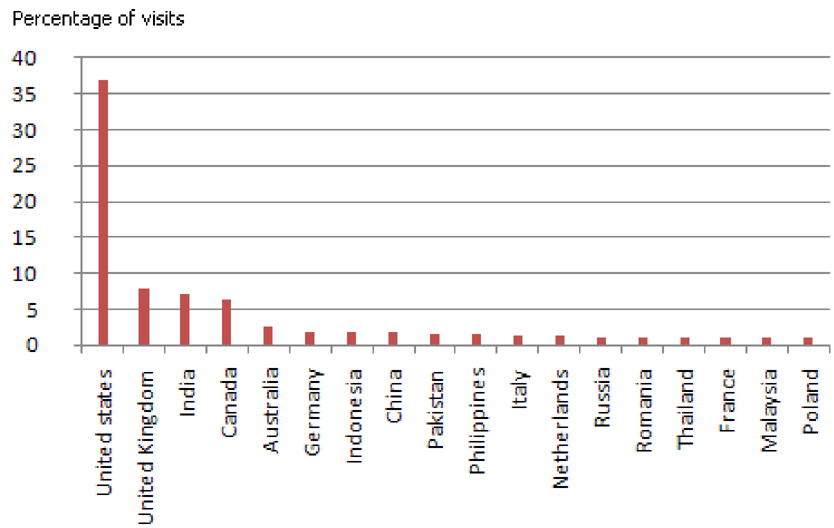
attempt to realize profit in a short financial time span. The domainer will attempt to resell domain names that are either “hand regged”, a term that describes the action of registering a domain name that is not taken, or domain names acquired on the reseller to reseller market. The reseller can achieve this by either promoting his names on aftermarket venues and reseller to reseller venues or by contacting relevant potential end users and offering the domain name for sale. A very well know example of this is, is the case of Camroulette.com. The domain was registered by a domainer in December 2009, sold to another domain reseller on February the 14th 2010 for 1400$ and resold in April 2010 for a staggering 151.000$ to an end user. [63]

Domainers often have their entry point into domaining from a particular technical or marketing related interest. As such the domaining community to a large degree is comprised by internet entrepreneurs and webmasters. Often other personal or professional interests will determine which niche domain market a particular domainer will specialize in. As an example a webmaster that runs gambling websites will attempt to capitalize on his specific knowledge in development and key industry stakeholders, to leverage domain name speculation in the online gambling sphere.

The concept of a domain reseller, or domainer, initially surfaced in the United States of America. In recent years the idea has spread to most of the world making it a truly global profession. Most domainers are investing in domains as a part time occupation or hobby, while a few are truly professionals and make a living trading domain names. Namepros.com is the world largest online congregational forum for domainers. Although the forum is in English and as such is primarily aimed at western domainers, the user base is global and every type of domain name and TLD that is tradeable has a market section there. As such the geographical distribution of Namepros.com userbase can be used as an indicator of the nationality of domainers.

The illustration below shows the top countries that visitors to Namepros.com originate from. Appendix 4 shows the top 50 countries of visiting users, while the chart below lists top 20 of the user countries that visit namepros.com. As it can be seen more than 35% of the user base is from the USA and the top 5 is dominated by English speaking countries.

[63] Dotweekly.com; “$151K CamRoulette.com Domain Sale Finalized”.2010



Source: Author.[64]

It is interesting to note the fairly large percentage held by Indian users in comparison to the Chinese block. This is most likely due to the comparatively less developed Chinese technical infra-structure and the restrictions and censorship imposed by the Chinese government on internet usage. At the moment it is safe to say that private domain investors are a global phenomenon but they are predominately from English speaking countries and Europe.

The corporate domain reseller

The corporate reseller most often buys domain names from private investors at aftermarket outlets or bid on expiring domain names at auctions. They will then hold the domain name until an end user or domainer makes an offer on the name. The main purpose for this type of company is to buy domains at a low price and sell them to an end user for a significant premium. The best known example is buydomains.com, which also operates Afternic.com, one of the largest aftermarket reseller venues.

The corporate domain investor

The corporate investor buys domain names as long term investment objects. The domains are most often developed into mini websites offering a service or product that is related to the domain name, but not necessarily spot on. The focus of these investors is to create reoccurring revenue streams. Some of the larger players in this category are companies that are incorporated

[64] Derived from user location data of www.namepros.com. See Appendix 4.

in exotic Caribbean tax shelters. If a buyer of this category is the owner of a domain name, it is said to have disappeared into a black hole, since the chances of buying the name in question is as likely as light escaping from a black hole. The motives of these investors are also equally hard to determine, some develop mini sites and monetize their investment, but other corporate domain investors let their inventory of domain names sit without use, resolving to DNS servers without websites. The motive of such companies could be to resell at a much later date when domain names have appreciated significantly or in other cases they might have development projects underway or dormant.

The end user buyer

An end user is a buyer that has a specific project in mind when acquiring a domain name. Sometimes this can be a personal investor that wants to own his name, but most often it is a commercial entity with a specific business goal which the domain name should help achieve. These buyers will most often have a better possibility of recognizing the inherent advantages of a given domain name in their market sector and will hence often be willing to pay a higher premium than other type of domain name buyers. The end users will typically have long term financial goals attempting to realize gains through developing a domain name into a profitable business. They will typically be the end station for a particular domain names unless the company itself is sold to another commercial entity.

Aftermarket - key stakeholders

Sedo.com

SEDO.com or the "Search Engine for Domain Offers" is the world's largest domain aftermarket venue. It currently has more than 13 million domain names for sale and sells between 2000-3000 domain names each month.[65] Sedo also operates a parking service which is also the world's largest of its kind. Sedo is a German company with offices in 5 European locations and in the USA. Although being the largest domain aftermarket place, Sedo is mainly geared towards the European community and is frequented by resellers and end users alike. Sedo takes 10% of the

[65] Sedo.com; "About us page". 2009

final sales as a commission. In 2009 Sedo reported sales of more than 143 million Euro and 6.6 million profit before taxes.[66]

Afternic.com and buydomains.com

Afternic.com and buydomains.com are both owned by Namemedia.com. Buydomains.com is aimed at the business segment of “end users” featuring mainly domains related to products and services at higher than reseller prices. Afternic.com is Namemedia´s main outlet. Namemedia is a corporate domain reseller and as such needs a marketplace to offer their domains through. Namemedia owns an estimated 750.000 domain name gTLD names, almost 0.5% of the gTLD market.

Afternic.com allows private and other corporate investors to list their names for sale along Namemedia´s own. The reason behind this is that to ensure public attention they need as large a selling base as possible. Afternic operates at a sliding scale, garnishing between 10-20% commissions of the final sales price.

Godaddy

Of the three largest registrars in the world, Godaddy is by far the largest with a market share of almost 31% of all registered .com and .net domains. The company is owned by a sole investor named Bob Parson. Godaddy also owns and controls the 7th largest registrar network, called Wild West Domains (WWD). WWD has a market share of almost 3% which combined with Godaddy’s market share means that the group controls a third of all registered .com and .net domain names. Godaddy has been one of the chief marketers of domain names to a broader audience in the US. The company has promoted their services at Super bowls and Indie 500 races. Godaddy offers a plethora of affiliated services alongside their core domain registration product. The core product is comparably cheap and Godaddy often runs promotional coupons encouraging domain registrations in certain periods. In 2009 The Godaddy group, including Wild West domains and domains by proxy, made more than 610 million USD in revenues.

[66] Sedo.com – “Fiscal year 2009 report”. 2010.

Godaddy auctions were previously known as “The Domain Name After Market” (or TDNAM). In spite of the current name Godaddy Auctions also allows fixed price listings and other types of sales listings. The major focus area is the inventory of expiring domain names from Godaddy. Instead of allowing the domain names to actually expire, they sell them of in public auctions once the owner fails to renew his name. This practice is becoming more and more common, but the legal basis of doing so is somewhat obscure since it interferes with the domain name renewal cycle. Godaddy Auctions charges 5% of the final sales price as commission.

4.cn

4.cn is the newcomer in the domain aftermarket. Previously operated from GoldenName.com, 4.cn is aimed at the emerging Chinese domain investor market. Although the main focus area is .cn domain names, .com and .net domains are also being sold there at increasingly higher reseller prices. Few end users are aware of this marketplace and hence it is mainly aimed at domain investors and resellers. 4.cn charges 20% of the final sales price as commission.

Domain name forums

Much of the reselling activity is made on internet forums dedicated to domain investors. The two largest domain name forums are Namepros.com and DnForum.com. Namepros.com have in excess of 180.000 members, while DnForum.com have in excess of 100.000 members. These sites provide business room for the lowest tier of the reselling community, the domainers. These are private individuals that have an interest in domain names and have translated this interest into investment. A typical domainer owns between 100-1000 domain names conforming to some of his personal or business interests. Domainers can be both resellers and long term investors; usually the common ground is that they are acting as private individuals. Reselling on the forums is conducted in a very informal manner. Forum posts that would normally convey some social message are here used for making deals for up to thousands of dollars on a daily basis. The reseller price level on the domain forums is the lowest tier and most often domainers will only sell their inventory if needing immediate liquidity.

Dropcatching

As mentioned previously a domain is supposed to expire and be made available for registration one the renewal cycle is over. This still happens in rare instances, but the norm is more and more becoming that the owning registrar keeps the domain after the expiry date and offers it for sale before the expiry cycle has run its course. When this happen a domain will never actually "drop" and be made available. It will instead be offered for sale in the pending delete period of the cycle (see the domain life cycle chart on page 2) by partners of the owning registrar. This is called a prerelease auction and is becoming the norm. If a registrar does not operate its own aftermarket and has no standing commitment to one of the big aftermarket outfits the domain will expire and "drop". This happens at a certain time each day and creates a frenzy only comparable to sharks in blood infested waters. "Dropcatchers" try to secure the domain by sending millions of registration attempts each second to the central registry at Verisign. The "winner" is the one that hits the pin hole at the exact right time and secures the domain name. A few years back anyone could participate in dropcatching but now Verisign only allows registration attempts to be made by ICANN accredited registrars. Each registrar gets a set number of "channels" that they are allowed to funnel registration attempts through, so a bottle neck exists for the dropcatchers. The dropcatchers solution to this has been to create huge networks of registrars and bundle their "registration channels" together to increase their chance at success.

Dropcatchers and backordering

In this section I will detail the three largest dropcatchers currently operating. Although a more accurate denomination would be auction houses since they increasingly offer prerelease auctions, rather than dropcatching. They are sometimes referred to as the "big three". The prejudice being that if you put in a backorder for a domain at all the three outfits you would be certain that one of them would catch it for you. A backorder is the term used to describe a commitment to buy an already registered domain should it be made available to you. Usually the backorder has a minimum fee of below 100$ but the fee is only realized if the domain name is secured for you. A customer would rarely be able to secure an expiring domain name for the initial fee since most are entered into an auction at the dropcatchers marketplace. The prerelease auctions are open for anyone to enter.

Snapnames.com

Snapnames is a prerelease auction house, a drop catcher and a domain aftermarket place. They sell of expiring domain names from the well know registrar, Moniker.com, since both are owned by the same company. They also operate a huge network of registrars that they use when attempting to dropcatch names. Snapnames is increasingly being known as a domain aftermarket. Anyone has the ability to list names for sale, only requirement is that the domain names are registered at Moniker.com. Which is a registrar catering mainly to domain resellers and investors. Snapnames charges 20% of the final sales price in commission and is the only one of the “big three” that officially allows the public to feature domains for sale on their site.

Namejet.com

Namejet is owned by the registrar Enom. Namejet is mainly know for its success in expanding its network of registrars that funnel their expiring domains for prerelease auctions at namejet.com. A large part of this success can be attributed to Enoms success in reselling domain registration. Enom operates a huge network of sub registrars some which are ICANN accredited, this network is subsequently open for Namejet to use for dropcatching and prerelease auctions.

Pool.com

In itself you would expect this domain name to lead to a swimming pool retailer. But it is in fact one of the very first dropcatching outfits which dominated the niche for some years. Today pool.com is the least successful of the “big three” and their dropcatching efforts are being hampered by the relative success in acquiring partners that Namejet and snapnames have had. Pool.com still has a network of registrars that allow them to auction of their expiring domains though.

3.7 Managerial implications of domain name strategy

If a company does not possess in-house capabilities for domain name research, it will almost always be in its best interest to acquire outside help in the form of consultancy on online internationalization. However initial research for determining the overall strategy is fairly simple to conduct.

By creating a cohesive domain name strategy companies pave the way for utilizing the potential large gains associated with the acquisition of a generic domain name. It is important to have the domain name strategy in place before the acquisition is made, since it is vital for determining the potential value it represents to the company. Another important issue is that managers have to realize their company’s current market role and the potential for a generic domain name to either reinforce or transform this role in future. Generic domain names sometimes offer a direct route to markets in areas that a company previously had no means of entering. As such the acquisition of a category killer domain name can alter the role of a company when suddenly avenues for sale open in the retail end of the value chain. The following section discuss best practices for managers when researching and conducting a potential domain name acquisition and discuss the managerial value of domain name strategy.

Determine the value of a new customer

This number constitutes an important top border to be used when calculating the cost of acquisition of a new customer. A few ways of doing this is estimating the transaction value each customer represents. If the company already runs a live website numbers from a webshop can be used. Otherwise it becomes a theoretical practice. Another important number to look at is the conversion ratio. The conversion ratio tells us about how many people are window shoppers and how many will actually purchase a product or service. A way of quantifying this asking "out of 100 visitors how many will make a purchase". If the company does not directly sell products or services but instead relies on online lead generation the conversion ratio is paramount to the value of a customer.

Keyword research

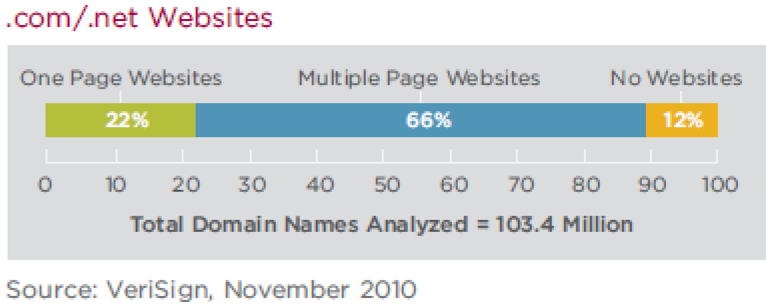
The keywords actually present in a domain name or associated with it are an important aspect of ranking well in search engines. There are various services that allow you to do comprehensive keyword studies, most of them are paid service providers, but Google also provides a free service called the "Keyword Tool". The Keyword Tool which is adjoined to Google's advertising program called "Google Adwords". The tool is intended to allow online marketers to conduct research into the keyword composition in Google's search engine. It gives a wealth of sortable metrics which can be used to determine the popularity, monetary worth and geographical distribution of searches relating to a particular keyword.

Hyphen or no hyphen?

In early internet days the practice of including a hyphen in a domain name was often used. To a search engine such as Google a hyphen just means space as it is intended to, but a search engine can also easily parse words up and recognize the beginning of a new word. So if all possible the hyphenated version of a word combination should be discarded in favor of the non-hyphenated version. The reason for not using a hyphen in a domain name is twofold. One reason is that hyphens are today considered second tier names deferring to their non-hyphenated versions. As such the perception of hyphenated names as second tier can hurt the branding value. This is somewhat connected to the second reason for shying away from such names. They fail the radio test. The radio or phone test is a way of evaluating the ease of conveying a domain name vocally. Most companies would like a domain name that can be shared via word of mouth of their customers and thus not solely relying on people finding the site through search engines. The radio test is conducted by measuring if consumers will get the correct spelling of a domain name when heard in the radio or on the phone. Today people have been so accustomed to reading a conjoined string of words and decoding it as a legible domain name that when presented with a hyphenated domain in spoken language there is an actual risk of people spelling out the dash or hyphen in letters.

Buying aftermarket domain names

If a company decides to buy a domain name on the aftermarket a number of concerns must be addressed. First off, is the domain name realistically purchasable? It is said that everything has a price that might well be the case, but domain names that are currently not in active development is most often better targets than going after a competitors domain name. That can be a viable option but then this most often would entail buying the entire company, hence achieving growth by acquisition. Buying an aftermarket domain name most often entails a lower monetary commitment than buying an entire company. The logical assumption is that all domain names that are registered and hence available on the aftermarket is somewhat developed. But because of the large degree of speculative registrations by domain investors, that is not the case. In a recent study conducted by VeriSign it was estimated that 88% of all .Com and .Net domains names are associated with a website. They further break down those numbers into one page websites and multiple page websites.



Source: ”State of domains” report from Verisign. [67]

One page websites combined with no websites, imply that a total of 34% of all .com and .net domains are without any significant development and are hence potential targets for acquisition.

Due diligence when conducting an aftermarket domain name purchase

When purchasing an online asset, due diligence is just as or maybe even more so, important as when purchasing offline gods available for physical inspection. Three main threats exist which are very specific to the online nature of the industry. One is the threat of the seller not actually being the legitimate owner of the domain name. A hacker can gain access to the controlling email address of a domain name and alter all contact information to suit his purpose. This has transpired on several occasions and sometimes it takes months or years before the actual owner is made aware of the crime and claims his name back. Plenty of time for a hacker to route the funds out of reach for a company. The best way to ensure that you are in contact with the actual owner of a name is to research the domain names whois history and map out any changes in ownership or administrative contact. Once that is done, contact by phone is always a good next steep to confirm ownership. When you have the owner on the phone facts can be confirmed with him live instead of opening up for the hacker to do the same research and learning the correct answers to your verification questions.

Another potential threat to consider is the risk that a seemingly generic domain name is actually a trademarked phrase. Both these situations are not easily recognized and a deal can often go through without the buyer being any the wiser. Until a later stage when the domain name is sized

[67] VeriSign.com; “State of domains”. 2010.

by the registrar or blocked by a WIPO decision. This risk is much smaller when acquiring a generic domain name than with other more particular domain names. Copyrighting a generic dictionary word is near impossible and copyrighting a generic phrase is hard. Often these types of trademarks are also more vulnerable to defenses made at a WIPO hearing. But sometimes a phrase can seem generic but in actuality contain a trademark. An example can be made with the names citymortgage.com. Although it can be construed to be a name aimed at selling mortgages to city residents. The presence of the city group tm that also sell mortgages makes this a potentially high risk investment.

The inverse situation is also a threat. International trademark law has regulations against copyrighting commonly used words and phrases. So the more generic and descriptive your domain name is the harder it will be to secure a firm trademark. This can become important if threatened by IPR infringers entering the market using similar domain names.

4.1 Summary and conclusion

On the pre-internet global market the decision for a company to enter an international market was made after a period of development and maturing in the home market. The Uppsala model proposes that companies need to secure a strong national foundation and sales base before venturing into the more competitive and diverse international market. Ecommerce and the altered market conditions that the internet has entailed, mean that the challenges of internationalization have evolved. New international sales avenues with comparably small entry costs are available for new and established companies alike. Setting up a website and developing appropriate functionality can be costly, but the cost fades compared to setting up an international line of physical retail locations, finding local suppliers and all the other necessary steps needed to complete a traditional internationalization process. Furthermore it has simplified the process. Instead of using regional outlets you now have the possibility of pooling the global consumer base into one virtual store. According to Luo et all, this entails that online internationalization can occur at a far more rapid pace than offline internationalization. For online centric companies this means a much shorter route to market and smaller market entry costs. The internet has also brought associated benefits for offline centric companies’ tasks such as finding suppliers, retailers, and customers which is much more manageable in the network age.

The importance of E-commerce has been rising ever since the internet gained consumer traction in the late 1990s. With the advent of new technological innovation and rise of internet penetration in developing countries, online availability is poised to become the preferred route to market for any product or service. Lead industries are heading the shift from offline business to E-commerce; already electronic advertisements are overtaking written ads in earnings. Globally consumers are coming into the habit of using the internet to research almost any purchase made.

Doubts from the lack of face to face interaction with another person, is still a consideration for consumers when shopping online, especially from the non-internet savvy consumer segment. Therefore website trust is an important aspect to consider. The Danish consumer survey gave a clear indication of the consumer propensity to prefer keyword domains in their own local ccTLD extension over global brandable domain names. These results are supported by data collected from the UK registry, Nominet. Although this should not be the deciding factor for companies when choosing domain name strategy, it is an important aspect to consider, especially for new companies or established companies introducing new product- or brand-lines. This is made especially true by the lingering skepticism from consumers towards shopping online.

When examining the management implications drawn from the domain industry report, it is apparent that most companies do not possess the in-house capabilities needed to successfully manage domain name strategy. As such most companies venturing into the online sector for the first time would benefit from outside knowhow to facilitate domain name acquisitions and domain name management. Companies such as Melbourne IT that provide a total suite of online brand management and protection, lend the client company expertise that is not otherwise easy to acquire. These brand management companies also helps combat trademark and copyright infringement, which is endemic in online circles. However initial domain name research and overall domain name strategic development is within the capabilities of most MNEs and should follow the rough outline put forth in the managerial recommendations of this paper.

Domain names have allowed MNEs access to a source of comparatively easily available and not readily replicable competitive resources. Today an online branding effort not only entails that consumers are aware of your brand and know of certain product characteristics, it also tells consumers exactly were to purchase the product or service. The nature of the internet allows consumers to watch or notice a commercial and be at the corresponding virtual shopping location within seconds of accessing the internet. This makes it of paramount importance to choose a domain name that signals trust and professionalism. Industry leaders such as the Disney Corporation are cementing their market position by using generic category killer domain names to base their product line on. Recently Disney has also shifted their domain strategy to capitalize on the search engine benefits by owning descriptive and poignant domain names such as movies.com. Instead of redirecting the domain to their overall Go.com network they are now developing independent websites.

If we examine domain names as an independent resource and put all other factors equal, indications are, that choosing a domain name that directly communicates which product or service you are selling, lead to a comparatively higher degree of consumer trust. Using local domain extensions to target a specific region or country also yields a higher degree of consumer trust. These results do not take brand awareness or consumer experiences with established products into account.

4.2 Implications for future research

Googles recent algorithm update has entailed certain changes to the impact of keywords in domain names. Although Google has always professed that keywords in domain names are of importance, they now indicate that the weight of importance will be diminished. This can potentially have effects on companies using keyword domains as a search engine booster. However Googles reasons for making this change is to limit the number of websites with little or no relevant content, that achieve a high ranking in the Google search engine for terms that they provide little insight or usability for.

Investigating managers' attitude towards domain name strategy is also a relevant topic for future research. Today, domain name strategy is most often a side note on the larger strategic outlook. One of the goals of this paper is to put the importance of Domain names strategy into focus. This is already starting to happen as online internationalization and trade is gaining importance. As such managers are increasingly considering this aspect of their internationalization strategy and it is set to gain more weight in overall strategic deliberations. It would be interesting to examine the importance that managers currently put into website names and examine the deliberation process when choosing a domain name strategy.

The results from the consumer survey conducted in Denmark would be more valid if the survey was expanded to encompass more countries. A further improvement would be to use a mix of factual domain names and fictional domain names. Using company participation, this would make it possible to evaluate how branding efforts offset the inherit advantages of a given type of domain name strategy. Using regional results from different countries would also allow companies to tailor their strategy to each country they plan on targeting. For example it is likely that differences exist in the level of trust residents of each country have in their local extension. Countries with well-functioning infrastructure and legal frameworks might be better offset to compete against the global dominance of .com domains. It would also be interesting to examine in more detail how the nature of the product or service affect the inherit consumer trust. In the survey a distinction is made between tangible products or non-tangible services. The results indicate a difference between consumer trust and price level, but it also indicated a propensity to trust product providers over service providers. It would be interesting to develop these results to look at which products or services carry more or less consumer trust.

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"Zappy: "I said, $10 million. And he said, 10 million? That's crazy."". 2010 http://fragerfactor.blogspot.com/2010/11/zappy-i-said-10-million-and-he-said-10.html

Websites and online venues

Brand protection by Melbourne IT
http://www.melbourneitdbs.com/solutions/online_brand_protection/

IAC website "about us – History"
http://www.iac.com/About-IAC/History/

Internet statistics at domaintools.com
http://www.domaintools.com/internet-statistics/

Registrar statistics at webhosting.info
http://www.webhosting.info/registrars/

Godaddy Inc at Yahoo finance
http://biz.yahoo.com/ic/133/133272.html

Disney Corporate Website
http://corporate.disney.go.com/corporate/overview.html

Disney Corporate Website for DIMG
http://disney.go.com/disneycareers/dimg/business-units.html

Alexa traffic stats for Go.com

http://www.alexa.com/siteinfo/go.com#

Alexa traffic stats for Movies.com

http://www.alexa.com/siteinfo/movies.go.com

Zapolin and Millers corporate site

http://internetrealestate.com/

Mike Zapolins personal site

http://www.zappy.com/

The Grateful Deads merchandise site.

http://www.dead.net/

Sedo - domain marketplace

http://www.SEDO.com

Afternic - domain marketplace

http://www.Afternic.com

Buydomains - corporate domain reseller

http://www.Buydomains.com

Godaddy auctions - Domain marketplace

http://www.Auctions.Godaddy.com

Namejet.com – Domain auctions

http://www.namejet.com/Pages/Services/Aftermarket.aspx

Pool.com – domain auctions

http://www.Pool.com

Domain marketplace

http://www.Snapnames.com

4.4 Appendixes

Disse spørgsmål har til formål at undersøge sammenhængen imellem forbrugertillid og hjemmesideadressen når man handler online. Bemærk at alle hjemmesideadresser er fiktive, hvis du kender en webshop med en lignende adresse bedes du prøve at abstrahere fra dette. Skalaen går fra 1 - 5. Hvor 1 = utryg og 5 = meget tryg.

Hvor tryg vil du være ved at købe et fladskærmstv til 15.000 DKK hos følgende webshops:

www.FladskærmsTV.dk
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

www.TVs.com
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

www.GreenToTV.dk
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

www.Vizkender.com
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

Hvor tryg vil du være ved at købe en flaske vin til 200 DKK hos følgende webshops:

www.SpanskVin.dk
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

www.Wine.com
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

www.SorensenImport.dk
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

www.GrysWines.com
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

Disse spørgsmål har til formål at undersøge sammenhængen imellem forbrugertillid og hjemmesideadressen når man handler online. Bemærk at alle hjemmesideadresser er fiktive, hvis du kender en webshop med en lignende adresse bedes du prøve at abstrahere fra dette. Skalaen går fra 1 - 5. Hvor 1 = utryg og 5 = meget tryg.

Hvor tryg vil du være ved at købe et fladskærmstv til 15.000 DKK hos følgende webshops:

www.FladskærmsTV.dk
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

www.TVs.com
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

www.GreenToTV.dk
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

www.Vizkender.com
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

Hvor tryg vil du være ved at købe en flaske vin til 200 DKK hos følgende webshops:

www.SpanskVin.dk
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

www.Wine.com
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

www.SorensenImport.dk
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

www.GrysWines.com
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

Hvor tryg vil du være ved at bestille en rejse til 10.000 DKK hos følgende serviceudbydere:

www.Ferie.dk
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

www.Travel.com
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

www.Makbu.dk
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

www.Portig.com
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

Hvor tryg vil du være ved at bestille et telefoniabonnement til 100 DKK om måneden hos følgende serviceudbydere:

www.Telefoni.dk
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

www.Call.com
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

www.Napfrop.dk
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

www.Leamtop.com
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

Fornavn: - Email eller Tlf. Nummer:

Hvor tryg vil du være ved at bestille en rejse til 10.000 DKK hos følgende serviceudbydere:

www.Ferie.dk
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

www.Travel.com
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

www.Makbu.dk
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

www.Portig.com
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

Hvor tryg vil du være ved at bestille et telefoniabonnement til 100 DKK om måneden hos følgende serviceudbydere:

www.Telefoni.dk
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

www.Call.com
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

www.Napfrop.dk
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

www.Leamtop.com
(Utryg, 1_____)(Lidt tryg, 2_____)(Tryg, 3_____)(Ret tryg, 4_____)(Meget tryg, 5_____)

Fornavn: - Email eller Tlf. Nummer:

Expensive product

Key .DK	Key .COM	Brand .DK	Brand .COM
4	4	2	2
1	1	1	1
2	4	3	3
3	3	1	1
1	1	1	1
3	4	3	2
3	3	1	1
4	4	3	3
3	3	1	1
2	1	2	3
2	4	2	2
4	4	4	4
4	3	2	2
4	4	2	3
3	2	2	3
1	2	3	3
2	2	2	2
3	3	3	2
1	1	1	1
3	2	1	2
2	1	1	1
3	2	2	1
4	3	3	2
1	1	1	1
4	3	3	2
1	1	1	1
1	1	1	1
3	4	2	1
3	2	1	1
4	4	2	1
2	1	3	1
4	2	2	2
4	4	4	2
5	4	4	2
2	1	1	2
3	3	1	1
2	2	1	1
4	5	1	1
5	5	1	2
3	3	2	1
1	1	1	1
4	3	3	1
4	5	2	2
3	4	5	2

Cheap product

Key .DK	Key .COM	Brand .DK	Brand .CON
4	2	2	2
5	5	5	5
5	5	5	5
1	1	1	1
3	3	3	3
2	1	2	3
3	3	3	2
4	4	4	3
3	3	2	2
1	1	1	1
1	1	2	1
1	1	1	1
4	5	3	2
3	4	2	3
2	3	4	3
5	5	5	5
4	4	4	4
4	4	4	4
1	1	1	1
5	3	4	2
5	4	3	2
3	1	2	1
3	3	3	3
2	2	2	2
5	4	5	3
1	1	1	1
2	1	2	1
2	5	2	2
5	3	3	2
4	4	4	2
4	2	5	3
3	5	4	2
2	2	4	2
4	4	4	2
4	3	3	3
2	3	4	2
1	1	2	1
3	5	1	1
1	1	2	1
3	3	3	3
5	5	5	1
4	4	3	3
4	3	5	2
4	4	5	2

4	3	3	2	4	4	4	4
3	3	2	1	3	4	3	2
3	2	1	1	3	3	2	3
1	3	1	1	3	2	5	2
4	4	4	4	5	5	5	5
4	3	2	2	1	1	1	1
1	1	1	1	2	1	1	1
4	4	4	2	4	4	4	4
3	1	1	1	3	3	3	3
3	3	2	2	2	3	4	1
1	1	1	1	3	3	3	3
2	2	1	1	3	2	3	2
1	1	1	1	3	3	3	2
4	2	3	2	5	3	4	3
2	2	4	2	4	4	5	5
3	2	1	1	3	2	3	3
3	2	3	3	4	2	4	3
4	4	2	1	2	4	4	2
4	4	2	1	1	1	2	1
4	4	3	3	4	5	4	3
2	3	3	1	4	4	5	3
4	3	2	1	5	5	5	3
4	3	3	1	5	4	3	2
4	4	3	3	5	3	1	3
3	2	3	1	3	2	4	2
1	1	1	1	4	4	4	4
3	2	4	1	3	3	4	2
3	2	4	2	4	3	4	3
4	3	2	2	4	3	4	3
2	1	1	1	4	3	3	3
3	2	2	2	4	3	2	3
2	2	2	2	4	4	4	4
5	5	4	4	5	5	5	5
4	3	2	1	4	4	3	2
3	3	3	3	4	4	4	3
1	1	1	1	4	1	4	1
1	2	1	1	3	3	2	2
4	3	4	1	4	4	4	3
1	1	2	2	4	2	4	4
1	1	1	1	1	1	1	1
3	4	2	1	3	2	1	2
4	4	2	3	4	3	4	2
2	2	4	1	2	3	5	2
2	2	2	2	3	3	3	3
4	2	2	1	4	4	2	2
1	1	1	1	2	2	1	1
2	2	2	2	3	3	3	2

4	4	2	1	4	5	3	3
3	3	3	3	3	3	3	3
4	2	4	2	5	4	5	4
3	2	2	2	1	2	2	2
5	1	5	5	5	5	3	3
5	4	2	2	4	3	3	3
2	1	1	1	4	3	3	3
5	4	4	2	4	4	4	2
4	4	3	3	4	4	4	3
291	260	219	172	332	309	321	249
2,91	2,6	2,19	1,72	3,32	3,09	3,21	2,49

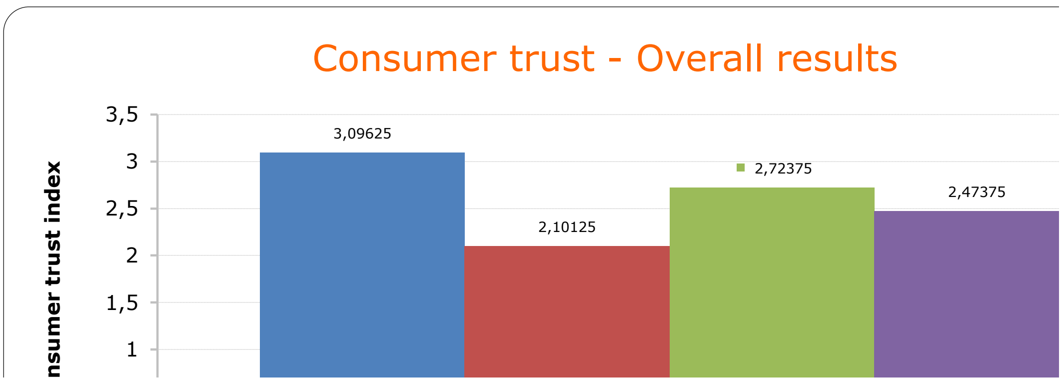
Keyword .DK				Keyword .Com			
Exp. Pro	Che. Pro	Exp. Ser.	Che. Ser.	Exp. Pro	Che. Pro	Exp. Ser.	Che. Ser.

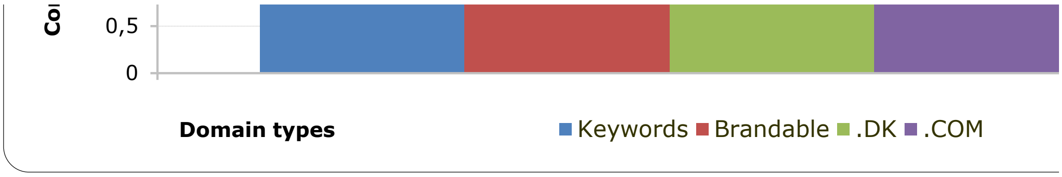
Keyword both extension

24,77	total
3,09625	average

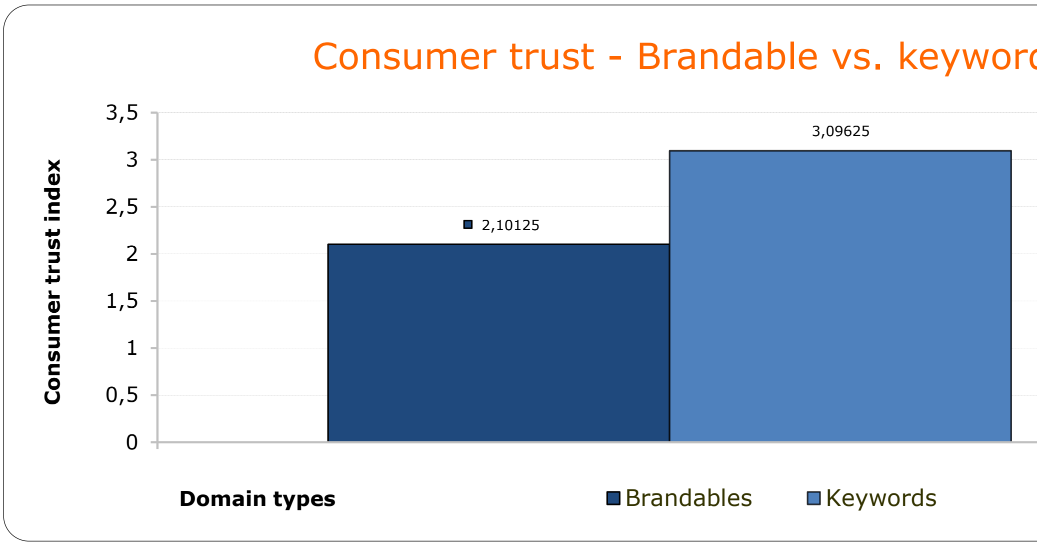
Brandable both extensions

16,81	total
2,10125	average





Co
0,5
0
Domain types
Keywords
Brandable
.DK
.COM



Consumer trust - Brandable vs. keywor
Consumer trust index
3,5
3
2,5
2
1,5
1
0,5
0
2,10125
3,09625
Domain types
Brandables
Keywords

Expensive service

Key .DK	Key .COM	Brand .DK	Brand .COM
4	4	2	2
5	5	2	2
5	5	2	2
4	4	1	1
2	2	2	2
4	3	2	1
4	5	3	2
2	2	2	2
4	4	1	1
5	4	3	2
3	3	2	2
4	4	2	2
4	4	1	1
4	4	3	2
3	4	3	3
3	3	1	1
4	4	4	4
4	3	3	2
1	1	1	1
4	4	1	1
1	3	1	1
3	1	2	2
3	3	3	3
2	1	1	1
4	3	3	2
1	1	1	1
1	2	1	1
3	4	1	1
3	4	1	2
5	5	2	4
3	3	1	1
3	4	2	2
4	2	1	1
3	4	2	2
2	1	3	1
3	4	1	1
3	3	1	1
5	5	1	1
4	5	1	1
2	2	1	1
5	1	1	1
4	4	2	2
5	4	1	1
2	4	1	1

Cheap service

Key .DK	Key .COM	Brand .DK
4	3	2
3	4	1
4	4	2
3	3	1
4	2	2
4	3	2
4	4	3
3	3	2
3	3	1
3	3	4
3	3	2
4	4	2
4	3	2
3	3	3
3	3	2
5	4	5
4	4	4
3	2	2
1	1	1
4	4	2
3	2	2
2	1	1
4	4	4
1	1	1
3	2	3
1	1	1
2	1	1
2	4	1
4	2	2
4	5	3
4	4	1
4	3	1
4	4	1
4	4	2
3	2	3
3	3	1
1	1	1
5	5	1
1	1	1
3	3	2
4	1	1
4	4	2
4	5	1
4	5	3

4	4	3	2	2	2	2
3	4	1	1	3	3	1
3	3	1	1	3	2	1
3	2	1	1	3	3	1
4	3	2	3	3	3	3
3	4	1	2	4	4	2
2	1	1	1	1	1	1
4	4	2	2	4	4	2
3	3	1	1	3	3	1
2	2	1	1	2	1	1
1	1	1	1	3	3	1
4	3	2	1	2	1	1
2	2	1	1	4	4	1
5	5	2	2	4	3	2
5	5	4	4	2	2	2
3	3	2	1	3	2	1
4	4	2	3	4	2	2
5	5	3	2	4	4	2
3	3	1	1	4	4	2
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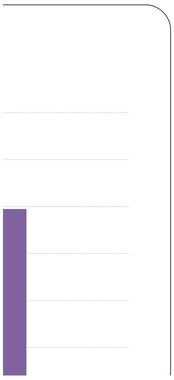
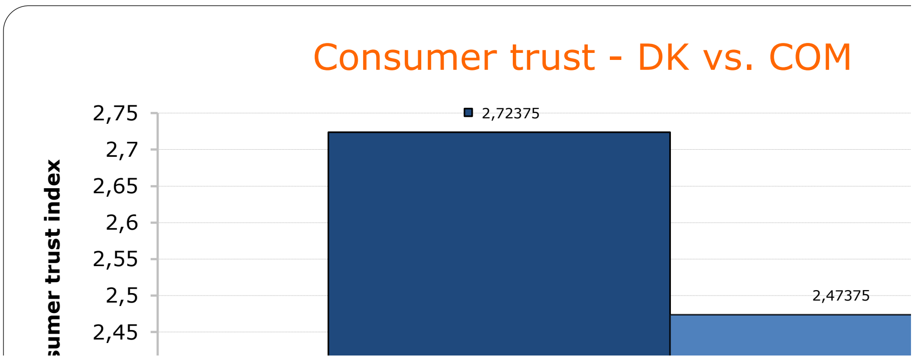
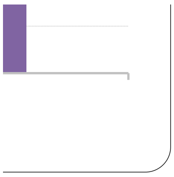
5	5	2	2	4	4	2
5	5	2	1	3	3	1
5	5	2	2	5	5	1
3	4	2	3	4	4	3
2	3	2	2	3	2	1
4	3	1	1	3	3	1
4	4	2	2	4	4	3
3	4	2	2	2	2	2
3	4	2	2	3	3	2
3	3	2	2	3	2	1
3	3	2	2	3	2	2
2	2	2	2	3	3	3
5	5	4	4	5	5	4
3	3	1	2	3	3	2
4	4	2	3	4	3	3
4	2	2	1	1	2	2
4	4	1	2	3	3	1
4	4	2	2	4	3	2
2	2	3	3	2	1	3
1	1	1	1	1	1	1
2	4	1	2	2	2	3
4	5	2	2	4	4	3
4	3	1	1	3	3	1
3	3	3	3	2	2	2
4	4	1	1	4	3	1
2	3	2	2	2	3	2
3	3	2	3	3	3	2

5	5	2	2	5	5	2
3	3	3	3	3	3	3
4	5	2	2	3	5	2
1	2	1	1	2	1	1
5	5	2	2	2	2	1
4	5	2	3	3	4	1
3	3	2	2	3	2	1
3	4	2	2	4	4	2
2	2	2	2	3	3	2
336	340	179	178	316	293	185
3,36	3,4	1,79	1,78	3,16	2,93	1,85
Brandable .DK				Brandable .COM		
Exp. Pro	Che. Pro	Exp. Ser.	Che. Ser.	Exp. Pro	Che. Pro	Exp. Ser.

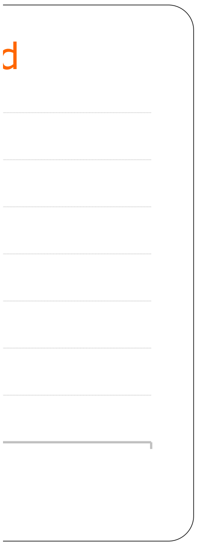
.DK domains	.Com domains	
21,79	19,79	total
2,72375	2,47375	average








Cons
2,4
2,35
2,3
Domain types
.DK
.COM



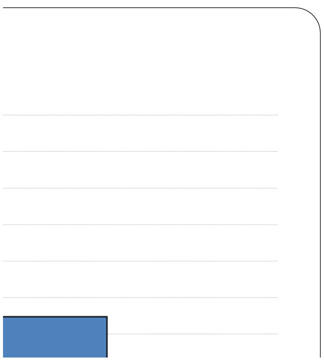
Brand .COM	Scored all the same
2	
1	
3	
1	
2	
2	
2	
2	
1	
3	
2	
2	
1	
2	
2	
3	
4	
2	
1	x
2	
2	
1	
4	
1	
2	
1	x
1	
1	
2	
2	
1	
1	
2	
2	
2	
1	
1	
1	
1	
2	
1	
2	
2	
2	

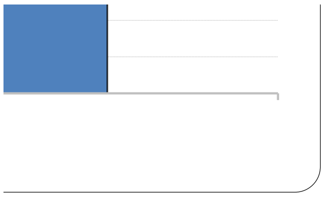
2	
1	
1	
1	
2	
2	
1	
2	
1	
1	
1	
1	
1	
1	
2	
1	
2	
3	
2	
2	
2	
1	
2	
3	
1	
1	
3	
2	
2	
1	
2	
3	
4	
2	
3	
1	
1	
3	
2	
1	x
4	
2	
1	
2	
1	
1	
2	

2
3
2
1
2
2
1
2
2

178	Combined
1,78	Average

Che. Ser.



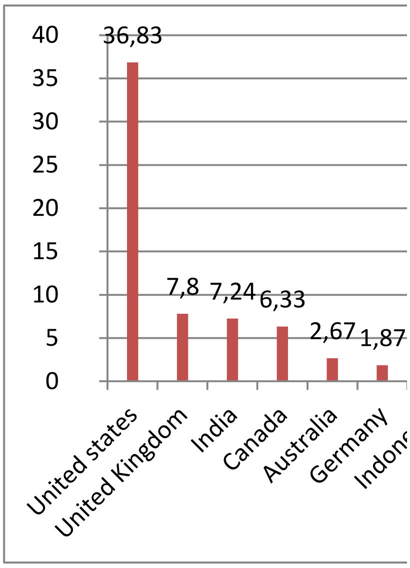


	Domain	Sold For	Where Sold	Date*
1.	Slots.com	5500000	Moniker/SnapNames	06-02-2010
2.	Dating.com	1750000	Moniker/SnapNames	6/16/10
			DOMAINfest FTL	
3.	Photo.com	1250000	Moniker/SnapNames	05-05-2010
4.	Flying.com	1100000	Pvt Sale	04-07-2010
5.	Poker.org	1000000	Sedo	2/23/10
6.	Credit.fr	851875	Sedo	01-12-2010
7.	Guns.com	800000	Moniker/SnapNames	03-10-2010
8.	Files.com	725000	Sedo	3/31/10
9.	Jerusalem.com	510000	Sedo	09-09-2010
10.	BoardGames.com	450000	Moniker/SnapNames	6/23/10
			DOMAINfest FTL	
11.	Poker.ca	400000	Moniker/SnapNames	7/21/10
12.	LongIsland.com	370000	Pvt Sale	04-07-2010
13.	CGM.com	365000	Sedo	6/16/10
14.	PartySupplies.com	360000	Moniker/SnapNames	1/20/10
15.	O.CO	350000	Pvt Sale	7/21/10
16.	Screensavers.com	335000	Moniker/SnapNames	3/24/10
17.	Software.de	303182	Sedo	05-04-2010
18.	Pilot.com	300000	Sedo	04-07-2010
tie				
18.	Imoveis.com.br	300000	Pvt Sale	4/21/10
tie	("real estate" in Portuguese)			
20.	Kredit.com	270600	Sedo	6/16/10
21.	Disco.com	255000	Moniker/SnapNames	09-09-2010
			DOMAINfest NY	
22.	MusicVideos.com	250000	Sedo	3/17/10
tie				
22.	Biking.com	250000	AfternicDLS	02-10-2010
tie				
22.	Boating.com	250000	AfternicDLS	02-03-2010
tie				
25.	Prince.com	235000	MediaOptions	8/25/10
26.	Sofas.com	231500	RickLatona.com	4/14/10
27.	Lottery.net	220000	Sedo	8/18/10
28.	LoanCalculator.com	215000	Moniker/SnapNames	2/23/10
			DOMAINfest Global	
29.	Slots.ca	206906	Moniker Brokered	07-08-2010
			Pvt Sale	
30.	Angels.com	200000	Sedo	09-09-2010
tie				
30.	Nasty.com	200000	Sedo	04-07-2010
tie				
32.	Metal.com	165000	Sedo	03-03-2010
33.	Free-SMS.de	162150	Sedo	1/20/10
34.	Idol.com	154800	Sedo	7/21/10
35.	CamRoulette.com	151000	DomainMadness2	4/14/10
36.	Website.de	141610	Sedo	02-03-2010
37.	Huddle.com	131400	NameJet	08-11-2010
38.	HomeRun.com	131200	Moniker/SnapNames	1/20/10

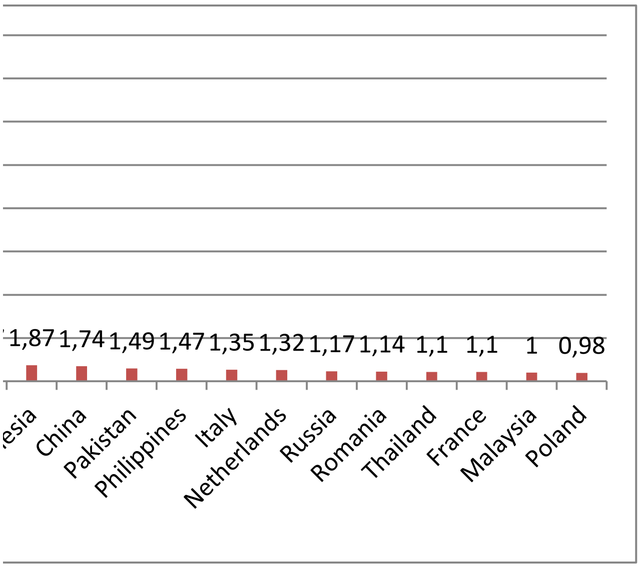
39. tie	Pig.com	125000	AfternicDLS	6/16/10
39. tie	Migraine.com	125000	Moniker/Sedo	01-12-2010
39. tie	SZ.com	125000	Pvt Sale	07-08-2010
42.	Designer.co.uk	122080	Sedo	02-03-2010
43.	DolceVita.com	120000	Sedo	3/24/10
44.	Optimize.com	115000	PremiumDomains	3/17/10
45.	Bright.com	112500	Sedo	6/16/10
46.	029.com	110000	Sedo	7/28/10
47.	Business.tv	100999	Sedo	05-05-2010
48.	XI.com	100930	Moniker/SnapNames	8/18/10
49. tie	Dirt.com	100000	GoDaddy Auctions	9/15/10
49. tie	027.com	100000	Sedo	6/20/10
49. tie	Pengyou.com ("friend" in Chinese)	100000	Sedo	6/20/10
49. tie	Pengyou.net ("friend" in Chinese)	100000	Sedo	6/20/10
49. tie	Cheesecake.com	100000	RickLatona.com	06-03-2010
49. tie	Tr3s.com	100000	Domainator.com	06-03-2010
49. tie	Prize.com	100000	Sedo	3/31/10
49. tie	Guagua.com	100000	Sedo	03-10-2010
49. tie	SydneyHotels.com	100000	Pvt Sale	07-08-2010
49. tie	CashUSA.com	100000	AfternicDLS	2/23/10
59.	MEC.com	99000	Sedo	04-07-2010
60.	KissingGames.com	98000	Pvt Sale	8/18/10
61.	Gifted.com	94000	Sedo	4/21/10
62.	FreeMarket.com	93000	Sedo	7/14/10
63.	OnlineCollegeClasses.com	91000	NoktaDomains	09-09-2010
64. tie	OY.com	90000	Sedo	08-04-2010
64. tie	Fiction.com	90000	Moniker/SnapNames	7/14/10
66.	Pakistan.de	87049	Sedo	3/24/10
67.	MyGarage.com	85000	YummyNames	8/25/10
68.	E.co	81000	Sedo	08-11-2010
69.	Hi.ru	80600	RU-Center	1/20/10
70. tie	Temp.com	80000	Latonas.com	9/15/10
70. tie	Kip.com	80000	Sedo	3/31/10
70. tie	46.com	80000	Moniker/SnapNames	2/23/10

73.	Gamez.com	77100	Sedo	5/26/10
74.	TVS.co.uk	75990	Sedo	6/23/10
75.	Bean.com	75698	Moniker/SnapNames	9/22/10
76.	ChinaVision.com	75000	Sedo	6/16/10
77.	Macaroni.com	74607	NameJet	02-03-2010
78.	Devisen.de	70472	Sedo	8/25/10
79. tie	BigApple.com	70000	Moniker/SnapNames DOMAINfest NY	09-09-2010
79. tie	UBP.com	70000	Sedo	6/16/10
79. tie	BabyFood.com	70000	RickLatona.com	06-02-2010
79. tie	Lundi.fr	70000	Sedo	02-03-2010
83.	FirstNationalBank.com	69100	NameJet	01-12-2010
84.	Schmuck.com	65170	Sedo	3/24/10
85. tie	NewYorkApartments.com	65000	Moniker/SnapNames DOMAINfest NY	9/22/10
85. tie	Lyrics.net	65000	Pvt Sale	06-03-2010
85. tie	GolfLessons.com	65000	Moniker/SnapNames DOMAINfest Global	2/17/10
85. tie	Fly.co.za	65000	Latonas.com	02-10-2010
89.	Gold.co.uk	63916	Sedo	3/17/10
90.	IronOverload.com	63801	AfternicDLS	9/22/10
91.	LuxuryApartments.com	62500	Moniker/SnapNames	9/22/10
92.	Pepe.com	61200	Mocus/Sedo	03-10-2010
93. tie	рф.com (IDN)	60000	Pvt Sale	08-04-2010
93. tie	PW.ca	60000	Pvt Sale	7/21/10
93. tie	DrunkDriving.com	60000	NameConnect	05-12-2010
93. tie	StockPrices.com	60000	Sedo	03-03-2010
93. tie	ComTech.com	60000	Sedo	02-03-2010
93. tie	MySports.com	60000	Sedo	01-12-2010
99.	Baibu.com	57000	AfternicDLS	04-07-2010
100.	Ground.com	56400	Pvt Sale	1/20/10
		26074335		
Total amount of sales in USD		26074335		

Country	Percentage of visits
United states	36,83
United Kingdom	7,8
India	7,24
Canada	6,33
Australia	2,67
Germany	1,87
Indonesia	1,87
China	1,74
Pakistan	1,49
Philippines	1,47
Italy	1,35
Netherlands	1,32
Russia	1,17
Romania	1,14
Thailand	1,1
France	1,1
Malaysia	1
Poland	0,98
Turkey	0,94
Spain	0,86
Sweden	0,84
Ukraine	0,8
Greece	0,76
Egypt	0,75
Isreal	0,67
Singapore	0,67
Belgium	0,66
Taiwan	0,66
Norway	0,65
Portugal	0,64
Ireland	0,54
Brazil	0,5
Vietnam	0,49
Czech republic	0,48
Mexico	0,47
Serbia	0,46
Japan	0,41
Lithuania	0,39
New Zealand	0,37
Hong Kong	0,34
Estonia	0,34
Croatia	0,33
Denmark	0,33
Hungary	0,32
Bulgaria	0,31
South Korea	0,29
Saudi Arabia	0,28
Switzerland	0,27



South Africa	0,25
Argentina	0,24
Jordan	0,23


1,87
1,74
1,49
1,47
1,35
1,32
1,17
1,14
1,1
1,1
1
0,98
China
Pakistan
Philippines
Italy
Netherlands
Russia
Romania
Thailand
France
Malaysia
Poland

.SE .PT .ME .IS

.COM .LA .INFO

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.EU .DK .RU

.SO .TEL .NAME

.NZ .JP

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.HN

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.US .TR

.ASIA .CO.UK .PL

.SA .NL .MOBI .IT

.BE .FR .TRAVEL .BIZ