

Research on Domain Name Market - jp -

ccNSO Meeting

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Hiro Hotta, JPRS

Overview of the Research

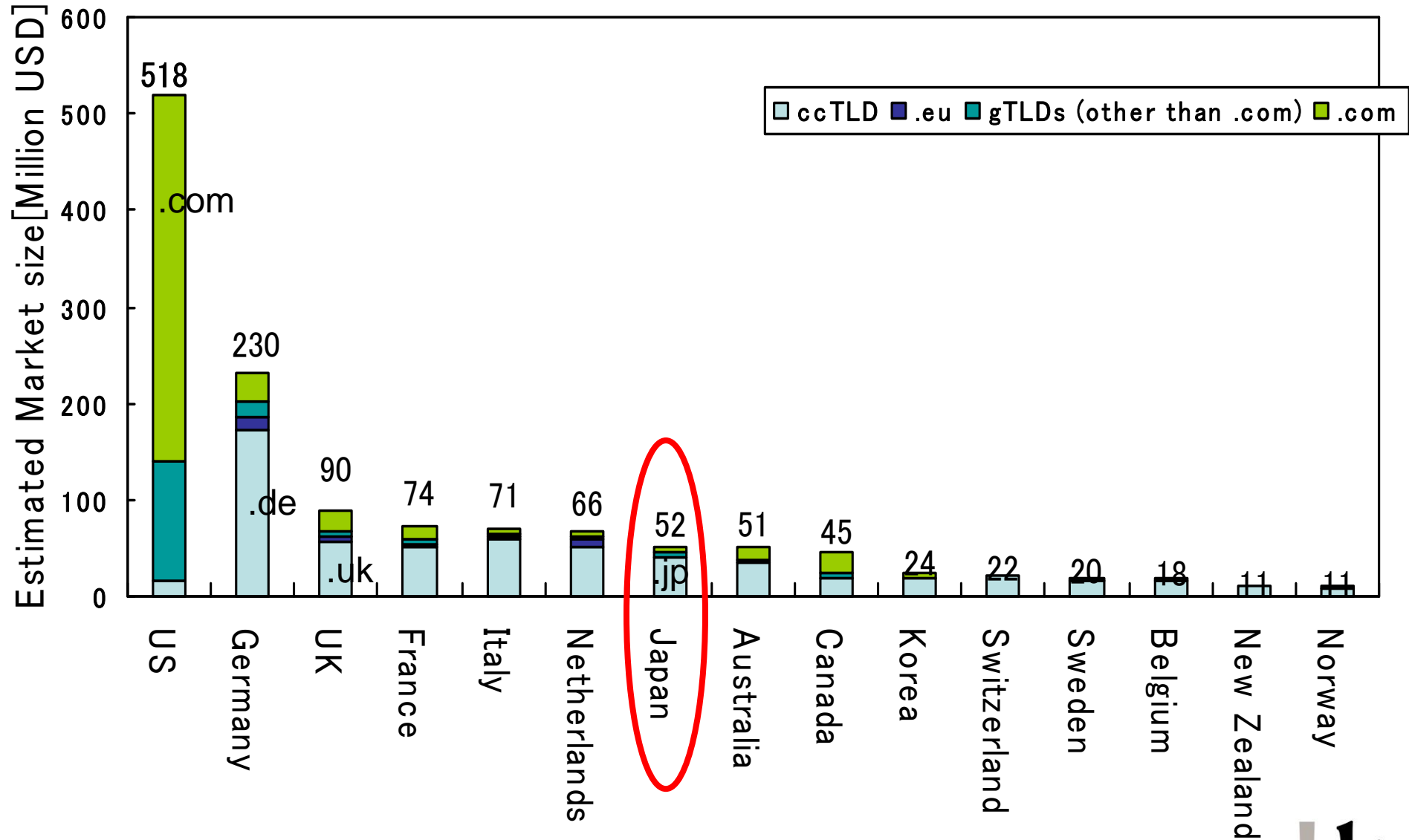
- Research on Domain Name Market
 - by BayCurrent Consulting
 - in Q4, 2009
 - to identify
 - possible growth of existing domain name market
 - possible growth of potential domain name market
 - background
 - relatively low penetration of domain names in Japan
 - ongoing/emerging changes in domain name environment
 - growing E-Commerce
 - more diversification of usage
 - new TLDs coming
 - JPRS is granted to present the report

Approaches

- benchmark analysis
 - clarify gaps between markets in Japan and in other countries
 - analyze whether such gaps are to be reduced
 - study out the possible growth of Japanese market
- penetration rate analysis
 - analyze market size, annual growth rate, and "# of registrants / # of organizations" for individual business category
 - study out the potential of more penetration for each business category
- positioning analysis
 - extract key factors for registrants to choose TLDs
 - clarify the positions of JP and other TLDs in Japanese market
 - study out relevant positioning of each TLD

Benchmark Analysis

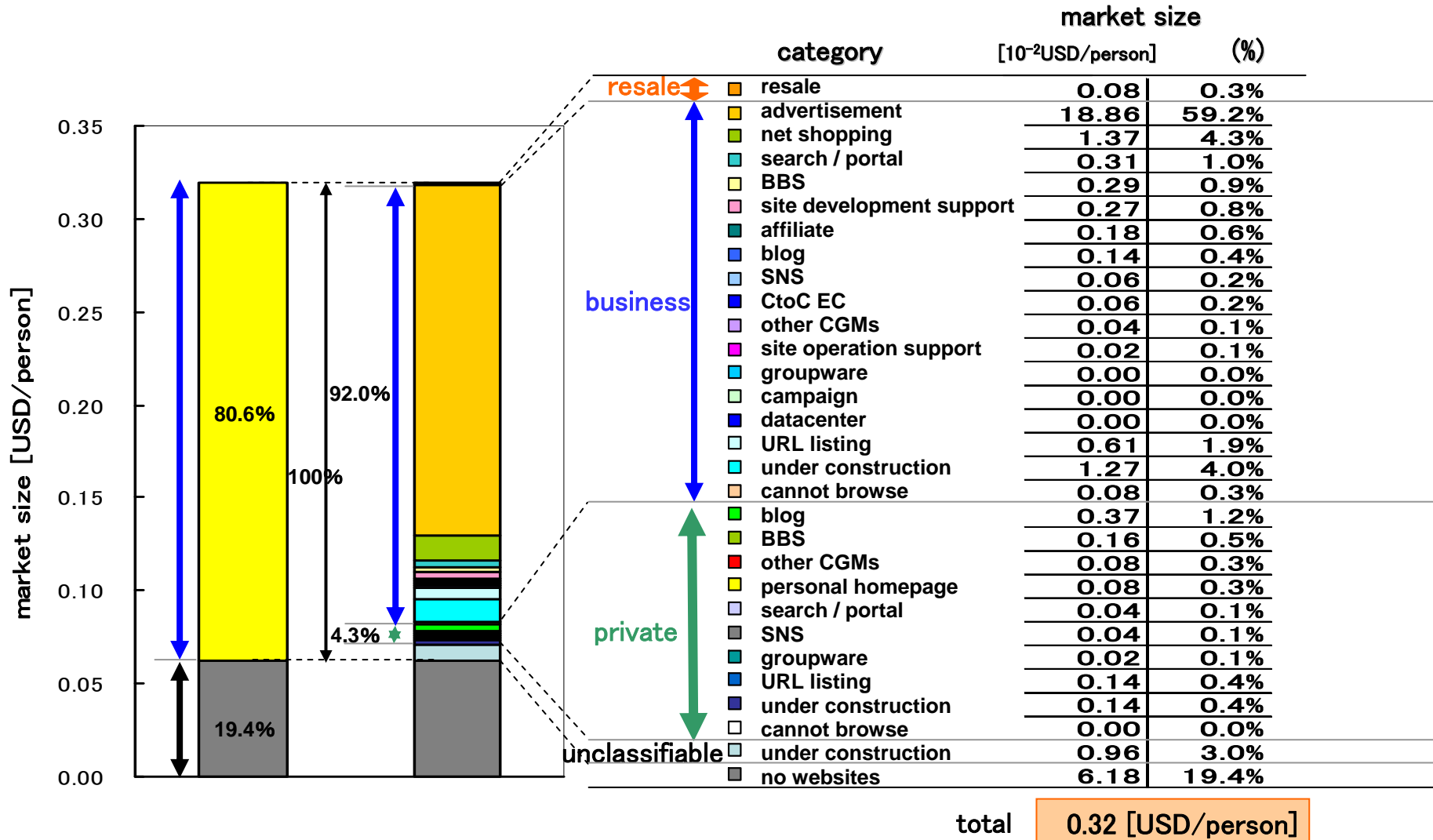
Market Size



Analysis Method

1. Selected benchmark
 - .jp in Japan
 - .com in US, .de in Germany, and .uk in UK
2. randomly pick up sample domain names for each benchmark
3. browse their web-sites and divide them into 30 categories
 - for resale
 - for advertising products/goods/companies/...
 - for net-shopping
 - for search-site / portal-site
 - for Blog
 - for personal homepage
 - under construction
 - etc.
4. find big differences in usage between ".jp in Japan" and other benchmarks
5. look into the background of differences
6. investigate whether such differences will be narrowed down

Existing market : Usage of .jp in Japan



market size is measured with the total of domain name registration fee

Big differences between benchmarks

	jp in Japan	.de in Germany	.uk in UK	.com in US
resale	1	x 315	x 217.2	x 145
advertisement	1	x 2.1	x 1.3	x 2.2
net shopping	1	x 2.9	x 3.8	x 4.7
search / portal	1	–	–	x 66.3
SNS	1	–	–	x 89.5
Blog	1	–	–	x 9.7
private CGM	1	x 13.3	–	–
personal home page	1	–	x 32.0	–

– : not a significant difference

x NN : NN times bigger in terms of market size per person

Possibility of usage expansion

- For each of the following usages with big differences
 - resale
 - advertisement
 - net shopping
 - search / portal
 - SNS
 - Blog
 - private CGM
 - personal home page
- possibility of (future) usage expansion is studied by investigating whether followings are big hurdles for .jp, through comparison between .jp in Japan and each benchmark
 - channel
 - promotion
 - regulation
 - business custom

Possibility of usage expansion

	channel	promotion	regulation	business custom
○ resale	A	A	- / A	A
advertisement	-	- / A	- / A	N
○ net shopping	-	-	- / A	A
search / portal	-	-	-	N
SNS	-	-	-	N
Blog	-	-	-	N
private CGM	-	-	A	N
personal home page	-	-	A	N

A(chievable) : current difference can be narrowed

N(on-Achievable): current difference is hard to be narrowed

- : no big difference exists

Non-existing market in Japan

- Service
 - ISPs give domain names to their subscribers by default
 - large number of registrations of .de in Germany
 - some for .uk in UK
- Analysis
 - no big hurdles for .JP in Japan, compared to .de in Germany
 - possible to be provided by ISPs

Analysis on the Potential of Domain Names in Each Business Category

Analysis Method

1. pick up the following 3 figures for business categories from statistical materials such as Japanese government white papers
 - market size (\$ per person)
 - annual growth rate
 - number of organizations
2. categorize .jp registrants (by sampling) and identify the number of registrants in each business category
3. calculate "penetration rate" in each business category
 - # of registrants / # of organizations
4. make a table of "potential of domain names" in each business category by checking the combination of
 - market size (\$ per person) : bigger has more potential
 - annual growth rate : bigger has more potential
 - penetration rate : smaller has more potential

Analysis result

	market size	annual growth	saturation rate	total
telecommunications	C	AA	C	C
:	:	:	:	:
amusement	A	A	B	C
:	:	:	:	:
medical	AA	B	C	C
:	:	:	:	:
education	B	AA	C	C
:	:	:	:	:
welfare / caring	B	AA	AA	AA
:	:	:	:	:
wholesale	A	A	AA	AA
:	:	:	:	:
foods & drinks retail	A	A	A	A
:	:	:	:	:
professional service	AA	B	A	A

AA : very hopeful A : hopeful C : of small hope

Positioning Analysis Focusing on Domain Name Selection Criteria

Analysis method

- registrants are categorized into the following segments
 - business (6 combinations)
 - big company / medium company / small company
 - B to B / B to C
 - individual (personal)
- Interview registrants to identify their criteria in choosing domain names
 - co.jp / .jp / .com / .net
- categorize the criteria into the reasons below
 - reliability
 - trust
 - familiarity
 - fashionableness
 - regionality
 - popularity
 - price

Positioning of TLDs

