

Research on Domain Name Market - jp -

ccNSO Meeting

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Overview of the Research

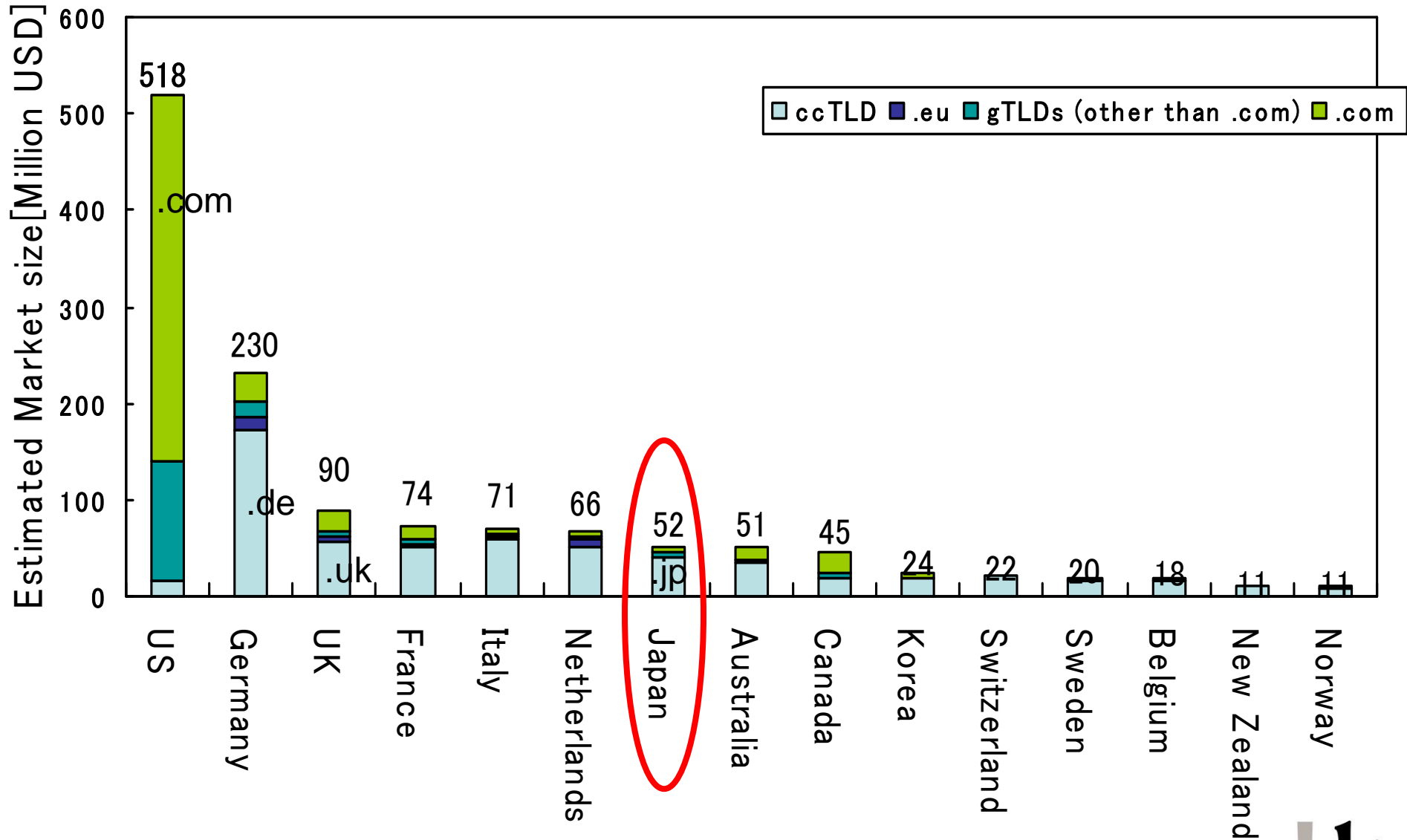
- Research on Domain Name Market
 - by BayCurrent Consulting
 - in Q4, 2009
 - to identify
 - possible growth of existing domain name market
 - possible growth of potential domain name market
 - background
 - relatively low penetration of domain names in Japan
 - ongoing/emerging changes in domain name 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

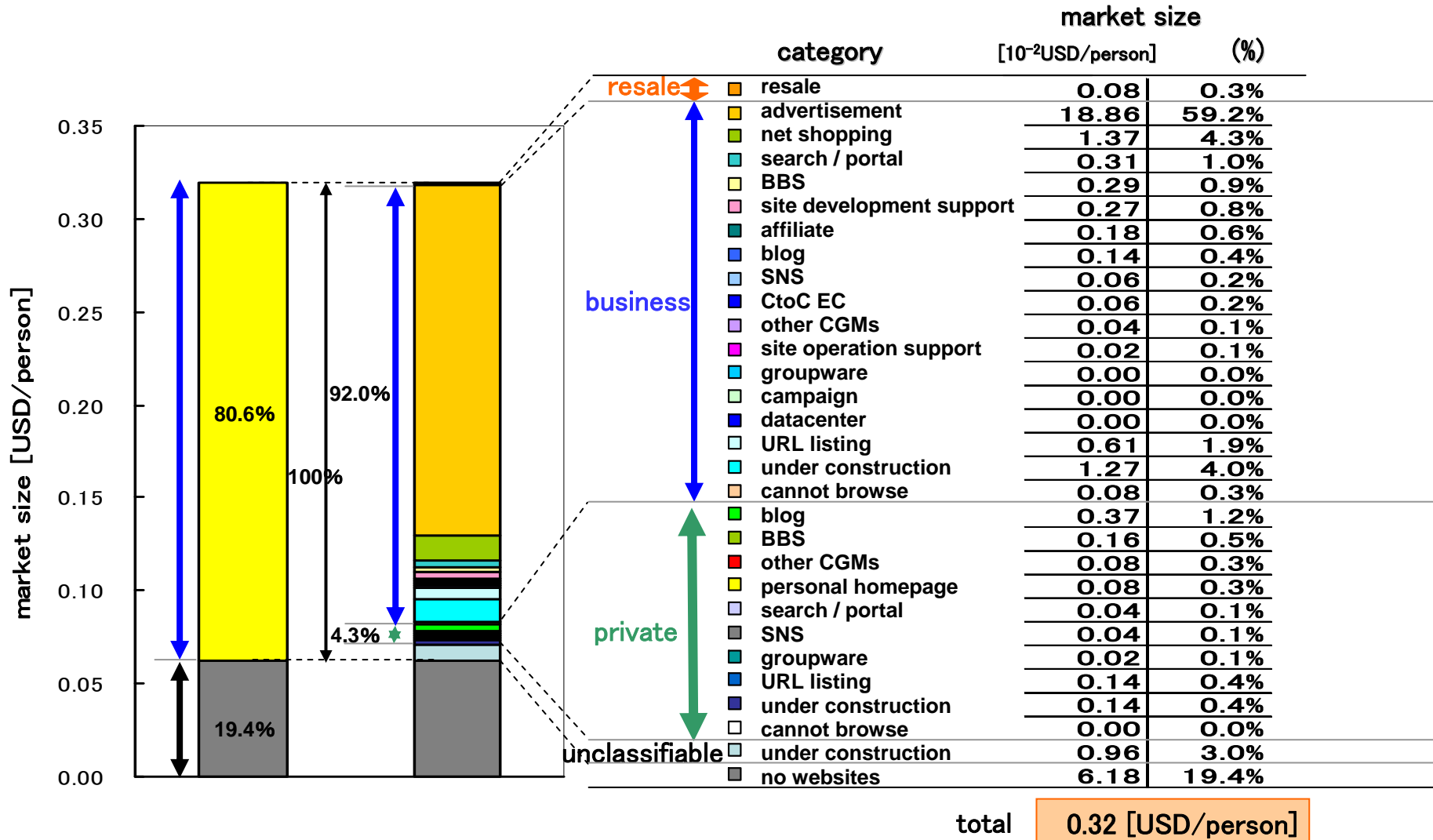
Market Size



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

