

2003 Registrar Profile Study - Global

Study Description: Telephone Interviews with Registrar Channel, ICANN accredited organizations allowed to sell domain names. Purpose was to examine business practices and characteristics of current registrars and identify market challenges, best practices and opportunities.

Products in Study: All

Key Findings:

- Registrar Profile
- Growth Opportunities
- Success Factors
- Use of Resellers

Registrar Profile

Size and Scale

- Registrars in study have a median of almost 5 years in business and a median of 18 employees, directionally more for the top 34 companies (55 employees). In addition, they have median sales of 40,500 domain names in the past 12 months, and more among the top 34 companies.
- Registrars in study have a median of 183,000 domain names that they currently manage – over 500,000 among top 34 companies vs. 55,000 among the balance.

	Rank			Country	
	Total	Top 34	Rest	U.S. Company	Inter-National
	(55) #	(21) #	(34) #	(26) #	(29) #
Number of years company has been in business					
Average	7.6	10.4	5.8	9.2	6.1
Median	4.6	5.5	3.8	4.5	4.4
Number of full-time and part-time employees					
Average	123	115	128	128	120
Median	18	55	9.7	13	35
Number of domain names sold or renewed past 12 months					
Average	105,500	175,300	62,800	123,300	92,900
Median	40,500	127,500	17,500	110,000	17,500
Number of domain name company manages					
Average	5,077,000	11,172,000	308,000	1,223,000	8,406,000
Median	183,000	515,000	55,000	85,000	198,000
U.S. Company					
	47%	52%	44%	100%	--
International					
	53%	48%	56%	--	100%

Services Offered

- Over the past 12 months, nearly all registrars in the study have offered *.com*, *.net* and *.org* TLDs. At least 8 in 10 have offered other gTLDs (86%), ccTLDs (84%), customer service support (84%), and DNS Management (82%).
- Services less likely to be offered include: expiration date synching (27%); corporate management among those not in the top 34 (21%); and payment services (36%).
- Registrars not in the top 34 are somewhat less likely to offer Web Site development and digital certificates. International registrars are somewhat more likely to offer multi-lingual domain names and payment services, but somewhat less likely to offer corporate management.

Revenue Source

	Rank			Country	
	Total	Top 34	Rest	U.S. Company	Inter-National
	(55)	(21)	(34)	(26)	(29)
	%	%	%	%	%
com/net/org	51	56	50	56	48
cc TLDs	15	10	17	7	22
Hosting	12	9	13	19	6
Other g TLDs	9	9	9	5	12
DNS Management	3	3	3	3	2
Website development	3	2	3	2	3
Customer service support	2	2	2	2	2
Multi-lingual domain names	2	1	2	1	3
Expiration Date Synching	1	3	1	2	--
Digital Certificates	1	3	--	2	--
Corporate Management	1	1	1	1	1
Payment Services	--	--	--	--	--
Other	--	1	--	--	--

New Service Plans

- Almost half of registrars who do not offer multi-lingual domain names expect to in the next 12 months, especially international registrars.
- Half of the top 34 registrars say they will offer expiration date synching. Non top 34 registrars are somewhat more likely than top 34 to mention hosting as a future offering.
- Among the small minority who have not offered com/net/org in the past 12 months, all say they anticipate offering this service in the next 12 months.

	TOTAL
	%
Multi-lingual domain names	46
Hosting	33
Expiration Date Synching	28
Corporate Management	25
Payment services	23
Digital Certificates	22
Website development	15
Other	2
com/net/org*	100
cc TLDs*	78
Customer service support*	78
Other g TLDs*	75
DNS Management*	40

Growth Opportunities

- Registrars are very optimistic about sales over the next 2 years – 94% expect sales to increase, 36% expect significant increases.
- Over the next year or so, registrars see the most opportunity for growth among the small-business segments – 62% see great/a lot of opportunity among small home-office based businesses and 59% for other small businesses.
- Opportunity is also expected for other customer segments – businesses outside national borders (52%); consumers (48%); and larger businesses (44%).

	Rank			Country	
	Total	Top 34	Rest	U.S. Company	Inter-National
	(55)	(21)	(34)	(26)	(29)
	%	%	%	%	%
Great /A Lot of Opportunity*					
Small home-office based businesses	62	55	66	65	58
Other small businesses (5 or fewer employees)	59	45	68	58	60
Businesses that are outside national borders	52	50	53	46	58
Consumers	48	47	49	56	41
Larger businesses	44	45	43	38	50

Success Factors

- Registrars consider providing a high level of customer service (89% extremely/very important) and maintaining high renewal rates among customers (87%) vital to the future success of their company.
- Offering value propositions (80%) and keeping up with “best practices” in the industry (76%) are also deemed to be highly important.
- Moderately important factors include better understanding the needs of small home-based businesses, dealing effectively with competition, proactively marketing domains, improving the sales process and expanding their reseller force.

	Rank			Country	
	Total	Top 34	Rest	U.S. Company	Inter-National
	(55)	(21)	(34)	(26)	(29)
	%	%	%	%	%
Extremely/Very Important*					
Provide a high level of customer service	89	86	91	92	86
Maintain high renewal rates among your customers	87	91	85	92	83
Offer a value proposition to customers that does not rest on price and price alone	80	76	82	85	75
Keep up the "best practices" in your industry	76	71	79	73	79
Better understand the needs of small home-based business	63	45	74	58	68
Deal effectively with competition from other registrars	62	67	59	65	59
Be able to proactively market domain names and not just wait for sales	59	57	61	60	59
Improve the operations/logistics of the sales process	59	57	61	48	69

Use of Resellers

- Currently, 39% of business, on average, is conducted through resellers. However, among the top 34, business is split between resellers and direct retail.
- Those using resellers use a median of 187 resellers.
- International registrars are somewhat more likely to use resellers than U.S. registrars. U.S. registrars that use resellers, however, use more resellers (411) than international registrars (110).

	Rank			Country	
	Total	Top 34	Rest	U.S. Company	Inter-National
	(55)	(21)	(34)	(26)	(29)
	%	%	%	%	%
Reseller	39	48	35	28	48
Direct Retail	61	52	65	72	52
	(36)	(16)	(20)	(14)	(22)
	#	#	#	#	#
Average number of resellers ^{1/}	1,172	1,946	495	1,757	879
Median	187	190	175	411	110

- Those who use resellers primarily say that the share of their company's business through resellers has increased over the past 2 years.
- And, they generally anticipate a continued increase in the share of business conducted through resellers over the next 2 years, somewhat more for international registrars.
- Among only those who currently use resellers, the share of their business conducted through resellers is expected to rise from 55% to 62% over the next 2 years.
- Those who use resellers are most likely to describe their reseller/affiliate programs as an interface, cited by 44% on an unaided basis, while just over 1 in 4 (28%) describe their programs simply as reselling.