

2002 Consumer and Small Business Market Study –US/Europe

Study Description: On-line Interviews with over 1,400 consumer and small business prospects as well as current and lapsed registrants of domain names. Purpose was to provide an understanding of market potential and new product opportunities with a global span.

Products in Study: .com, .net

Key Findings:

User and Prospect Profiles

Loyalty Factors

End-User Needs

Other Useful Studies involving Research in Europe:

2003 Business Market Study – Europe

2003 Business IDN Study – Europe

User and Prospect Profiles

Our findings indicate that both current and lapsed users as well as prospects for domain names in these markets are well educated and affluent. While they are Internet-centric and spend a lot of time online, most are not technically sophisticated. Users exhibit a slightly higher degree of technical confidence vs. prospects.

Some interesting statistics:

- 44% college graduate or better
- Average income of \$62.5K
- Average 26 hours on Internet per week
- 33% users consider themselves “technology savvy”
- 15% prospects consider themselves “technology savvy”

	Total	U.S.	Europe
	(1387)	(870)	(517)
Strongly Agree: Rated 8, 9, 10	%	%	%
Technology Savvy (Net)	33	25	45
I consider myself on the cutting edge when it comes to trying new technologies	37	27	54
I feel very competent when it comes to creating and managing a web sites	28	23	36

How to Use these Results:

These users and prospects need help in understanding both what a domain can be used for and how to establish and build a Web Site

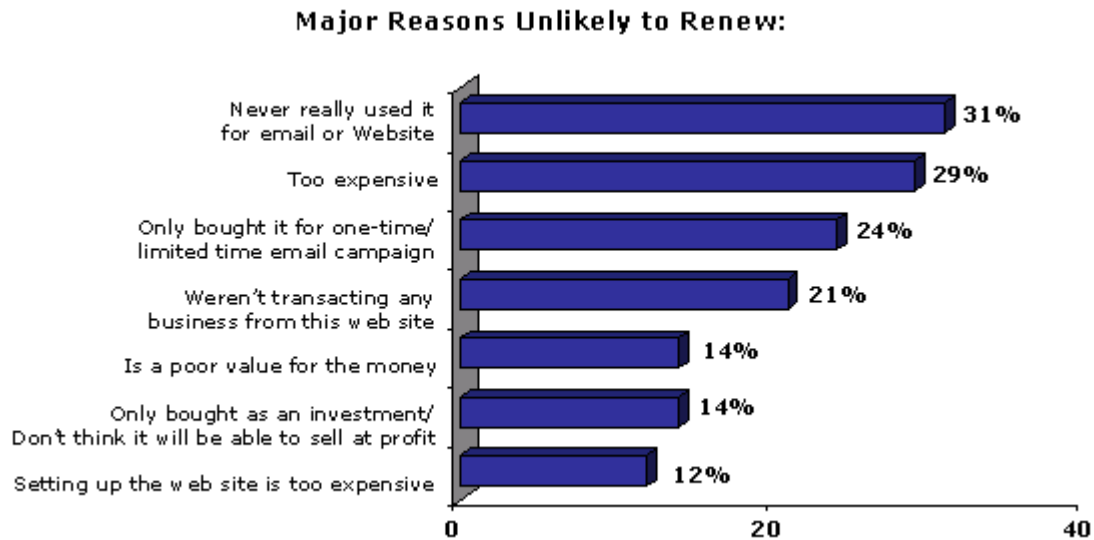
- Use educational material to drive demand by showing how Web Sites can meet needs
- Make sign-up as simple as possible
- Offer assistance or referral for creating and managing Web Sites

Loyalty Factors

The study suggests that, other things being equal, the domain industry has entered a period of relative stasis for these users. Current owners indicate relatively strong loyalty to their current providers and those that don't currently own a name show only slight interest in acquiring one.

Current owners:

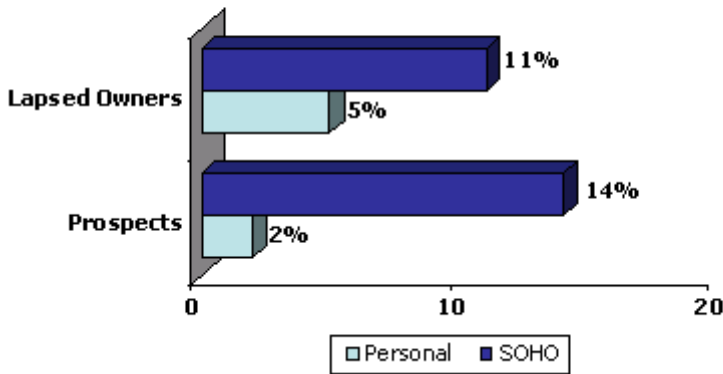
- 65% of current owners indicate they are likely to renew
- Factors that drive churn include: not using domain, cost, self-liquidating initial purpose



Lapsed Owners and Prospects

- Non-owners indicate only 16% interest in purchasing domain
- Need/utility is cited as the major reason why a domain is not wanted (perceived cost and difficulty follow respectively)
- 28% of small business prospects and 16% of consumer prospects cite that they do not know how to purchase a domain name even if they had need of one

**Likelihood of Purchasing Domain Names
For Business/Personal Reasons
(Lapsed Owners & Prospects)**



Reasons Why Prospects Have Not Considered Purchasing A Domain Name

Reasons	Prospects	
	Small Business (76) [D]	Personal (140) [G]
Need/Utility		
You never saw the need for one	80%	96%
You didn't think you could get visitors to your web site	29%	15%
Perceived Costs		
It costs too much money to set up a web site	43%	25%
It is too expensive	39%	27%
Maintaining the web site would be too expensive	37%	19%
Perceived Difficulty		
Setting up and maintaining a web site would be too time consuming	38%	36%
You are not technical enough	36%	32%
It is too hard to set up a web site	30%	26%
You don't know how to purchase a domain name	28%	16%

How to Use these Results:

- Educating prospects about use of domains can help drive demand
- Provide tools that make it simple for current users to realize effectiveness of their sites and to help them improve
- Prospects may be surprised at low costs of establishing their own sites
- Technical assistance will be welcomed
- Strong need to educate prospects about how to purchase domains

End-User Needs

Educating prospects about how to use and set up a domain name is key to driving demand. Since 85% consider themselves technologically “unsavvy,” the process of buying and using a domain needs to be simple. Marketing and educational materials need to clearly show how a domain and site can meet their needs.

In reviewing research results, we were able to identify a series of needs that both prospects and users alike cite as important. These can be categorized as:

Important Factors When Selecting a Vendor **How Prospects Would Use Web Sites** **Technology Needs**

Important Factors When Selecting a Vendor

Making the process simple and effective is generally cited as the most common need a domain name provider can meet. For everything from selecting a name to listing it with search engines, these consumer and small business users want a vendor that provides them with assistance across the entire process of setting up a Web Site. Interestingly, prospects and users in the U.S. market express higher expectations from their vendors than their European counterparts.

Clear themes include:

- 28% of small business prospects and 16% of consumer prospects don't know where to go to buy a domain name
- Prospects can be intimidated by the entire process and need to see that it's simple to select, purchase, set up and market their Web Sites
- Prospects need to be reassured that customer service and support is available
- Prospects are concerned about system security
- Prospects are more concerned about simplicity and support than cost

Importance of Consideration when Choosing a Vendor	Total	U.S.	Europe
	(1352)	(870)	(517)
Very Important: Rated 8, 9, 10	%	%	%
Makes it easy to choose and set up a domain name quickly	79	85	69
Has excellent customer service	79	86	68
Makes it easy to purchase a domain name	77	84	66
Has a secure system that protects your identity and the identity of your web site visitors	77	84	65
Provides help to get your domain name listed with the major search engines (i.e., Yahoo!, Google)	70	78	57
Provides email and other value added services	67	68	66
Provides a secure location to store your IDs and passwords for accessing web sites and transacting online	67	76	53
Does not require a high level of technical expertise	65	76	47
Is the least expensive alternative	63	66	59
Works closely with you to get the domain name you want	60	72	39

How to Use these Results:

- Increase your visibility in the marketplace to attract prospects who don't know where to buy domains
- Offer full service solutions to differentiate yourself
- Provide access to as many names as possible in the simplest way possible
- Clearly communicate all customer service and support options
- Educate prospects about security

How Prospects Would Use Web Sites

To break through the relative stasis of the market and encourage more prospects to turn into users, understanding how consumers and small businesses might use a Web Site can help you better meet those needs. In addition, by incorporating these uses into your marketing and sales, you can drive demand.

Functionality needs cited include:

- Customer Interface
 - Provide information to customers
 - Offer online customer service
- Bottom Line
 - Sell products online
 - Expand to new markets
 - Increase efficiency

- Non-Customer Interface
 - Intranet (communicate with employees)
 - Extranet (communicate with vendors or suppliers)
- Data Gathering
 - Get and maintain visitor information
 - Develop prospect or customer database
- Security
 - Ensure visitors feel secure in providing data
- Affinity Communication
 - Share information with friends, family
 - Communicate with like-minded people
- Personal Marketing/Career Related
 - Advertise small business
 - Provide online brochure
 - Resumes, etc.

How to Use these Results:

- Educate prospects about how Web Sites can benefit them
- Show sample Web Sites for both consumer and small business use
- Suggest possible Web Site uses to prospects
- Provide common templates to make web set-up simple
- Provide statistics on web usage or testimonials from customers

Technology Needs

Since many users and prospects consider themselves not technically savvy, educating users and providing technical functionality can help providers differentiate their businesses.

Common technical needs cited by users and prospects include:

- Filters for spam
- Ability to update information about others' Web Sites, email, IM contact data
- Ability to update/disseminate one's own information
- Easy-to-use browsers
- Ability to keep track of sites their users visit

How to Use these Results:

- Educate users about the availability of these technologies
- Make technologies easy to implement