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: : THE LIBERALISATION
OF THE INTERNET

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Introduction

The objective of this report by Gandi, and undertaken by The Future Laboratory is to explore how the Internet will change as a result of it being liberalised, and the effect this will have on businesses and consumers, socially, economically and geographically.

Investigating the impact of liberalisation on how consumers and businesses view, value and protect their online identity and presence is key to this, as is whether the internet will fragment, localise and become too complex or actually more familiar for people to use. This involves understanding what needs to be put in place to regulate this new guise so that it doesn't become an unyielding mass. Another key focus is whether the liberalisation of the domain name market will provide consumers and businesses with an expansive choice of high-quality domain names or will the loose regulation of the existing market allow the new space to become increasingly dominated by 'profiteers', 'domainers', squatters and touts?

Our project involved a four-step research process: consolidating and analysing desk research; conducting a quantitative survey of 1,000 average Britons across all ages to quantify what, why, where and how their internet attitudes and behaviours will change as a result of the liberalised web; conducting a quantitative survey of 50 e-commerce managers from large high-street businesses and 50 e-commerce managers from SMEs (small and medium enterprises) online to quantify how their commercial, financial, legal and technological business imperatives will change with the liberalisation of the web; and selecting and interviewing business, political and Internet experts to further understand the effect of a liberalised web.

The result is a report that describes the case for and trend towards a liberalised Internet. It also explores the direct and indirect impact of liberalisation on how consumers and businesses view, value and protect their online identity and presence, discusses the next episode of the web with its liberalised guise, and shows how different segments of people will use and interact with the Internet.

Exec Summary

Getting a prime piece of real estate on the Internet today isn't easy. In .com – the Internet's most sought-after neighbourhood -- domain names can sell for less than £5 a year (\$8, €5.7 at current exchange rates). But if you want to get your hands on the most desirable properties in town, forget about it: they were nabbed years ago.

However, from next year, the geography of the Internet is set to expand significantly. The Internet Corporation for Assigned Names and Numbers (ICANN), the international body that oversees the naming structure of the Internet, will liberalise the market for domain name extensions – the .com or .uk part of a web address. This means that anyone, in theory, can apply to operate an extension. So move over .com, .uk, .net, and welcome whatever you like.

The motivation behind the move is to increase choice, promote innovation and spur competition. For the world's 1.5bn Internet users, this means more neighbourhoods, full of prime properties, ideally at affordable prices.

1. Internet users in the Middle East and Asia will get web addresses in their native Chinese, Japanese, Arabic and Cyrillic scripts
2. Large corporates can apply for URLs ending with .theirbrand (imagine the marketing and communication opportunities of diet.coke, run.nike, and dealers.bmw).
3. More suffixes will also mean small businesses have a better chance of getting a domain name that reflects their company name and what they do (so farewell jimthep plumber10293.com and hello jim.plumber).
4. Internet navigation will also become more intuitive once websites are categorised according to their meaning (hotels.london arguably means more than hotels.com).
5. Social networks could offer users their own personalised pages (imagine yourname.facebook).
6. And it will enable greater localisation online (voters.london, tonypizza.leeds or tourism.cym)

Yet despite the opportunities that liberalisation presents, consumers and businesses remain unconvinced.

In a survey of 1,000 consumers, we found that the majority believe the Internet will become full of pointless domain names (65% of those polled), messy and confusing (57%), too complex to navigate (46%) and out of control (41%).

Two-thirds of the 100 UK businesses surveyed are still unaware that liberalisation is happening, which is a concern, considering the opportunities and potential risks that it presents.

However, businesses do see opportunity, claiming liberalisation will be innovative (81% of those surveyed), advantageous (75%), and exciting (69%) when launching a marketing campaign online.

After all, the development of a brand is dependent on a strong online presence. How much would .coke or .beer be worth in an advertising campaign? How could .theirbrand help companies communicate with customers, suppliers and partners (suppliers.bmw and dealers.bmw)? And how could a branded TLD (top-level domain) reduce fraud online by guaranteeing authentic products in branded sites (jeans.levis vs levisjeansusa.com which might possibly be an auction house)?

SMEs in particular are constrained by the current naming structure, with almost a third of the smallest businesses complaining they couldn't get the name they want with existing extensions. The new naming structure will provide greater opportunity for branding themselves online.

The Name Game

- : Sex.com – the world’s most expensive domain name was believed to be sold for \$14m (£8.7m, €10m at current exchange rates) in 2006
- : Fund.com went for \$9.9m (£6m, €7m at current exchange rates)
- : Porn.com went for \$9.5m (£5.9m, €6.8m at current exchange rates)
- : Business.com \$7.5m (£4.7m, €5.4m at current exchange rates)
- : Diamonds.com \$7.5m (£4.7m, €5.4m at current exchange rates)
- : Beer.com \$7m (£4.4m, €5m at current exchange rates)

But before businesses can reap any rewards, the Internet industry must address their concerns.

Businesses fear that cybersquatters and domain investors will cash in on liberalisation by registering all the best domain names to sell onto companies, or to drive visitors to advertising sites. Fraudsters also use domain names that resemble trademarks in order to launch phishing attacks or to lure users to illicit sites.

In an effort to protect their trademarks and intellectual property online, businesses currently buy up hundreds, even thousands, of domain names under existing extensions. Large businesses are particularly vigilant, with almost all businesses with more than 1,000 staff registering their trademarks against either the largest or all available domain extensions. But with a potentially limitless number of extensions, getting hold of their brand.allofthem will be astronomically expensive, if not impossible.

This is an exciting change - but if liberalisation is to bring the benefits it promises, it needs to be handled carefully. Because as soon as the billboards, squatters and criminals move in, all the prime properties and interested web visitors will move out.

In this report, experts call for a new era in Internet governance where every level of the Internet structure takes control from ICANN, international governments, registries, registrars, businesses and communities.

We also explore the fine balance the Internet community must tread, with freedom and innovation on one side, and regulation and governance on the other. Too much regulation stifles innovation and competition, but a de-regulated market has also allowed a shady industry to flourish, where domainers, secondary re-sellers and pay-per-click registrars fill the domain space with pointless and cluttered advertising sites.

Whether the Internet’s new neighbourhoods become a haven for crime and full of advertising billboards or a space where prime properties attract high volumes of interested Internet users, depends on whether the Internet community and its users can take a more mature and considerate approach to self-regulation.

Liberalisation trends

An Internet address is made up of the domain name that is chosen by the owner of the site, and a top-level domain (TLD) or extension. So in `www.example.com`, `example` is the domain name and `.com` is the top-level domain.

Top-level domains are managed by registries. Essentially these are the property owners of the system. They own the terrain and develop the policies and technology to make sure everything works smoothly. Registries pass responsibility for selling domain names or properties on their land to the landlords of the system, the registrars.

Registrars will usually sell domain names under a number of extensions. A domain name under `.com` could cost less than £5 a year (\$8, €5.7 at current exchange rates). But the choicest properties in town often go for significantly more. Some of the most expensive domain name sales were for `Sex.com` for \$14m (£8.7m, €10m at current exchange rates) in 2006 and `Business.com` for \$4.5m (£2.8m, €3.2m at current exchange rates) in December 1999.

Currently there are 280 top-level domains. Of these `.com` is king, accounting for 45% of all domain names registered - almost 80m addresses. Another 40% of domain names fall under the 250 country code domain names (ccTLDs). The largest of these are `.de` (for Germany), `.cn` (for China) and `.uk` for the UK, accounting for 47% of all ccTLDs.

The remaining 15% of web address suffixes fall under 20 generic top-level domains (gTLDs) including `.net`, `.biz`, `.org` and `.info`.

Set free

Until now, top-level domain names have been restricted by ICANN, which was set up in 1998 to oversee and maintain the structure of the Internet.

In 2001 ICANN introduced seven domains (`.info`, `.biz`, `.coop`, `.aero`, `.museum`, `.pro`, and `.name`) and seven have been added since then (`.travel`, `.tel`, `.jobs`, `.asia`, `.cat`, `.mobi`, and `.gov`). But from 2010, ICANN will fully liberalise the market, opening up to a potentially limitless number of extensions.

We analyse consumers' and businesses' attitudes to the domain name system and how they navigate the Web to determine what impact this sea change in the Internet naming structure will bring about.

Businesses

Guiding light

The domain name is now an integral part of a company's brand-building and a primary point of contact for customers, suppliers and other businesses.

It is at the centre of marketing campaigns (for 19% of the businesses surveyed), a valued element of intellectual property (15%), a beacon for other businesses to find it online (14%), a destination for external communications (14%) and a means to compete better in a competitive marketplace (13%).

Only 7% of the businesses surveyed say their domain name is not essential to their company's identity.

With blogs, search engines and user-generated content pointing people in different directions, Tom Eslinger, worldwide creative director for digital at Saatchi & Saatchi, says it is 'crucial that businesses have a web address that is clear'.

Frustrated

However, not all businesses have the URL they want, with 16% saying their website domain name is not ideal. The smallest businesses (with less than 10 staff) struggle the most, with 28% complaining that they have had to settle for second best.

Businesses large and small would also benefit from greater choice and flexibility in the domain name system in order to manage their increasingly complex portfolio of websites.

Half of the businesses surveyed secure domain names to reflect the international nature of the company and to resonate with local markets (hsbc.co.uk as well as hsbc.com).

Half also secure additional website domain names that are an extension (44%) or an adaptation (48%) of their brand or corporate name. Nike.com is just one domain in a massive portfolio of sites that promote products and services (NikeiD.com), events and challenges (nikeuniortour.com), sports (nikeplus.com, nikebasketball.com), and areas or functions of the business (nikestore.com and nikebiz.com).

But securing a portfolio of sites is not always straightforward. Companies must adapt their marketing strategies, and even base the name of their company, around what domains they can secure online. Also, web addresses can easily become unwieldy as businesses try to fit in brand, product and location information under .com or .co.uk.

As a result, businesses want more choice. They are content with the existing set of top-level domains: they are practical (76%) and easy (71%) when launching an online marketing campaign. However, they lack in potential: less than half (42%) think suffixes such as .com are advantageous and even less think they are innovative (34%) or exciting (34%).

Consumers

Despite the Internet being at the centre of their lives now, consumers are less aware of, or reliant on, the Internet addressing system.

In the age of the search engine, the URL has, for some, become irrelevant. 'Who cares if I don't know what the address is? Google will point me where I want to go,' says a teacher from the South East. Three-quarters of people polled frequently use search engines to find the majority of their websites and 70% use bookmarks.

Even the most well-known web extensions are not at the forefront of the consumer's mind. Only 24% think .com is memorable, despite the fact that it has been the most popular extension throughout the Internet's commercial history. Just 10% think .uk is an appealing web extension, despite the fact 12% more businesses and individuals registered .uk addresses in 2008 over the year before. The suffix is also one of the most popular top-level domains worldwide after .com, .de, .cn and .net.

They believe existing domain name extensions are trustworthy and reassuring, whereas the prospect of new website suffixes provokes suspicion and concern. For example, 35% of consumers think .uk is trustworthy, compared to 3% that trust .biz (which was created in 2001) and 4% that trust .eco (a proposed new TLD). A quarter think .uk is reassuring, compared to just 2% that are reassured by .biz.

Background noise

But the URL is not redundant yet. Search engines may be consumers' first port of call, but half (46%) still regularly type in a full website address into a browser.

Half will even type in the full URL into a search engine. Google Hot Trends, which reflects what keywords people are searching for on a daily basis, always includes full URLs on the list of its 100 most searched phrases. Sometimes there are as many as 20. According to one blogger, 'on average, that list of 100 top search terms at Google Hot Trends includes five or six domain names on the list, but on occasion it includes as many as 20 full URLs.'

And despite consumers' apparent ambivalence to new, or recently introduced, TLDs, research does demonstrate that consumers eventually come round. They just need time.

Some of the more recent extensions, such as .travel, .museum, and .jobs are still largely unknown and under-used. But other new suffixes are beginning to take hold. Europe's .eu was launched in April 2006. After an initial uphill struggle, it has grown to become the fourth largest suffix for the region (after the .uk, .de, and .nl), with registrations growing by 10% in 2008 to reach almost three million. However, onlookers suggest (and 2006 research from .eu registry EURid - European Registry of Internet Domain Names - also supports this) that many of these are not 'real' websites registered by individuals and companies, but instead are parked pages with pay-per-click advertisements.

But Europeans are the most receptive to a range of different TLDs beyond .com. As highlighted in Nominet's 2008 Domain Name Industry Report, just 21% of .com's registrants are based in Europe, whereas .info has 37% in Europe and .biz has 31%.

At bursting point

Consumers are doing more online, and the Internet is central to their lives. Almost all (92%) of the people polled use the internet for email, finding out about things (77%), shopping (75%), and banking (67%).

According to a recent report by PayPal, 42% of Britons think the Internet is now everywhere and it is impossible not to go online. Furthermore, 22% believe the Internet and the high street have become increasingly blurred over the past five years. They want everything online to be straightforward and assured. They are well aware of what the Internet has to offer, and feel the internet has gone from being seen as an unknown entity to a functioning tool.

More than 1bn people now use the Internet, according to comScore (or nearly 1.5bn going by Internet World Stats figures). But that is still only between 15 and 22% of the world's population, and the second billion will be online before we know it. As more people come online, the Internet must also expand and restructure in order to sort, categorise and direct the information people want to get their hands on.

New consumers

The Internet has also become more socially orientated, with 46% of the consumers polled in our survey using social networking tools such as Facebook and MySpace.

But self-publishers are still in the minority, with only 10% of people writing about themselves online via blogs, and 14% uploading pictures using sites such as Flickr.

But these percentages will grow. The generation born after 1990 are 'digital natives'. Technology is hard-wired into their lifestyle. Social networks are the nucleus of their operations. And the Internet has given them the opportunity to be part of a creative community. With access to digital cameras, camera phones, home-editing software and photo- and video-sharing sites, anyone can now produce and display creative work.

The explosive growth of Twitter perhaps points towards an emerging interest in self-publishing. The tool, which mixes elements of social networking and micro-blogging by allowing users to send and read others' updates or 'tweets', more than quadrupled its audience in just two months in March 2009. By April, it increased visitors again by 83% to 17m, according to comScore.

Today's digital natives will be tomorrow's consumers, using any opportunity to broadcast and collaborate online. 20% of the consumers we polled aged 18-29 say they write about themselves on blogs, compared to just 5% of people over 40 and 6% of people over 30.

As self-publishers, consumers will require their own websites. Currently only 11% of consumers think having their own website is very important. But, of those who write blogs online, 25% think a website is their most essential requirement. Only 4% of bloggers say they would never need their own website.

When the job market is tight, evidence also shows that some people venture out to launch their own enterprises. And new enterprises need new websites. The Kauffman Index of Entrepreneurial Activity, a US annual study, showed a slight increase in entrepreneurial activity in the USA despite a slowing economy. An average of 0.32% of the adult population created a new business each month in 2008, slightly higher than the 0.30% rate in 2007. Microsoft in 1975, Burger King in 1954 and Hyatt in 1957 are just a few of the big businesses that emerged out of an economic slump.

As demand for websites increases, so will consumers' demand for personalised and identifiable domain names. Whether you are a consumer, small business or large corporation, you need a URL that represents your name and what you do.

A vain attempt

In the meantime, social networks must fill the gap for the average consumer. 21% of consumers say a website would be nice to have, but their social network profile is adequate. To fill that gap and offer something as personalised and communicable as a personal URL, social networks will adapt.

Evidence of this move is already apparent in the growth in popularity of the so-called vanity URL. Facebook, for example, now lets bands, celebrities, brands and sports stars apply for a vanity URL. U2, for example, has facebook.com/U2. And the social networking tool has now told users that it hopes to make these URLs available for everyone in the future.

Vanity URLs have always been available for MySpace users, and they are now also available for Google Profiles - profiles.google.com/billsmith.

Not only is it easier to share a vanity URL (Facebook.com/billsmith is easier to convey than facebook.com/profile.php?id=12345678), but a URL with your name or user name is also more likely to show up in a Google search.

Local and authentic

People are increasingly drawn towards the Internet and digital channels, but many still want an authentic experience that links them to their communities. Every six months, The Future Laboratory polls the British public about their attitudes, both as Britons and as consumers. Half of consumers (49%) polled in the 2008's Consumer Attitudes Audit thought that they will be talking about the importance of community values over the next year.

More consumers in our liberalisation survey would prefer to identify themselves online by their city, town, or local area (27%), rather than their nationality, profession, interests, issues or concerns. As these figures suggest, websites that resonate with their communities and that help people take control of local areas and spearhead change, will prosper.

Annoyances online

However, life on the Internet is not all rosy. Cybercrime presents a significant threat to consumers' online experience. Most claim that spammers (82% of those surveyed), website touts and phishing sites (81%) and domain squatters (65%) ruin their emailing and web browsing.

And cybercrime is on the rise. In 2008, Symantec detected 55,389 phishing website hosts (computers that can host one or more phishing websites). This is an increase of 66% over 2007, when 33,428 phishing hosts were detected. Spam increased by 192% across the Internet.

Research carried out by GetSafeOnline.org – a UK Internet security awareness initiative – found that 23% of UK internet users said they, or someone they know, had been a victim of phishing scams during 2008, compared to just 8% the year before. One in 6 had fallen prey to other scam emails or websites.

Phishing attacks have matured, says Tony Neate, MD at Get Safe Online. He says they are harder to identify, and sometimes only slight changes in domain names can distinguish fraudulent sites from the original one.

Not all equal

Research also shows that security considerations vary between registries, with phishers and spammers targeting top-level domains and domain name registrars who have ineffective security policies and procedures in place.

According to Symantec, the most common top-level domain used in phishing lures in 2008 was .com, accounting for 39% of the total. However, as a percentage of all domains, TLDs such as .name and .net are more risky.

In the Anti-Phishing Working Group (APWG) Global Phishing Survey, published in May, .name had more phishes (2.5) per 10,000 domains than all other gTLDs (generic top-level domains), followed by .org (2.1), and .net (1.9). When it comes to ccTLDs (country-code top-level domains), Venezuela had by far the most dangerous -- .ve -- with 182 phishes per 10,000 domains in the second half of 2008. Other high scorers were Thailand (22.1 per 10,000), Belize (12.7) and Romania (6.1).

As pointed out by APWG, phishers targeted .ve largely because the registry and registrars selling domains had weak or non-existent policies for decreasing fraudulent or malicious domain registrations, weak credit-card verification processes to identify registrations using stolen credit cards, and modern systems that allow quick DNS (Domain Name System) updates.

There is also evidence that low-cost domain names can lead to an increase in spam and advertising. If domain name costs are low, investors and spammers only need to make a tiny return on thousands of domain names in order to generate huge profits.

The riskiest gTLD according to McAfee in a 2008 study was .info – which is also one of the cheapest to register -- with 12% of sites tested rated as red (to avoid) or yellow (use with caution).

It is also rumoured that Google has penalised .info domain names in the past, because of the proliferation of spam that originates there.

As we go onto explain, registries and registrars must put correct procedures and policies in place to ensure the domain space is kept clean and crime-free.

Advertising agony

Back in 2006, spend on online advertising overtook ad spend in national newspapers. But this major income generator now annoys 56% of consumers. One quarter of people say adverts, including banner ads, rich-media ads and pop-up ads clutter the Internet, and 17% find them invasive.

As highlighted in a 2008 report by digital media agency, i-level, consumers were found to be receptive to freebies and entertainment from brands. But they were also aware of the motives behind these offers and didn't respond well to brands interrupting their online experience with pushy sales pitches.

Consumers also severely oppose any forms of intrusive advertising. Phorm's efforts to develop a more targeted form of advertising by categorising users' web-surfing habits have backfired, with consumers indignant over what they see as an invasion of privacy.

Domainers

Consumers The quality of the online experience is also undermined by the sheer number of advertising pages that fill the web. These are not real websites offering products, information or services; instead, they are just invitations to buy them or a list of ad links to other services.

Sites such as these are owned by domainers. These are legitimate domain owners, and, unlike cybersquatters (who we will come to next), they avoid trademark issues. Instead, they buy and sell marketable generic dictionary-word domain names – store, room, business, shop – and then generate revenue from these high-traffic domains via pay-per-click advertising or by selling them on.

This is a morally grey area: it is not illegal, but is still aggravating to most Internet users. Arguably, registrars should also not use personal information and domain movements of their customers in order to profit from domaining. In one shady registrar practice, known as front-running or domain-sniffing, registrars use domain search data to buy domains before potential customers do, or they sell customers' domain search data to domainers who can then determine which are the most valuable.

Squatter fights

Another scourge of the Internet are cybersquatters who seek to register domain names that directly infringe companies' IP (intellectual property) rights in order to extort large sums of money for their return.

Cybersquatting remains the crime of choice for fraudsters, according to MarkMonitor's 2008 Brandjacking Index, and increased by 18% in 2008 over 2007. Cybersquatters acquire domain names of well-known trademarks, events, or people (or mis-spellings of these names) to sell back at inflated prices, or to drive traffic to advertising or illicit sites.

MarkMonitor also revealed that 80% of abusive sites identified in 2007 were still active one year later, indicating companies were failing to combat fraudsters.

WIPO, the UN agency whose Uniform Domain-Name Dispute-Resolution Policy (UDRP) helps to adjudicate in domain-squatting cases, has seen an increase in complaints from trademark holders, with 8% more complaints in 2008 than 2007.

With a record 2,329 complaints recorded in 2008 (everyone from Scarlett Johansson, eBay and Arsenal Football Club), the total number of WIPO cases filed under the UDRP since it was launched 10 years ago has risen to more than 14,000.

As a percentage of the number of domain names, the number of complaints has decreased as registrations increase, suggesting that measures such as the UDRP and cybersquatting laws are cutting down on crime.

But the fact remains, in absolute numbers, that crime is on the rise and is set to rise further when new domain names become available. As WIPO Director-General Francis Gurry said in a public statement, 'The creation of an unknowable and potentially vast number of new gTLDs raises significant issues for rights holders, as well as Internet users generally.'

Liberalisation consequences

ICANN is expected to start taking applications for new top-level domains between January and March 2010, with new suffixes in the market by summer 2010, and the majority at the end of the year.

So what new domain name extension neighbourhoods can we expect to see first? And what sort of potential will they offer in terms of domain name hot property?

A number of groups have already announced that they will go through the ICANN process.

ICANN reports a strong demand for geographical top-level domains. Applications are expected for a number of city top-level domains such as .berlin, .paris, .london and .nyc as well as regional extensions such as .sco for Scotland or .cym for Wales or .africa.

Industry- or activity-specific names for example for .music, .sport or .movie will also attract attention, as will TLDs such as .web and .blog. Al Gore and other eco heavyweights are behind the campaign for the .eco domain, a place for companies to place their environmental efforts.

New gTLD sightings:

City gTLDs

- : .bcn (Barcelona in Catalonia, Spain)
- : .berlin
- : .hamburg
- : .london (two initiatives)
- : .köl (Köln/Cologne, Germany)
- : .munich
- : .nyc
- : .paris
- : .pdx (Portland, Oregon, USA)

Regional TLDs

- : .africa (two initiatives)
- : .bayern (Bayern/Bavaria, a region in Germany)
- : .bzh (Brittany, a region in France)
- : .cym (Wales)
- : .eng (England)
- : .gal (Galicia, a region in Spain)
- : .ker (Cornwall, a region in the U.K.)
- : .lli (Leon, a region in Spain)
- : .lat (Latin America)
- : .med (Mediterranean)
- : .que (Quebec, a province in Canada)
- : .sco (Scotland)
- : .vla (Flanders, a region in Belgium)
- : .yks (Yorkshire)

Ethnic/Language gTLDs

- : .arab
- : .eus (Basque)
- : .indigi (for indigenous peoples)

Industry/activity-specific gTLDs

- : .health
- : .movie
- : .music (there are several other .music initiatives)
- : .sport (two initiatives)
- : .xxx (adult)
- : .web (there are many other unannounced .web initiatives)

Charitable gTLDs

- : .eco (Ecological)
- : .green (Ecological)
- : .fam (two initiatives)

Brand gTLDs

- : .deloitte

Domain pornography

Courtesy of Antony Van Couvering, who also gained assistance from Dirk Krischenowski at .berlin and Michele Neylon. Van Couvering is CEO of Names@Work (a consultancy), Minds + Machines (set up to help new registries launch new TLDs) and dotNYC (that is launching application for the .nyc TLD).

Once the neighbourhoods are set up with For Sale signs in the virtual windows, what can consumers and businesses expect if they decide to move in or make a visit? What hope is there for business of securing prime real estate, and what new business opportunities do these new spaces represent? Will consumers' visits be mired by billboards and crime, or improved by making their online navigation more intuitive?

Consumer concern

The majority of consumers polled (60%) agree that the liberalisation of domain name extensions will change the way they use the Internet, but not for the better. The Internet will become full of pointless domain names (for 65% of those polled), messy and confusing (57%), too complex to navigate (46%) and out of control (41%).

Consumers muster little enthusiasm for any new top-level domains. A quarter of people are ambivalent about the prospect of a .theirname suffix and 28% would be wary of domains ending with .theirprofession. Just 15% think this sort of suffix would be appealing.

Consumers are most suspicious of extensions linked to pornography and religion. A massive 84% of consumers think .sex is dodgy, and two thirds think .god is suspect. The application for .xxx was turned down in 2007 - but that doesn't mean it will be turned down again.

'The popular myth was that .xxx was turned down because the Christian right in the US mounted a campaign,' says Paul Levins, vice-president of Corporate Affairs at ICANN. 'It was turned down because the campaign didn't have the backing of the pornographers.' As a result, it didn't meet the conditions of the application process that, at the time, required a potential new TLD to have backing from a sponsored community.

One of the reasons why pornographers were against .xxx in the past, could in fact create public support for an adult top-level domain in the future. The idea is that the .xxx domain becomes a virtual red-light district, where sexually explicit material is placed under closer control.

If introduced, countries could then create legislation that would require all pornography generated in that country to reside in that space. Of course, this raises issues around how to determine what stays in and what stays out. Would an artistic nude site want to be forced into an Internet red light district? On the other hand, if all material wasn't forced into .xxx, it would continue to fill the 'clean' web space.

Bitter disputes

It's not just adult material that is expected to cause concern. The Vatican's Monsignor Carlo Maria Polvani told ICANN in a letter in March 2009, that religion-themed domains would provoke 'bitter disputes' and force ICANN into 'recognising to a particular group or to a specific organisation the legitimacy to represent a given religious tradition.'

Addressing peoples' concerns, says Levins, will rely on maintaining an open and transparent process.

Applications for geo-political names are expected to require the backing of government or authorities; city TLDs will require backing of the city authority; trademarked names will be protected; and strings that threaten public order or morality are likely to be required to go to an independent judicial panel for consideration.

If someone came forward to operate a .islam registry who wasn't Muslim and the Islamic community objected, there is a chance it would be denied. But similarly, ICANN doesn't want to be heavy-handed. 'The great thing about the Internet is that it is flexible, free-flowing and de-regulated,' says Levins. 'If we regulate, innovation will be diminished.'

'We are genuinely trying to get this right. This is not some kind of religious mission for us; it is not a profit mission for us. We are doing what it takes to introduce competition and provide an open and innovative platform.'

Confusion

Some experts agree that the quality of the Internet experience will deteriorate when new domain name extensions become available. 'Everyone knows that Amazon is amazon.com or amazon.co.uk,' says e-commerce consultant, Emma Kane. But if Amazon ever decides to operate under .books, she says 'it will just lead to confusion, especially amongst less savvy internet users who will type in Amazon.books.com as opposed to Amazon.books.'

Other concerns are that consumers will be unable to distinguish which is the valid website. Do they visit microsoft.com/sales or sales.microsoft? If they are searching for the London Symphony Orchestra online, do they choose lso.com, lso.music or lso.london?

Clarity

However, as other experts point out, liberalisation could also improve the consumer's experience of the web by making navigation more intuitive.

One hope is that a greater choice of domain name extensions will help categorise websites according to meaning. 'Right now, .com doesn't mean anything; .uk might mean the UK, but nothing more than that,' says Antony Van Couvering, CEO of dotNYC (that is launching application for the .nyc TLD). 'But when you type in something.nyc, you'll know it has something to do with New York. That is not more chaos, but less.'

As he says, people have already learnt that .edu will guarantee the site is run by a university in the United States and that .gov is assurance of a government body. 'People are not stupid,' he says. 'They figured out how to move from vinyl to tape cassette to CD to iPod. And they adapt extremely quickly when they see a benefit.'

This means that people will need to learn a new way of navigating the Internet. They will learn that they can find music at .music, local services at .theirtown and accredited services at .accreditation. New generations of Internet users will marvel at how we managed to find our way without these domain signposts.

And if they get lost, people can turn to the search engine, says John Berard, founder of communications consultancy, Credible Context. 'The confusion that some suggest will occur really goes away because I believe people will rely on search.'

As a result, he expects Google to be the big winner in this.

But Tom Lowenhaupt, director of Connecting.nyc that was set up to develop the concept of a .nyc TLD, believes liberalisation will also help Internet users gain some independence from the search engine: 'If consumers can trust the domain name system to direct them to the sites they need – for example hotels.nyc – they are no longer at Google's mercy.'

But for that to work, consumers must trust what they find. If plumbers.london is an ad site instead of a list of accredited plumbers, consumers will soon lose interest in all the domains under that extension. On the other hand, if registries go too far in restricting access – for example by asking every Londoner that wants a .london domain to send in proof of residence to get a domain – they risk putting registrants off.

The decisions that registries take as to how far they limit or open applications, is likely to be driven by their commercial pressures. At the same time, they must work to ensure that the Internet neighbourhoods they create are full of meaningful and useful sites.

Communities of interest

One prospect that does interest consumers, however, is the opportunity that new suffixes present for building communities and promoting localisation online.

Of the consumers surveyed, 29% think the Internet will become localised, allowing cities and towns to create virtual spaces that promote the local area and connect communities.

When it comes to identifying themselves online, consumers say they would prefer to sort themselves by their local city, town or local area (27%), compared to interests (21%), profession (14%) or issues and concerns (8%). And city suffixes such as .london, .leeds or .luton will provide this opportunity for distinction. One in six consumers think .yourcity is appealing – second only to .music of new TLDs -- and 16% think this extension is memorable.

Results from a German survey echo this appetite for localisation online. Out of the 1,814 consumers polled by eco (Association of the German Internet Industry), last October, 84% thought regional Internet addresses will help them find Internet offerings more easily. Only 7% didn't think Internet addresses such as mayor.munich or taxoffice.munich would help with more efficient use of the Internet.

'We have been globalised by the .com world,' says Lowenhaupt, 'but [a city TLD such as] .nyc will give us an opportunity to re-organise ourselves around traditional communities.' Just as the Commissioners' Plan of 1811 set up the street grid of New York, Lowenhaupt hopes a .nyc will create a 'cyber land use plan', dividing space online to serve small businesses, civic organisations and neighbourhoods.

Tourists can better orientate themselves when visiting new places (maps.london). Locals can search for and identify products and services and more easily (jimsbistro.com could be anywhere, but people in Soho will know that jimsbistro.london is not far). And they can access websites for public services and organisations more easily (mayor.london). The city TLD will also create a space for residents, businesses, institutions, government and organisations to come together and plan changes.

Businesses can also expect to benefit. Smaller firms can get domains that actually mean something (sophieflowers.london instead of sophieflowersincamden.com). A city TLD will also promote a city internationally. A .london TLD will help promote local businesses for the London's 2012 Olympics.

'If we handle this right, it will provide a foundation for the future growth of the city,' says Lowenhaupt. 'It will become another layer to the city as important as its street grid, libraries, parks and transport system.'

Top five suffixes that consumers find appealing:

- 1: .music
- 2: .yourcity
- 3: .sport
- 4: .yourprofession
- 5: .brand

Help at hand for tourists:

- : Need a map of a city you are visiting? Visit [newyork.maps](#) or [tokyo.maps](#)
- : A travel guide? [london.lonelyplanet](#) or [france.roughguide](#)
- : Want a list of city hotels? Try [hotels.london](#), or [hotels.nyc](#)
- : Neighbourhood guides? [history.greenwhich](#), [sights.westminster](#)
- : Or an international structure to direct travellers to local emergency services wherever they are? [emergency.siberia](#), [help.singapore](#)

Company curiosity

For businesses, a liberalised Internet presents significant challenges, largely around the costs of having to defend their trademarks and intellectual property against new top-level domains. But businesses appreciate that these challenges will also bring significant returns.

The existing set of domain extensions might be practical (for 78% of businesses) and easy for communicating with customers (75%), but it is far less exciting (26%). A liberalised Internet, on the other hand, promises to be innovative (73%), advantageous (70%), and exciting (64%) for communication.

Businesses see the greatest opportunities in marketing, with a massive 81% of businesses stating that liberalisation will be innovative, three quarters stating it will be advantageous, and two-thirds exciting when launching an online campaign.

Business reactions to the present and future structure of the Internet when launching a marketing campaign.

Existing domain names are:

Practical: 76%

Easy: 71%

Normal: 53%

A liberalised Internet will be:

Innovative: 81%

Advantageous: 75%

Exciting: 69%

Brand centre stage

The first benefit is in increasing the visibility of the company by putting the brand on centre stage. “See us at Diet dot Coke’ is a more powerful soundbyte compared to ‘See us at DietCoke dot com”, says Credible Context’s Berard, on a post on CircleID, a news blog and opinion site devoted to the Internet infrastructure. ‘The last word left with the listener is your product. The ramifications for further branding and entrenching a product are overwhelming.’

Or how much is .beer worth to a company such as Anheuser-Busch that sells Budweiser in a Super Bowl ad, asks Van Couvering, also on CircleID. ‘One ad, and it’s Bud = Beer. Game over,’ he says.

Branded domains seem to resonate with consumers polled in our survey, with one in five (19%) saying an extension such as .nike or .microsoft would be memorable. Considering that only 24% think .com is memorable, this shows the future potential for branded TLDs.

‘It takes web addresses away from geographies and creates a truly worldwide web,’ says Dan Wilson, e-commerce consultant and one of the team that set up eBay in 1999. ‘This has huge benefits for branding.’ (Think europe.toyota, usa.toyota or just newmodel.toyota for a global audience).

Companies can also set up sites for individual brands (highlander.toyota) and use targeted sites to focus efforts at serving different markets, such as customers and suppliers (suppliers.bmw, dealers.bmw, buying.bmw). Companies can already do this using back slashes in the url, but these are not as easy to understand.

‘If American Express had the extension .amex, why not create a website that links just me and them?’ asks Berard. ‘Everything that they want to talk to me about could be done within the context of this. They could do this now by using life.johnberard@amex.com, but does that offer the same emotional reaction as life@johnberard.amex?’

In a webinar on its plans for a .deloitte TLD, the global consultancy talked about possibilities for increasing collaboration and exchange of information between international teams. The TLD could also provide easier access to service offerings and initiatives on a global and uniform basis, for example <http://audit.deloitte> for audit and <http://globalforum.deloitte> for its Deloitte Global Forum.

Branded TLDs will also allow more creative freedom in the marketing process, says Tom Eslinger at Saatchi & Saatchi. ‘When I first heard that companies were going to be able to buy domains such as prius.toyota, I thought it was fantastic,’ he says.

Companies often want to use slogans, product names and advertising phrases in a URL as part of a marketing campaign. But, as Eslinger says, 'life is complicated enough without forcing people to go to thetastiestcheeseburger.com when all they want is to go to McDonald's.'

However, if the company can ground that phrase or name in an extension that reflects the brand -- thetastiestcheeseburger.macdonalds -- then it makes more sense. 'It's the same as coming up with a wildly abstract creative poster, but having the logo in the corner,' he says.

'This might be fad, but my gut feeling is that it is not,' says Eslinger. 'Brands want to have more ownership of their name and it is going to open up creative opportunities for marketing.'

'Microsoft is opposed to the 'unlimited' roll-out of new gTLDs as proposed,' says Russell Pangborn, Microsoft's director of trademarks (Associate General Counsel) 'I'd like to think ICANN would do this incrementally, in a staged roll-out, with the right level of protection built in. However, we also see potential opportunities, for example in allowing brand owners to control the environment around the distribution of their product through their registry, and as a theoretical result, better control piracy and counterfeiting.'

'This would work for some businesses, but would be restrictive for others. Microsoft is looking at this closely from all sides in terms of concerns of the brand owner, technological security and, obviously, business opportunities. The key thing is that there is appropriate vetting and careful examination of issues,' he adds.

.com is good enough for some businesses

Not all businesses share the enthusiasm. 'It is hard enough trying to get people to remember the bit that comes before the dot, let alone after it,' says Tracy Abraham, head of new media marketing and communications at Channel 4.

On Channel 4's More4 ads, they ask consumers 'to search for More4' to find the site rather than give a URL. 'Most of our traffic comes from Google, and it is better for consumers if they come straight to the page they are interested in, rather than having to trawl through the website. It is arrogant for us to assume that people will remember a URL.'

DotAsia

'From Asia for Asia', reads the slogan of .asia, the top-level domain (TLD) that was launched in 2007.

This is the first generic TLD to come out of Asia, rather than Europe or the US where all the others are headquartered. Its profits -- when they start to come in -- will be put into community-based technological projects in the region. And it's the first TLD that will help companies move or expand into the region, says Edmon Chung, CEO of DotAsia Organisation. 'If you want to address the local market, having a local ccTLD is great, but if you want to address the whole region as a market, .asia provides value.'

To demonstrate just how important the Asian market is becoming, Chung points to the major corporations and brands that now have Asia Pacific regional HQs, and to the conferences, sporting events and promotions that are Asia-based.

The Ironman China Triathlon Race has bought ironmanchina.asia to target the regional audience. Microsoft used bringitaltogether.asia for an Asia-based competition and Johnnie Walker has keepwalking.asia for an Asian marketing campaign.

The Rotary Club uses rotarychildmortality.asia for a conference on child mortality and a Japanese art gallery, Artquve, uses artquve.asia. And, as Chung points out, both rotarychildmortality.com and artquve.com, are still available.

Since the first domains went on sale almost two years ago, DotAsia has registered around 300,000 domains. Growth has been slower than expected, says Chung, which could be partly a result of global economic slowdown, or a gTLD desert period. 'After the initial rush of people trying to get prime real estate, there is a long period of time when mass-market programmes start to have more effect and the general public understands what it is.'

Prestige and identity for smaller businesses

Most small and medium-sized businesses will not be able to stump up the \$185,000 fee (£116,000, €132,000 at current exchange rates) to register a new top-level domain. And companies seeking suffixes with greater appeal or which are not protected by trademark law (who gets .apple and .delta for example?) can expect to pay considerably more. However, smaller businesses also stand to gain by being given more opportunity to secure a domain name that reflects their company name.

As many as 28% of small businesses with less than 10 staff say their domain name is not ideal, but it was the best they could get. A domain name that doesn't match a company name is hardly a winning marketing strategy for any size business. Many small businesses have been forced to fit the name of the company around the domain name, rather than the domain name around their company's.

As Berard points out, there are limitless numbers of names that can be assigned in .com. 'But getting what you want to the left of .com is becoming increasingly difficult. Would Mike's Pizza restaurant prefer to have -- mikes.pizza or mikespizzaonrouteoneinboston.com?' he asks.

By connecting with a suffix that is associated with their business, companies can also identify themselves more clearly. For example, fredsrare.books has more meaning and impact than fredsrarebooks.biz.

As Minor Childers, the film producer behind the push for the .eco domain, pointed out in an interview with USA Today: 'There's prestige to [eco] ... It's of value to someone who wants to say something about their identity.'

A TLD such as .books could be useful, Wilson concedes, but how useful it is depends on how well the TLD is controlled. After all, if all the neighbours have nothing to do with books, if crime in the area is rife, and the rental prices are too high, no booksellers will move in. As Wilson says, 'registries have to be enlightened, empowering and not too greedy for this to work.'

Search engine optimisation

Good domain names with relevant extensions – home.insurance or car.insurance, hotels.london, hiphop.music, books.waterstones -- will not only be attractive for branding, but will go a long way in improving search engine optimisation, now an integral part of online marketing.

It might be possible, for example, for an established business to turn current search rankings on their heads with the appropriate keywords in a domain. For example, could B&Q's position at diy.com be undermined if a large competitor registered such as homebase.diy?

Jack Hubbard, managing director of search engine marketing specialist Propellernet, advises businesses not to exaggerate the benefits. 'A keyword-rich TLD could have an impact on search positions,' he says, 'but it would need a good search engine optimisation (SEO) and online PR strategy to back it up.' This is because Google determines how well a site will rank largely on volume of high-quality links pointing to the domain.

Safety and security

Despite the potential benefits that liberalisation will bring, most businesses (66%) were unaware that a new set of TLDs are coming. Even the largest companies (64%) with more than 1,000 staff have no idea that change is on its way.

And companies that do know about it are still focused on issues around trademark protection. 'Large branded consumer companies are uncertain as to what this means yet,' says Credible Context's John Berard. 'Most of them are still looking to their lawyers about what they need to do, rather than focus on innovation.'

Trademark protection

The fear is that with hundreds, eventually thousands, of new TLDs, there will be an explosion in the number of new registries and registrars operating in the system. But many of these may not have the experience that existing operators do.

‘Considering that abuse-handling and security considerations between different registries vary, we may end up with better or worse over-all picture of how security is handled once the markets becomes bigger,’ says Gadi Evron, Internet security expert and formerly chief information security officer at the Israeli government ISP.

‘My main worry is that the new TLDs will not necessarily be responsive on security issues,’ he says. ‘I foresee that much of their business outside of trademark registrations for ‘easy money’ in the first few months will be from criminal activity.’

Tony Neate, MD of Get Safe online, also expects liberalisation to create more opportunity for criminals to impersonate major organisations by stealing domains, but with a different suffix. ‘We need to make sure people are more aware of this risk,’ he says.

Defensive registrations

If businesses fail to secure trademarks under domain name extensions, the risk is that squatters and advertisers will benefit by selling the domain back to the company, or by using established brand new tld as an advertising site.

As our research reveals, half of businesses register their website with all the largest domain name extensions and 41% with all the available domain extensions. They do this to protect their online brand reputation (20% of the businesses polled), their private company information (17%) and their overall brand reputation (15%).

Larger businesses are particularly vigilant, with almost all businesses with more than 1,000 staff either registering their trademarks against the largest (29%) or all available domain extensions (57%).

As a result, global brands often retain vast portfolios of domain names, with most of these variants and mis-spellings of a company’s products or services (for example yah00.com). Only a tiny percentage is ever used.

Small businesses are also at risk; squatters realise they are less likely to pursue cybersquatters in court and through the UDRP process. 60% of businesses with less than 10 staff register their domain against the largest top-level domains, but fewer (36%) can afford to register against all available domains.

Once a potentially limitless number of extensions become available, it will be impossible, or at least very expensive, for companies to get their brand. all of them. Businesses appreciate the penalties, claiming that liberalisation will be expensive (61%) and challenging (75%) when managing e-commerce activity.

Businesses including Microsoft, Time Warner and Rupert Murdoch’s News Corp all objected to ICANN’s original proposals, released last year. In response to ICANN’s first proposal, Time Warner told ICANN back in December that unless controlled properly, ‘bad actors such as cybersquatters, typosquatters and unscrupulous domain name speculators will capitalise upon the brands of others in the new TLD space’. And if this happens, liberalisation will lead to the ‘weakening, dilution and blurring of established brands’.

Hard but not hopeless

However, businesses believe solutions can be found. As our survey reveals, while 70% of businesses think liberalisation will be challenging when managing and storing sensitive company information, only 35% think it will be insecure. Liberalisation poses challenges, but it doesn't mean they will be left exposed.

For a start, companies need to take a realistic look at the threats. 'Unless you are in the chocolate-covered cherry business, maybe it's not so important to register your name in .chocolatecoveredcherries,' says Van Couvering. As he says, cybersquatters are unlikely to register a domain that doesn't generate significant traffic.

Phishers and spammers are also more likely, at least to begin with, to launch attacks from .com since they are easier to relate to users. And similarly, new TLDs may also not generate enough traffic in their early days to lure cybersquatters.

ICANN set up an Implementation Recommendation Team to come up with a trademark protection scheme for new top-level domains. The team, comprising leading experts and lawyers in trademark, consumer protection, and competition law, came back with draft recommendations for trademark protection in May.

These recommendations include the creation of an IP Clearinghouse (where companies pay to submit data around registered and unregistered rights); a Globally Protected Marks List (that provides protection to well-known and protected marks); a Uniform Rapid Suspension System (for domain names that infringe IP rights or that support malicious behaviours); dispute resolution mechanisms; and the requirement for registries to hold more detailed 'Thick WHOIS' data on owners of domain names.

Microsoft is, to some extent, pleased with the approach that ICANN took by forming an Implementation Recommendation Team (IRT) and believes the IRT's work is 'valuable' in helping to put together brand protection mechanisms. 'There are still lots of issues to be addressed, for example around the stability of the Internet itself, and what the technological impact will be,' says Microsoft's Pangborn.

But, he adds, 'I am pleased that there is now going to be a slower roll-out of the new extensions application process which will give ICANN time to investigate issues raised. So even though they were originally aiming for a summer roll-out, the move to December or even early 2010 is welcomed.'

Van Couvering is assured that the IRT proposals will help provide adequate safeguards for trademark holders. 'I'm hopeful that new TLD registries will regulate themselves better than the current crop of gTLDs has done, and some of the trademark protection rules proposed by the IRT provide some tools to make that easier,' he says.

Domains at risk of unnecessary suspension

It's not only registries that need to be aware of the restrictions placed on domain name registration. Registrars must also be able to communicate to consumers why certain domain names cannot be registered.

Registrars also have the power to suspend abusive or illegal domains in the absence of a court order. But if registrars have a poor grasp of what is and isn't allowed under new rules, there is a risk that entire websites could be suspended unnecessarily. There are already stories of unscrupulous registrars pulling the plug on domains without taking steps to contact the owner of a domain name in advance.

Cleaning up the web

By introducing more top-level domains you are not introducing more crime, says Elaine Pruis, who works with the Council of Country Code Administrators (that helps registry operators when they run into problems) and Minds + Machines. Speaking on a video log by Network Solutions at the 34th ICANN meetings in Mexico City in March, she said, 'These concerns and issues have been around since the beginning of the Internet. They need to be solved regardless of how many TLDs there are.'

With the namespace about to expand, creating more shady places for criminals to do their worst, now is a good a time as ever to start the clean-up process. As we go onto explain, this will take a consolidated effort, with ICANN, governments, registries, registrars, businesses users, communities and consumers all playing their part.

Liberalisation futures

Consumers and some businesses may not be thrilled by the prospect of new top-level domains today, but that doesn't necessarily mean they won't be in the future.

'Innovation has never been demand-led,' says ICANN's Paul Levins. 'There weren't people marching in the streets for Facebook or screaming for Skype.'

Once people see the benefits, they eventually come round. The onus is now on companies to come up with the ideas to stimulate consumer interest.

We take a look at the evolving Internet, how the TLD market will shape up, the new services that could appear and how the Internet will regulate itself in the future.

Consumer opportunities

A third of people who write their own blogs -- let's call them tomorrow's consumers -- say the Internet will become a place for innovators to thrive. New top-level domains will offer new spaces for tomorrow's internet users to interact, innovate and publish.

Social networking

Whether it's from a social networking tool (billsmith.facebook) or a membership organisation (billsmith.weightwatchers), a personal domain name that identifies someone and the group they belong to will be as essential as a telephone number or email address.

'I expect that we will see applications for new TLDs that have web-based computer networking components built in,' says Van Couvering. Because, as he says, if tools such as Twitter give each its user their own page, 'it makes it easier for people offline to tell people how to find them online.'

Open networks

Social networks will also become open. Instead of having separate pages at Twitter, Facebook or whichever social networking tools we use in the future, consumers will bring all their profiles into one place. Tools such as chi.mp, a platform that allows users to create a social hub on a domain that they own and control, are a step in this direction.

Consumers will need their own domains to make this happen, and new extensions will emerge to provide these spaces.

Neighbourhood names

Local or city-based top-level domains will create a new civic media hub that allows residents to identify problems and opportunities and provides tools to create stronger communities. [See box]

DOT NYC

Tom Lowenhaupt, founding director of not-for-profit Connecting.nyc, lays out his wish list for a .nyc TLD that boosts the civic, commercial, community, and cultural life of the city.

Neighbourhood names

Whether it's jacksonheights.nyc or soho.nyc, or any one of New York's 300 neighbourhoods, community sites would create a hub for communication and information. 'Local communication is dreadful in New York City,' says Lowenhaupt. 'In Queens Community District, we don't have a single television station or daily newspaper focussing on our needs.' As well as fostering local communication, neighbourhood names would provide local information such as maps, calendars of events, and lists of all schools, hospitals, businesses, government offices and police precincts.

Issue communities

Using mapping software and social networking tools, issue communities would enable residents to tap into and react to concerns that are happening on their street or in their community. If they hear about a planned closure of a surgery, they can contact the community, start a campaign and find co-supporters; they will know if a new restaurant is opening and what people think about it; and they can find residents with similar interests to form groups.

Virtual NYC

A virtual.nyc could provide a digital map of the city that is linked into real life sensors, such as video cameras, cell phones and RFIDs (radio frequency identifications). This could provide the foundation for games that cross-pollinate the real and the virtual worlds.

Voter pages

Civic discourse will be enhanced by issuing domains to each registered voter of the city. So at www.billsmith.voter.nyc, Bill can not only find contact information of elected representatives and information about local civic groups, but he can also communicate with other voters.

‘We have been globalised by the .com world,’ says Lowenhaupt. ‘But acquiring a .nyc TLD will give us an opportunity to re-organise ourselves.’

Social benefits

Top-level domains can also bring wider charitable benefits. Not-for-profit registries such as .eco, .nyc and .asia all plan to plough money back into environmental initiatives and technological projects in the city and region respectively.

As Edmon Chung, CEO of DotAsia explains, these projects could include bridging the digital divide, regional research projects and bringing schools and students online. And it’s not just money. DotAsia also plans to provide administrative support for IT projects.

To further promote its environmental cause, Dot Eco is also reported to be considering how domain owners could adhere to environmental criteria in order to keep their domain registration. As a result, a .eco domain becomes a declaration of environmental excellence.

.pol

Political cybersquatting is a common annoyance for political candidates, with cybersquatters registering domains years before candidates have announced intention to run. Hillary2008.com, for example, was acquired in 1999, as reported on CircleID, and RudyForPresident.com was secured just one week after the September 11 terrorist attacks in 2001.

A new ‘.pol’ TLD would eliminate cybersquatting by creating a space exclusively for political candidates and organisations. Donors would also visit a .pol site to ensure their money is going to the right place.

Business opportunities

Collaboration

Companies will come together to claim spaces that their industry represents. Building block manufacturers, for example, do not want a speculator to get .buildingblocks and make money by selling domains to them, so they buy the domain suffix themselves.

‘Companies see a top-level domain as shared resource,’ says Van Couvering. ‘As a result, they reduce the costs of owning a domain and work together to define what is – and more importantly what isn’t – allowed in that space.’

John Berard also believes industry-based TLDs will create a new destination and hub for companies involved. Take the golf industry as an example. All the resorts, golfers, landscape companies and architectural firms are spread across the web, but a .golf extension could bring the community together and create a common identity.

This space could also create interaction, says Berard. ‘Social networking tools could be the model. It is an opportunity for companies with similar interests and intentions to gather.’

New revenues

Companies such as eBay could generate revenue by selling domain names to customers (susandesigns.ebay) and in return, consumers have their own sites from which to launch bespoke marketplaces.

Helping businesses

Companies will develop and new ones will emerge to help businesses and consumers navigate and establish themselves in a liberalised Internet. Lawyers, help websites, expert social networks, government, and the media will all play a role. [see box]

Businesses also want Internet experts to step forward with technical support and advice for protection and security. These might be specialised technical or marketing consultancies. A new business model will also emerge for specialised top-level domain service providers to help companies without the technical know-how to register and then manage their branded gTLD.

Where businesses will turn to for support:

Advice and guidance

The media: 72%

Friends and family: 73%

Expert social networks: 70%

Technical support

Our IT department: 50%

Help websites: 46%

Internet experts: 37%

Protection and security

The government: 41%

Lawyers: 31%

Internet experts: 24%

Creating trust and prestige

TLDs can also create trust and authenticity, with the suffix becoming an important validation and verification of services.

For example, consumers can trust [running.nike](#) as an official site, whereas [runningnike.com](#) could potentially be run by an auction house selling bogus products. Car companies could provide branded domain addresses for dealerships who meet their standards. Financial advisers would have to have FSA authorisation in order to apply for a .fsa extension.

A .bank TLD could also guarantee that all financial transactions are secure on all its domains if banks had to provide secure transactions in order to get a domain.

A branded top-level domain will also engender prestige. Start-ups with good funding will gain more attention and influence if they can promote .newthing.

True innovation

But Andrew Allemann at [DomainNameWire.com](#), the domain industry's news source, doesn't think anyone has come up with the winning idea yet. 'If 500 TLDs are launched, there are only going to be two or three that are going to be truly successful in the long run. It won't be .cars, and won't be .web: it will be something truly innovative that none of us have thought of yet.'

Governance

With more people online, more registries and registrars operating more domains, and with criminals becoming smarter in their attacks, the Internet can no longer take such a headstrong and careless approach. A clean namespace is critical for both consumers and businesses. Achieving this requires a more mature approach to governance.

Consumers are unclear about who should be responsible for regulating the Internet, with equal numbers believing regulation comes down to ICANN (18%), or website server hosting companies (18%). 13% say it is the British government's responsibility while 12% think it's society's role.

Businesses are clearer, with a quarter asking for ICANN to take the lead and a quarter requesting the British government (24%) to govern the Internet. Another 10% say regulation comes down to website server hosting companies and 10% to people and society.

But in reality governance will come from everyone involved: from ICANN, governments, registries and registrars, as well as the consumers, businesses and communities that use the internet.

Balancing free-entry with processes and policies

ICANN's challenge is to balance free-entry into the domain space (to stimulate a competitive market for top-level domains) against providing process and policies to ensure objections are acknowledged. As ICANN's out-going CEO Paul Twomey said in an interview with the San Francisco Chronicle in May, liberalisation will not quite be 'dot almost anything goes', but rather 'dot almost anything goes, but not with complete chaos.'

There will also be a series of objections and processes around geo-political terms. So TLDs for countries, territories, counties or states will require documented support from a relevant government or authority. Operators that want to apply for a city TLD will also need the support of the relevant public authority.

Companies will be able to dispute top-level domains on intellectual property grounds. There will also be dispute mechanisms for top-level domains such as .coke or .delta where the TLD could represent more than one brand, community or organisation.

ICANN is also currently looking into the development of an independent judicial panel that would deal with application for strings that oppose morality or public order. So if a proposed TLD infringed an international treaty – such as around political rights, racism or disabilities – this would be taken through to this independent panel.

All applications for new TLDs will be posted publicly. Unless there is a major issue with an application – for example, it poses a legal threat to a company, or if it is illegal -- then the ICANN board will endorse it, says Levins.

Government influence

Governments can also lobby ICANN through channels such as ICANN's Governance Advisory Committee (GAC), which represents around 130 government institutions that can have advisory but not voting powers on the ICANN board.

However, countries worldwide want greater influence and they want the close ties that exist between ICANN and the US government to be replaced by a more multi-lateral approach to governance.

ICANN's US government ties are based on a contract with Internet Assigned Numbers Authority (IANA) to manage the domain name system and on a Memorandum of Understanding (MOU) with the US Department of Commerce. This was set up in 1998 and replaced by the Joint Project Agreement (JPA) in 2006. This essentially lays out ICANN's responsibilities as policymaker and operator of the DNS root.

In September, the JPA expires, throwing open a potentially new era of Internet governance.

Viviane Reding, EU Commissioner for Information Society and Media, has already called for a 'G12 for Internet Governance' that would provide a forum for international governments to discuss general Internet governance policy and security issues. In a statement, she said, 'It is not defensible that the government department of only one country has oversight of an Internet function which is used by hundreds of millions of people in countries all over the world.'

ICANN has misgivings about the idea of a G12 for governance. But, as Levins says, ICANN agrees it can 'be more accountable' and says the idea of having stronger ties internationally is 'potentially a good thing'.

In an effort to build these international ties, ICANN says it is looking at ways to improve connectivity with the GAC. 'There are ideas about providing governments with forums outside of ICANN meetings,' he says, 'or for ICANN to pay for government representatives from less-advantaged countries to come to meetings. There are even suggestions of having MOUs with other countries. Until an immediate and obvious solution comes along, we will keep testing and considering all ideas that are suggested.'

A new structure

The Technology Policy Institute (TPI), in a paper published in March, outlines a plan that would effectively put ICANN's direct users – the registries and registrars – in control. The TPI based this decision by analysing governance structure of other institutional models. As the paper points out, this 'would make the organisation more accountable and would improve incentives for efficient operation'.

Levins says the idea sounds 'a little extraordinary', considering that it would mean organisations with commercial interest would be the main point of accountability for an organisation that is meant to be independent.

Registries

Ultimate control or not, registries and registrars have an important role to play in cleaning up the Internet in time for new TLDs becoming available.

Registries say careful management is in their best interests, given that the long-term success of their TLD will depend on whether it contains useful and developed websites, rather than a base for ad sites, spam and crime.

Chung of DotAsia says, 'New TLDs are going to be much more proactive at addressing these issues than .com or .net because we don't want to be seen as the haven for phishing.'

Not only will a lawless TLD be unattractive to businesses and Internet users, but it will not rank as highly in search engines.

There will be some registries that are lax, but this needn't be an issue, says Van Couvering. 'There are some very poorly run ccTLDs, but it hasn't destroyed the Internet,' he says. 'There are also some crappy websites out there. But guess what? People don't go to them.'

After sunrise

As Andrew Allemann points out, registries' commercial interests will limit how far they restrict what people do with the domains under their TLDs.

But one way he thinks they could promote the TLD and limit the dominance of advertising could be by holding back the 100 top domains – such as news.tld, money.tld, sex.tld – and then sell them under a request for proposal (RFP) process. This will mean potential buyers must demonstrate how they will develop the site and attract people to the domain space rather than use it as an ad site.

This might not appeal to registries' short-term goals of making vast sums on auctions of the most popular domain names. However, long-term success will depend on registries moving beyond mass registration by investors and trademark holders, into a stage where consumers and businesses start buying domains to use as actual websites.

Registrars must get their houses order

Registrars must also play a role in reducing pollution of the domain name space and adopt a more grown-up attitude to consider the needs of all stakeholders.

'Right now, our industry has conflicts of interest and it is putting personal short-term gain ahead of long-term commercial interests,' says Joe White at Gandi.

For example, some registrars take available domains out of circulation, so customers can't get them, then advertise on them for profit. Or they place ads on dormant sites to generate revenue when they're not used, thereby filling the web with more junk domain space.

'As an industry, we have to grow up and accept lower sales volume for the sake of maintaining a useable and available name space that is in the interest of all internet users,' says White. 'If we just go all-out for profit, much like the current man-made global pollution problem, we'll just trash our own domain name space.'

Gandi takes a strong stand against squatting, spamming, over-dominance of advertising and abuse of secondary markets through extortion and touting. And they won't put ads on dormant sites: 'We believe your domain name, like your home, is your property and you should not be restricted in managing it in any way. We certainly won't suddenly stick an advertising hoarding on your home just because you're not living in it at the moment,' says White.

Domain prices must stay low to generate interest, but if registrars push prices too low, they could be helping to devalue the name space. After all, the cheaper the domains, the more likely domainers are going to buy huge swathes of domains to fill with ads. And at a low price, they only need to generate a few clicks to get payback.

Gandi also believes only registries should have the power and resources to delete names, leaving registrars responsible for flagging up issues to registries.

List of shady domain name practices edited from Gandi Bar:

1. Sneaky pricing
 - : Different pricing for register (buy now, £0.99 per year!) and renewal (oops, it costs more next year)
 - : Different pricing for transfers out (oh, you want to leave, that'll be £xx)
 - : The cost of a .co.uk at the registry is £2.50 per year (\$4, €2.9 at current exchange rates). Companies selling below this have an ulterior motive!
2. Service restrictions - Can't get full DNS control - pay more for additional services.
3. Front running/'sniffing' - Using your domain search data to buy domains before you do, or selling your domain search data. More references.
4. Account lock-ins - Locking your account for a period following changes, prevents transfer-outs.
5. Domain ownership - Not the owner of your domain? Some companies buy it on your behalf and then rent it to you.
6. Privacy - Selling your whois data/customer data

Bottom up governance

Registries – and the communities that belong to them -- could also learn to take control of who can and cannot get a domain in their space.

So in the case of a city TLD, this might mean the community creates a process to ensure only residents get domains, thereby ensuring whole streets in their neighbourhoods aren't bought in bulk and covered in billboards.

It might be too time-consuming to require every resident to send in proof of property ownership or a business licence in order to get a city domain, but the community have power to take away a domain name if a resident rightly challenges a misused site.

To make a city TLD a secure and safe place, Lowenhaupt believes it should come down to the city to manage its administration and governance. After all, he says, 'cities are here to stay; they're not going away' so they are in a good position to ensure long-term care.

By creating a cleaner namespace, by ensuring that all the domains held by auctions and speculators were returned to the pool and by eliminating fear and scepticism, the Internet creates choice and opportunity.

Conclusion

The prospect of a liberalised Web doesn't yet sit easily with a large proportion of Internet users.

On one side are consumers who don't care a jot for what sits at the end of a URL. There are also businesses that are happy enough with .com, and plenty more that are concerned about how they will protect their online IP when the market explodes with new names and new operators.

But on the other side are the businesses that are beginning to grasp the marketing potential of whatever they like and consumers who sense appeal in a localised and personalised web.

It is the divergence of opinion around liberalisation that convinces ICANN that they are onto something truly interesting. The International Olympic Committee has threatened to sue ICANN over the implementation of new gTLDs. But Levin says many Olympic-federated sports are eager for the introduction of a new .sport TLD.

They have had similar opposing reactions from companies, he says: 'The legal department writes to us saying we shouldn't attempt this until we have addressed their concerns, but then we receive a letter from marketing or IT at the same company asking to be a test bed. I think that demonstrates that this is something truly innovative.'

Interest is simmering, but experts are realistic that it might take time for true innovation to develop. As Tom Eslinger at Saatchi & Saatchi points out, businesses will see benefits, but it might take five or 10 years.

The only trouble is, the risks could come sooner. So if businesses and consumers are to ever reap the rewards that liberalisation promises, the Internet must get its house in order by weeding out the needless advertisements and cybercrime that is already polluting its crowded space.

Of course, that is easier said than done. How do you set about regulating something that has succeeded as a result of being de-regulated?

ICANN must implement policies that address Internet users' objections, but without hindering innovation. International governments must find new outlets to have their voice heard. Registries and registrars must forget about just selling domain names for the cheapest prices and consider the needs of all stakeholders on the Internet. Communities might also manage new registries, to ensure their new spaces are for the benefit of its users and aren't overrun.

If the Internet community embraces this mature and multi-stakeholder approach to governance, new top-level domains will be neighbourhoods full of attractive properties, inviting shops and appealing businesses that people actually want to visit. If it doesn't, an expanded Internet will be nothing more than a wasteland of billboards, crime and empty lots.

HTTP://WWW.GANDI.NET
HTTP://WWW.THEFUTURELABORATORY.COM
HTTP://WWW.ICANN.ORG
HTTP://WWW.SEX.COM
HTTP://WWW.BUSINESS.COM
HTTP://WWW.SAATCHI.CO.UK
HTTP://WWW.NIKE.COM
HTTP://NIKEID.NIKE.COM
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HTTP://WWW.NIKEBASKETBALL.COM
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HTTP://UK.MYSPACE.COM
HTTP://WWW.FLICKR.COM
HTTP://TWITTER.COM
HTTP://WWW.KAUFFMAN.ORG/KAUFFMANINDEX
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HTTP://WWW.CHANNEL4.COM/MORE4
HTTP://WWW.DOTASIA.ORG
HTTP://WWW.IRONMANCHINA.COM
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HTTP://EC.EUROPA.EU/DGS/INFORMATION_SOCIETY/INDEX_ EN.HTM
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