



Elements for a successful gTLD

Lessons from the .cat experience for new community gTLDs

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‘.cat’, the generic top level domain (gTLD) designed to fulfil the needs of the worldwide Catalan speaking community on the Internet, has been praised as a success in the Internet domain name sector after seven years of operation. So much so that some long established TLDs have started to develop a similar community approach and use language as a market segmentation tool to engage new registrants. It has been also an inspiration for new geographical and community based gTLD applications. This paper discusses what led to .cat’s success, including its governance arrangements, and how some new gTLDs that will soon be delegated by ICANN could benefit from its business strategy.

Introduction

ICANN (the Internet Corporation for Assigned Names and Numbers) is expected to delegate hundreds of new gTLDs, beginning in April 2013. As .cat has been rated as a success story by top management of the biggest gTLDs ([Cute 2010](#)), ([Kane 2011](#)) and in ICANN’s public forums, is there anything to learn from that experience? Will .cat’s success factors apply to new gTLDs?

The genesis and early evolution of .cat has been widely discussed ([Gerrand 2005](#); [2006](#)), ([Abril & Staubb 2006](#)), ([Iparraguirre 2006](#)), ([Gordillo 2007](#)), ([Several authors 2011](#)) and ([de Montserrat & Iparraguirre 2012](#)). New gTLDs oriented to cultural and certain City and Geo applications may look at .cat as a model, being the only TLD until now that is similar in scope to what they plan to do. But in the same way that .cat could not always implement the strategies of other TLDs, new gTLDs will not always be able to copy what .cat has done. Each case is different and no ‘copy and paste’ will work without a serious analysis of the environment and market in which each new TLD will develop. Let’s analyse first the genesis and early stages of .cat and distil some key points of its strategy and implementation that could be relevant for new gTLDs in 2013 and beyond.

Founding concept, set-up and early experience

ICANN approved the .cat generic TLD on 15 September 2005. In just five months, once having overcome the bureaucratic hurdles and delays to getting into the DNS (Domain Name System) root servers (on 19 December 2005), cat’s restricted ‘Sunrise’¹ phase started on February 13th 2006 and its open ‘Landrush’² phase three months later, on 23 April 2006. Since then the .cat has shown a constant and strong growth trajectory, surpassing the 60,000 domain name milestone and showing an enviable 15% annual growth rate in 2012.

The idea to get a TLD for the Catalan language and culture arose as far back as 1994 or 1995, as soon as the Internet became widely available. Internet users ('netizens') discovered a new uncharted digital world that was following different rules than the ones of the atomic world (Negroponte 1995) and (Barlow 1996). People could create, communicate and participate in the now forgotten buzz of virtual communities. It was easy to volunteer for any project, and results and merit were what counted. Rules were different. So questions like 'why can't I apply for a TLD as easily as, for instance, a Usenet newsgroup?' become normal in the already vibrant Catalan speaking Internet community.

Having created the newsgroup soc.culture.catalan in November 1995, a group of volunteers connected via an Internet mail-list focused on what looked like the next logical step, to get the .ct. ccTLD for the Catalans. But the group soon learned about the IETF's RFC 1591, the ISO 3166-1 list, and faced the fact that only states represented in the United Nations and certain overseas territories under their administration could get into the ISO 3166-1 list which (under RFC 1591) determined the states and territories eligible for a ccTLD. So .ct was not possible unless Catalonia became independent from Spain. Given that situation, using ICANN (created in 1998 as the new body responsible for determining and assigning the TLDs operating in the DNS root) was the only possible way forward.

After its first initiative in August 2000 to expand the number of gTLDs by seven, ICANN opened a second round in December 2003. As ICANN had approved .aero and .museum as 'sponsored' gTLDs for restricted communities in the first round, this opened up a completely new opportunity: it was possible to apply for a .cat as an sponsored gTLD for the global Catalan language and culture on the Internet. As pointed out by Amadeu Abril, the clever solution was 'to change the passport for the dictionary' (Gerrand 2006) and moving from what is strictly Catalonia to include all the territories where Catalan is spoken (ie. Balearic Islands, Valencia region, and the eastern part of Aragon in what is nowadays Spain, the *Pyrenées Orientales* department in France and the Italian town of l'Alguer in Sardinia). Meanwhile, those seeking the .ct brand must wait for a future independent Catalonia.

Set up and Governance

The .cat Registry's legal structure was established on 28 December 2004 as a not-for-profit foundation. The *Associació puntCAT* (which translates as the 'dot CAT Association'), a grass-roots entity that led the process to apply to ICANN for the .cat gTLD, held a General Assembly (25 October 2005) in which it decided to dissolve and transfer all its rights and obligations to a new *Fundació puntCAT* (dot CAT Foundation). Since managing the TLD as a for-profit company might have caused some unrest, and associations are less stable from the governance viewpoint, the .cat application to ICANN stated that the Registry would be managed by a private (ie. non-governmental) not-for-profit foundation as it had to manage a common asset, the TLD of the Catalan community. In terms of resources, the Foundation started with the bare minimum features required by law. Having no resources and counting only on domain name registrations as income, its processes and mindset were those of a start-up: a light structure and strong customer focus.

During its first sixteen weeks, the Registry premises were in a hallway, moving later on to a 10 m² room offered by the Catalan Academy of Sciences, Humanities and Language (IEC: *Institut d'Estudis Catalans*) until March 2007. In terms of human resources, a team of fewer than ten people, many of them unpaid volunteers, managed the Sunrise phase and manually screened more than 11,400 applications that yielded more than 9,000 active domains at the end of the Sunrise. After the Sunrise, the front-end team consisted of 2.5 full time employees. All back-end operations (hardware, systems, registry software, etc.) were managed by CORE (the Internet Council of Registrars).

These two sole objectives, managing a common asset (.cat) and registering .cat domain names as the only income, provided a clear framework that determined key points when working on the business strategy.

Being responsible for the **.cat** common asset defined the way we had to offer the service and its quality standards: a TLD that we, as customers, would also like to buy or be identified with. In addition a TLD is also a means of showcasing a culture, so it is a great opportunity to explain the world what Catalans are and want to be. Focus was put on high quality technical infrastructure (for instance being the first gTLD registry to be ready to offer DNSSEC), being customer-centric, being secure (in the McAfee's top five most secure TLDs) ([McAfee 2009, & 2010](#)), being engaged with the Catalan community, and educating on the advanced use of the Internet while promoting the presence and awareness of the Catalan language on the Internet. On customer care, we decided to treat customers as we would like to be treated ourselves: respectfully and providing service above the average service levels with which companies treat customers nowadays. User evaluations gave marks of 8/10 on effectiveness, politeness and overall service. . This was a brand issue as well as a service to the common asset's stakeholders.

On the financial side, the Registry had to be totally self-funded to ensure independence and shield the Foundation from any crisis or political intervention. And as **.cat** was a newcomer in the TLD sector, all of these requirements determined a growth model based on quality instead of quantity, which at the same time was the best way to give value to the stakeholders, that is, the worldwide Catalan community.

Regarding governance, the dot CAT Foundation started with five patron institutions represented on its Board: IEC (*Institut d'Estudis Catalans*, Catalonia's Academy of Sciences, Language and Humanities); ISOC-CAT (Catalan chapter of the Internet Society); CCRTV (Catalan Corporation for Radio and TV, representing the media using the Catalan language); CTecno (Technological Circle of Catalonia, representing the ICT industry and companies); and Vilaweb (the first online news portal in Catalan).

In 2009, with the **.cat** Registry on a growth path and doing well, the Foundation's Board incorporated more representatives of the Catalan speaking community, as a clear signal that the **.cat** TLD is a common asset and as such should be cared for by the most broadly representative institutions of the diverse Catalan-speaking civil society. The Board currently comprises 13 members, including the Barcelona Football Club, the Catalan Association of Telecommunication Engineers, the Chamber of Commerce of Barcelona, the Open Catalan University (UOC), and the Ramon Llull Federation, made of three relevant cultural associations from the Catalan speaking domain, (Acció Cultural del País Valencià, Obra Cultural Balear and Omnium Cultural).

Currently four entities (IEC, CCTRV, Barcelona Chamber of Commerce and UOC) are permanent members of the dot CAT Foundation's Board, while in order to ensure renewal and diversity in the Foundation's governance, the other Board members must be renewed every four years and cannot have more than two consecutive terms of office.

Growth and current situation

An aggressive price drop in mid 2012, made possible thanks to continual growth since 2006 and renewal rates of around 85%, yielded an impressive 15% average annual growth rate that by the end of 2012 gave **.cat** 61.402 second-level domains in the zone. Keeping in mind that there are 10 million Catalan speakers there is still a lot to do, but it is now just a matter of time until **.cat** reaches the volume of registrations that older TLDs reached some years ago.

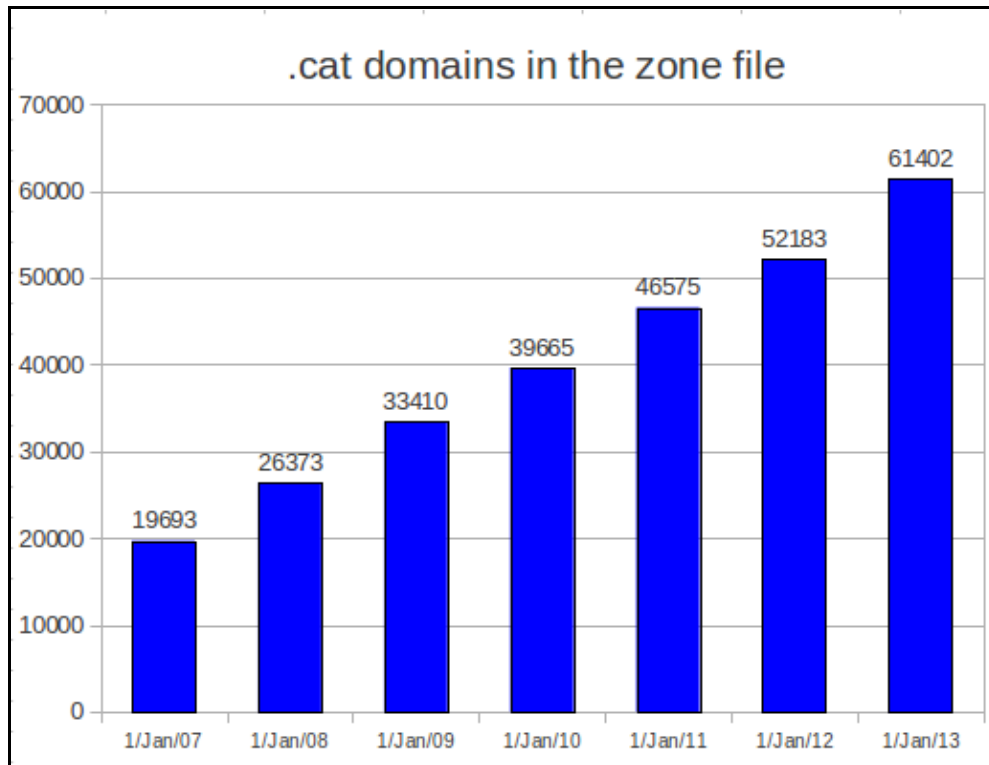


Figure 1 - Yearly .cat zone size since day one (February 2006)

But if growth and volume are important for registries, there is another interesting metric to visualise how useful and used a TLD is: the information density of a TLD. It is measured dividing the annualised average of the web pages indexed by Google under that TLD by the number of domains registered and listed in the zone file of that TLD. The annualised average is needed due to the sometimes extreme variations Google reports for these indexed documents.

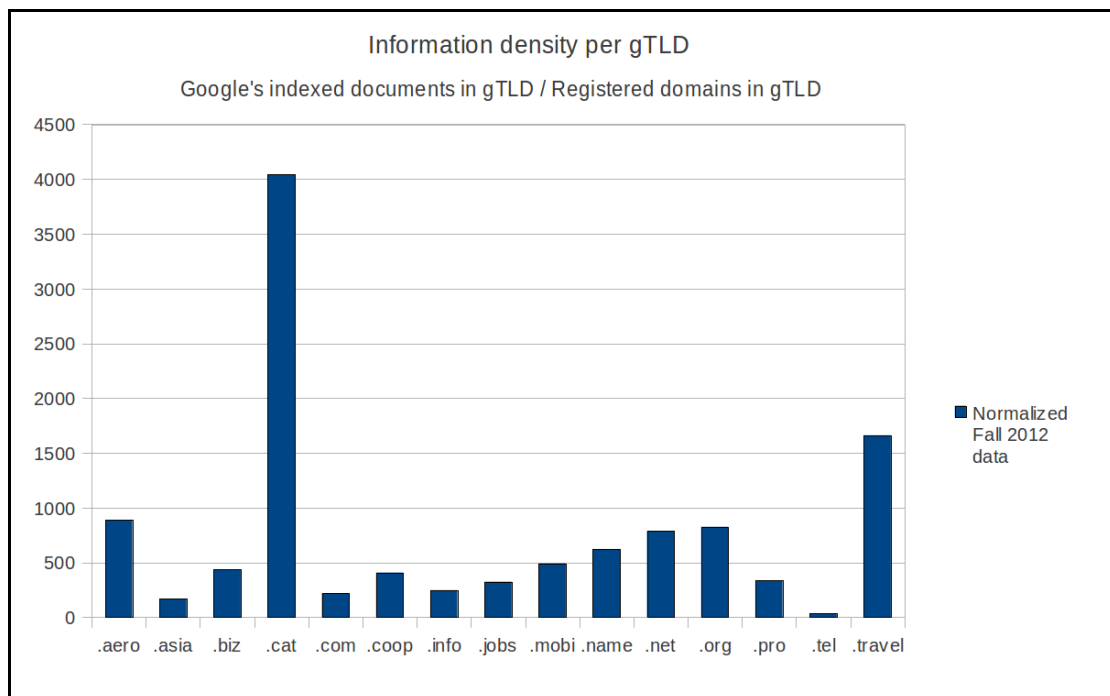


Figure 2 - Information density of gTLDs with more than 1,000 domains, September-November 2012.

Growth could have been even bigger and faster had **.cat** dropped prices more often or earlier, but this was avoided in the early years in order to ensure self-funding of the project and to

help the TLD space to maintain its reputation of quality for future registrants. It was important to initially get registrants that would provide content and service to the community; registrants able to use their domains and likely to advertise them on billboards, printed material or vans, so they would help make **.cat** more visible around the Catalan-speaking regions.

As a totally self-funded entity managing a common asset, the puntCAT Foundation had to achieve a yearly operating surplus, which it has in fact achieved since 2006. The surplus funds were reinvested in improvements to the Registry's operations and infrastructure, to decrease registration fees, in programs to promote the advanced use of Internet tools with Catalan user interfaces, and into community led projects aiming to reduce the digital gap, and to promote the presence of the Catalan language on the Internet.

In addition the Foundation also led the process to present applications to ICANN for three new gTLDs: **.bcn.** and **.barcelona** on behalf of the Barcelona City Council, and **.catalonia** on behalf of the Catalanian autonomous regional government (Generalitat de Catalunya). PuntCAT teamed up with CORE as its back-end registry provider for these three gTLD candidates, and collaborated with CORE to prepare other candidatures. The dot CAT Registry is now ready to assume the responsibility to manage these new gTLDs once they are delegated by ICANN.

International participation is also important. The Registry interacts in the ICANN space, and wanted to learn from other successful TLDs. PuntCAT joined CENTR in 2007 and LACTLD in 2009, two ccTLD (country code TLD) peak councils from Europe and Latinamerica respectively. As the market and the industry perceive **.cat** as a type of ccTLD, getting closer to and learning from other ccTLDs allowed **.cat** to move faster up the learning curve, and in parallel to use **.cat**'s quest for excellence as way to develop a certain public presence for what **.cat** represents.

Why a .cat? To be or not to be in the XXI st century

If **.cat** TLD has been a business success, it is mainly due to the fact that there has been a strong community demand for it, as a grassroots process. For instance more than 68,000 individuals and companies signed a petition of support that was presented to ICANN with the original application for **.cat**.

Catalans did not appear in history just to apply for a Top Level Domain. Standing on the western end of the Mediterranean sea, a cross road of cultures, Catalans appear in history by this name and as an independent political reality around year 900 AD, in a transition area between the Carolingian empire to the north of the Pyrenees and the Caliphate of Cordoba in the south. The Catalan confederation of kingdoms and counties (often known as the Kingdom of Aragon) ruled the Mediterranean Sea as a trading and military power for more than two centuries (13th-14th), offering to the medieval Mediterranean world notable advances in many areas. But in 1714, having been abandoned by their Hapsburg allies to confront the Bourbon armies after the Utrecht treaty, the Catalans were conquered and rapidly lost their constitution, their laws and their judicial system, their army, their currency, even their university – all the infrastructure that builds an independent modern state. Since then the Catalans, in what is nowadays Spain, have had to live through history with Spanish nationality and Spanish institutions, but there have always been a large number, especially in Catalonia, seeking the return of their rights and self-government, up unto the modern movement for an independent Catalan state.

For 300 years Catalans have been made invisible by the Kingdoms of Spain and France, not only obscuring the Catalan language and culture, but in the case of Spain introducing more than 200 laws against the Catalan language in order to forbid its use in public (Ferrer i Gironès 1985). It was banned virtually everywhere, from 1714 until the death of Franco in 1975, ranging from people's given names on birth certificates and inscriptions on tombstones to the use of Catalan in public administration, courts, schools, books or even in telegrams or on the telephone. Despite all this, the Catalan language has survived and is nowadays co-

official in most of the Catalan speaking areas of Spain and is the official language in Andorra (but has no special recognition in France's Catalan speaking department Pyrenées Orientales). Unfortunately, being co-official does not guarantee its normal use; there are still old laws (and even new laws) that make its use difficult and sometimes impossible, even though it is nowadays the language daily used by more than 50% of the population in what used to be the Old Confederation and nowadays often called the *països catalans* – the Catalan Countries.

In view of this situation, getting a TLD was, with hindsight, an obvious way for Catalan language and culture to return to international visibility with its own personality, with added prestige, and to help acquire the digital tools a language and a nation needs in the Digital Age of the 21st Century. However the political campaign to achieve it took nine years ([Gerrand 2005](#); [Gordillo 2007](#)), and it took ICANN a further seven years (i.e. to 2012) to open the way for other linguistic and cultural communities to be able to apply for their own new gTLDs, which ICANN will decide upon in stages, commencing in 2013.

How to provide value – or why should you register in .cat

The brief historical background above is important to explain why **.cat** came to be the first Internet Top Level Domain of a new kind: to support and promote a single language and culture. But having a TLD just to be internationally visible, or to add prestige to the language, is not enough to sell domains. So what factors had to be taken into account to prepare the **.cat** value proposition for potential registrants?

The puntCAT registry decided to focus first on providing reliable and advanced infrastructure and a trustworthy legal framework. In terms of infrastructure, **.cat** provided IDN, IPv6 support and EPP from the very first day, and managed to be the first gTLD able to run DNSSEC.

The trustworthy legal framework included publishing the details of the priorities set during the Sunrise, setting clauses in the registry-registrar and registry-registrant agreements to reduce speculation and the secondary market in the **.cat** space, and selecting a local independent partner for amiable dispute resolution prior to UDRP (ICANN's Uniform Domain Name Dispute Resolution Policy). The Registry regularly checked that the **.cat** eligibility criteria agreed with ICANN were met by registrants, initially via an individual manual pre-validation of the submitted registrations, giving the noncompliant registrants warnings that their noncompliant domains could be moved out of the zone file. After seven years in operation, **.cat** has not experienced any serious unplanned downtime and has scored only five UDRP disputes, that is, 0.01% of the total UDRP disputes ([WIPO 2013](#)).

From the beginning, market segments were prioritised. The domain name had to initially be given a high retail price, to ensure the registry business was self-funding. Therefore initially the main target segment was that of companies, cultural and educational institutions and government administrations, as they would be less sensitive to price and would act as good models in using their **.cat** URLs. In addition getting reputable local or foreign companies to use **.cat** in their advertising, like for instance the Barcelona Football Club (FC Barcelona) or Catalan TV and radio stations, or managing to get Google.cat online, would bring prestige to the TLD, accelerating the adoption curve.

The **.cat** TLD was presented as being a reliable, secure and unique marketing tool to address the Catalan speaking market of around 10 million people: not a large market by world standards, but quite large within the European market. In addition, using Catalan to address that market was a winning strategy for foreign companies, as a way to get much closer to the Catalan-speaking market and customers and as a differentiation factor. Don't you like being addressed in your own language?

Amongst gTLDs, **.cat** was a latecomer: the first round of gTLDs and ccTLDs, including **.com**, **.net** and **.org**, were created in 1984 under Jon Postel's management of the DNS ([Postel 1994](#)), and ICANN's first round of new gTLDs was allocated in 2000. So **.cat** arrived very

late (2006) to a mature market in which the 1990s' 'com explosion' put that TLD as top of mind for eCommerce in many countries.

And finally it is worth noting how the political situation in Spain impacts on this TLD, in particular when targeting the commercial market within Spain. There exists a current of aggressive anti-Catalan opinion by many Spaniards, fuelled by the mainstream Spanish nationalist media, that sees **.cat** as a political threat against the Spanish language and the unity of the Spanish state. Under that influence, and with a silent but still ongoing Spanish boycott of Catalan goods ([Cuadras-Morató & Guinjoan 2011](#)), it has not been easy, nor sometimes possible, to convince certain companies to use a **.cat** domain for their websites. Despite **.cat** being designated as a gTLD for global Catalan language and culture, it has been seen by Spanish nationalists as a symbol of Catalanian independence in cyberspace, and thus an additional reason for them to boycott those brands using **.cat**. This has inhibited some multinationals from registering **.cat** to better address and sell into the Catalan speaking market.

So how did the **.cat** registry compete in that scenario?

The sales pitch adopted was that **.cat** would help business get closer to customers using a new segmentation and communication tool, **.cat**, to address the Catalan speaking market, an idea that big brands and multinationals easily understood and many adopted

The individual user segment was not ignored, but divided into different segments with different priorities based on their prior experience in registering domain names and with the DNS. Furthermore we highlighted the fact that **.cat** was reinvesting its surplus back into the community via various initiatives such as *Ajuts puntCAT* – grants given to community proposed projects selected by an independent jury of reputable ITC professionals – and programs with schools like *websalpunt.cat* ('websites at dot CAT': where teams have to create, configure and write a blog to compete locally, the winners being selected to compete at the European level in the DotAward program) and *navegasegur.cat* ('browse safely at dot CAT': a short online quiz to reinforce good browsing practices on the Internet). In addition *navegaencatala.cat* ('browse in Catalan at dot CAT') which promotes the visibility of the Catalan language on the Internet by selecting Catalan as the preferred language on one's Internet browser, and *queferambun.cat* ('What to do with a **.cat**'), which shows how to use a domain name for developing educational content, were also key programs supported by the dot CAT Foundation.

Pros, cons and key issues

Having seen the most important factors **.cat** had to manage, let us group them now as a means of discussing their relevance to new gTLDs.

Pros:

There was a strong demand for this TLD long before applying for it. Given that based on ISO and ICANN rules it was not possible for Catalonia (or any other Catalan-speaking region other than Andorra) to gain a ccTLD, the clever solution was to apply to ICANN for **.cat** as a community based gTLD. The **.cat** candidature 'replaced the passport by the dictionary' (Amadeu Abril, quoted in ([Gerrand 2006](#))) and was accepted as a TLD for a global cultural community instead of a geographical political community.

It was important to get important local and international companies and institutions as early adopters of **.cat**, to inspire others to follow. The tricky point was to get them using, and not just registering, the domain in their day-to-day activities to address the Catalan speaking market. The goal has been achieved but it is a never-ending work in progress with still some big fish to catch.

Proximity and being part of the community. As **.cat** was a TLD concept really close to the target community (in its geography, language, engagement and responsiveness, to name a

few), many registrants got their first domain ever thanks to **.cat**. The Registry was a key factor in introducing many individuals and small companies to the advanced use of the Internet, moving from pure consumption to becoming active players and creators with their own domain, web page or e-commerce site.

Cons:

Being a *late entrant in a mature market* that in addition had **.com** as the top of mind TLD for eCommerce.

High prices. After its Sunrise phase, **.cat** registration cost around 80€/year, a price tag that was reduced year by year as the number of domains in the zone grew, reaching 10€/year in 2012. The initial high prices brought some criticism and the mindset that '**.cat** is expensive' had to be properly addressed.

Available only via certain registrars. Having signed a gTLD registry contract with ICANN, the **.cat** registry cannot act as a domain name registrar, and can only sell to ICANN accredited registrars. Being restricted to ICANN accredited registrars ensured certain technical and service quality to our registrants. On the other side, this excluded a number of local Internet service providers, not accredited as registrars by ICANN, with a high knowledge of the Catalan-speaking market and a big local customer base. Difficulty in setting a proper market price whilst being tagged as expensive. Not being allowed by ICANN to operate as a registrar, combined with having just few registrars signed up to **.cat** initially, and not being able to offer big volumes but just high prices for domain names at the beginning, brought in a small number of registrars. Many of these addressed the professional market segment and thus had few incentives to decrease their retail prices at the same speed as the **.cat** registry did on the wholesale price.

Fear of a boycott. Because of the *de facto* Spanish commercial boycott of Catalan products and services, certain companies are reluctant to use or even register a **.cat**. This has been a clear limiting factor for growth of the **.cat** domain.

Being used as a political weapon. In certain places of the linguistic region we had to play as the visiting team, being considered by some as foreigners in our own country. Aggressive legislation against the public use of the Catalan language in the Balearic Islands and the Valencian region has tended to convert its use into a highly political issue by forcing Catalan speakers to protest to claim their rights. Recent examples are the ruling that Catalan language competency is not necessary for public servants facing the public in the Balearic Islands; the fact that more than 100,000 children in primary schools in the Valencian region cannot be taught in Catalan despite this being the wish of their parents and the language being co-official there; and the ban on Catalan language TV broadcasts from Catalonia to the Valencian region and Balearic Islands. This impacts on the take-up of **.cat** as the Spanish nationalist political parties use language as a political weapon (and **.cat** becomes heavily identified with minority linguistic rights in some regions).

The 'minoritisation' of Catalan in certain regions. Catalan is not co-official in northern Catalonia, nowadays a part of southern France (its Oriental Pyrenees department) that was ceded to France by the Spanish Crown in 1659 to end the Franco-Spanish war (1635-59). Use of the Catalan language was forbidden by Louis XIV in 1700 in an edict that stated that "The use of Catalan is repugnant and contrary to the honour of the French nation". Even if part of the local population, including French monolinguals, have a feeling of being culturally Catalan, this does not translate, yet, into embracing the **.cat** domain.

Because of its strong identification with Catalonia, **.cat** is a gTLD that much of the European market perceives as a *de facto* ccTLD. However the **.cat** Registry must adhere to ICANN gTLD policies and, contrary to ccTLDs, negotiate changes in our contract with ICANN if we want to offer services that either the market or the law (eg. EU law on personal data protection vs. Whois public data) ask us to provide.

Key issues

Focus on market segments: We prioritised the market segments in order to ensure sufficient early income to fund the resources and effort required.

Growth strategy: this is a key point to decide upon in the early development of the registry as it has multiple implications for the following years. It is important to keep in mind that certain decisions made may not be easily reversible, e.g. prematurely reducing the wholesale price to registrars.

Governance model: Foundations have their particular features, and a key one is corporate governance. Board dynamics, composition and involvement as well as its cooperation or interference in the registry operations determine an environment that influences the organization's morale and performance. New boards need some time to get to their optimal performance and the different speeds and dynamics of the board and the staff need to be clearly understood. Increasing the board's membership too early may not be a good idea if the basics of the mission and functions of the board, as well as its relationship with the staff and their objectives, are not yet clearly set. It is critical to understand the difference between being on the registry's board versus being part of the registry's staff, that is presiding and setting guiding principles for the registry's operations vs. defining and managing an executable business strategy.

Financial model: Pricing, financing and in general how to use the available working capital to grow the Registry (including the organization managing it) are key. It is also important to adequately estimate income, expenses and profits for not only the proper management of the entity but also to foresee taxes and other legal implications. The first year is really important and it is very difficult to accurately forecast Sunrise or Landrush sales.

Conclusion

This paper has provided an overview of the main lessons learned, and the environment in which **.cat** has had to grow since this gTLD was allocated by ICANN in September 2005. The lessons learned have been grouped as the factors playing for and against the project. Are there any key insights that are applicable to new gTLDs?

For the so-called community TLDs, a key factor is the community itself. The need for **.cat** was a real bottom-up demand. There was a well established worldwide community of Catalan speakers long before applying for the **.cat** TLD in 2004, and the community saw the need for the TLD. It has not been a top-down community building process, nor a community build around a new concept. New gTLDs really need a human community supporting them to succeed. Otherwise you will play as a pure gTLD, offering your TLD just as a tag rather than a community icon, to those somehow interested or related to the concept the gTLD communicates. Trying to compete with the big gTLDs will not be easy and even if one can capture part of the market, chances are that the new TLD becomes a second or third option for its registrants when identifying their websites.

Being a community gTLD implies needing to have, and apply, eligibility criteria to ensure the registered domains are related to the community. Some may see this as a handicap as it eliminates potential areas for growth, for instance **.cat** is not being able to offer domains to cat lovers. But in fact having eligibility criteria reinforces your brand and reputation in the eyes of the target community. Furthermore it is a fence that will protect the TLD space from being taken over by registrants having no relation with the community that can be more avid to register domains to anyone than support the gTLD's own community. You have to decide: focus on your community or play as a low-value, default gTLD.

Thanks in part to the success of **.cat**, cultural and linguistic gTLDs are now accepted by ICANN and can be built around real human communities. The key point in implementing the new registry will be how to find the right value proposition and understand and manage the

complexities of much smaller and specific markets in order to find the winning sales arguments and differentiate from the overwhelming number of alternative gTLD offerings.

Other community gTLDs need to be sure if they have to build a new community top-down or if they really benefit from an existing one. It can be possible to build a top-down community, but at a higher cost since it requires a stronger value proposition to convince users to move from the mainstream gTLDs.

The ‘City’ and ‘Geo’ geographical types of gTLDs may be caught between a rock and a hard place depending on how they plan to address the market. They may be perceived as a variant of the big gTLDs for businesses located more or less close to the placename (ie. a TLD to register in by default if the desired domain name is already registered in the ‘top of mind’ TLDs). These new gTLDs need to find or create their own niches.

For full generic TLDs, such as **.biz** or **.info**, the competition will be toughest for the ones really willing to compete on volume by operating on very slim margins. As their market is the world they will need to get a significative percentage of the market in order to make money, which will require much more working capital for marketing than is possible for ‘a family run business’.

‘Brand’ TLDs such as AXA, Dell, Mango or SEAT do not need to find a new place in the market and they have very strong ways to communicate their gTLD to their respective audiences. But they can and should develop a powerful and different use of their TLD to not only promote their brand on the Internet, but also to use the Internet and the TLD in innovative ways to offer new value to customers and gain an enhanced reputation and bigger brand awareness. Otherwise they will not attract many visitors to their new URLs.

Existing ccTLDs can be a kind of community TLD and some of them, e.g. **.au**, have always imposed strict eligibility criteria that restrict the use of their national TLD to communities within that country. Other ccTLDs have abandoned any linkages with community or country and behave as though they are a fully commercial gTLD, by declining to use any eligibility criteria.

We come from a tradition in which only ‘Westphalian states’ were internationally recognised, and we are moving into a new scenario on the Internet. Sovereign states will not disappear – 23 were created between 1990 and 2010 – but the Internet allows people to interact, cross frontiers and self-organise, regardless of their location, with other people having similar interests.

In summary, existing TLDs and new gTLDs have to find their own positions in the DNS market instead of being simply default TLDs to use if all the names you seek are already registered in other better known TLDs. Each TLD registry needs to define its strategy, metrics and value proposition.

Another key point is to invest time defining a good, solid and proficient governance model whatever the legal form the new Registry will be. It will provide stability and faster response time to adapt to market needs. Governance problems may or may not sink the TLD depending on the severity of the issues, but it will certainly reduce efficiency and impact the whole project.

As a conclusion we note that the gTLD space is becoming much more complex and difficult for the ordinary netizen to understand, despite the fact that it only includes the TLDs that have a contract with ICANN (unlike the 255 current ccTLDs). The new gTLDs’ needs, particular features, market focus and business strategy, will be totally different depending upon whether they regard themselves as being a community, city, geo or some other kind of TLD. This is why the ICANN community itself has been categorising them in different classes (city, cultural, geo, etc).

And finally, the question of success. There are many ways to define TLD success, but you need to choose one aligned to your strategy and market focus. It can be return on investment, the number of domains in the zone file, the income or profit, market share, return to the community, whatever, but decide on your metric. And clearly define it as soon as possible,

even if it is difficult to measure. For **.cat** the success metric was to steadily grow in number of domain names registered whilst providing quality and value to the community – despite the fact that “value” is very difficult to measure. You can derive some concepts like density of web information per TLD or the visibility ‘on the streets’ compared to other domains in your market, that will help you to set the right course. At the end of the day, success consists of achieving and overtaking the goals previously set, so each TLD will need to define their own measures. TLDs used to compete just on quantity and market share, but **.cat**, a late entrant in the domain name industry, decided to compete on the quality provided to the community.

In a few months we will welcome hundreds of new gTLDs. Applicants are not too far from the point of no return and crossing their own Rubicon. There is still some time to fine tune the market strategy, so welcome, get ready and good luck.

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Endnotes

1. Sunrise: the interval of time set by TLD Registries, usually between 2 and 6 months, that starts when the TLD registry can accept and register the first domain name. Registration of domain names is not open to everyone and special rules to prioritise key stakeholders and protect brands are in effect.
2. Landrush: the period starting just after the Sunrise in which the registry restrictions and priorities set for the Sunrise cease to apply and anyone can apply to register a domain name. It is a period characterised by a high demand as registrants not being able to register during Sunrise move to secure their names, and there is a secondary market rush to capture the most valuable names.

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