

The Domain Name Business

A Quick Reference Guide

April 2005

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Presented by



Market Data Provided by Our Sponsor



About

About this Report

This report is a culmination of market data from various sources including publicly available data, Zetetic market data, DomainNameDiscussion data and data collected from an exclusive DomainNameDiscussion survey. With data collected primarily in 2004, it provides a thorough snapshot of the domain name industry like never seen before. The data is intended to provide direction guidance and quick reference to market statistics and trends.

About the Author

Getting on the Internet in 1996, Keith Pieper has experience with various size of companies and industries. From finance, insurance and investing, to advertising, travel, direct marketing, telecommunications and technology infrastructure industries, Keith has worked or consulted with companies like DoubleClick, Raindance Communications, Sun Microsystems, Excite@Home, HealthInsurance.com, bConnected and FinanCenter. Keith was also a founding Contributing Writer to ClickZ, has written for Iconocast and Digitrends and currently moderates the Domain Name Discussion list.

About Domain Name Discussion

DomainNameDiscussion started in 2001 as I-Domain from the Adventive company, creators of the popular I-Sales discussion list. In 2003, Adventive sold I-Domain to what is now MarketingVOX. In 2004, MarketingVOX sold I-Domain to its moderator, Keith Pieper. Members find DomainNameDiscussion to be a great information source - the latest news, insider information, tidbits and snippets on a global scale. Discussions focus on legal, technical and marketing issues related to domain names.

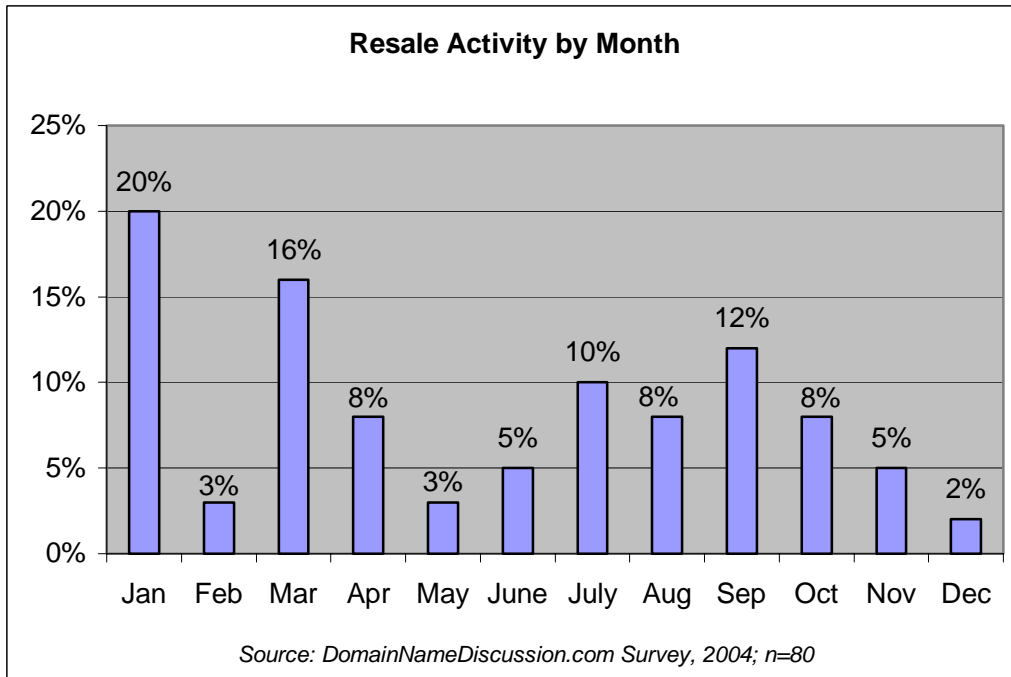
About Zetetic

Zetetic was founded out of the need for a reliable, realistic, market-based approach to understanding domain name values. Alternatives available relied on outdated research, weak models, small sample sizes and an all-around unstructured approach to domain valuation and appraisals. After months of rigorous research and analysis, Zetetic was launched in June of 2004 with the most complete, accurate, reliable, and fresh approach to understanding domain values and the market, all bundled into some unique products designed for domain name investors.

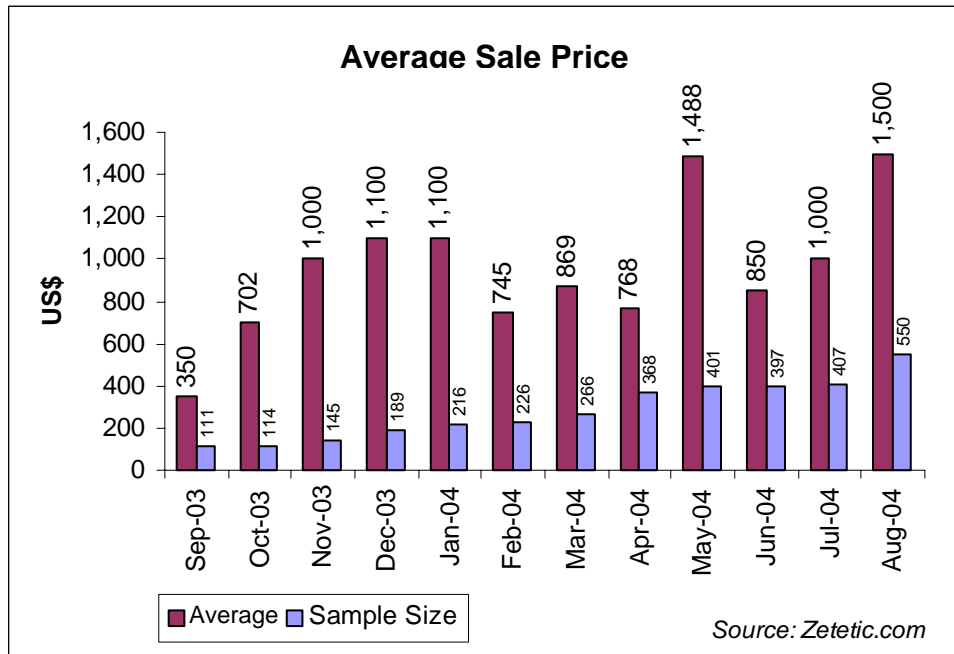
Top Issues

Importance of Issues			
	2004	2003	Change
Most Important			
Transferring domain names	80%	50%	30
WHOIS information	87%	57%	30
DNS services/domain hosting	67%	47%	20
Brand vs generic domain names	60%	50%	10
Domain name creation/selection	60%	53%	7
Keyword based domain names	53%	50%	3
Creating revenue from domain traffic	60%	60%	0
Scams/fraudulent companies	80%	80%	0
Search engine rankings/driving traffic	60%	77%	-17
Somewhat Important			
Cybersquatting	53%	57%	-4
Selecting a registrar	33%	40%	-7
New domain name gTLD extensions	33%	43%	-10
Verisign/Network Solutions	33%	43%	-10
ICANN	33%	47%	-14
Vanity extensions (tv, fm, etc)	33%	53%	-20
Buying names in the secondary market	20%	43%	-23
Domain name investment/speculation	27%	50%	-23
Protecting trademarks	27%	50%	-23
Portfolio management	33%	57%	-24
Native language domain names	27%	53%	-26
Expired domain names	27%	57%	-30
Other legal aspects	13%	50%	-37
Country specific ccTLD domain names	27%	67%	-40
Least Important			
Unregulated extensions (new.net, etc)	60%	57%	3
Finding/selecting a broker	47%	47%	0
Appraisal methodologies & criteria	33%	37%	-4
Adult domain names	60%	73%	-13
<i>Source: DomainNameDiscussion.com Member Survey; 2003 sample size 74; 2004 sample size 80</i>			

Market Activity

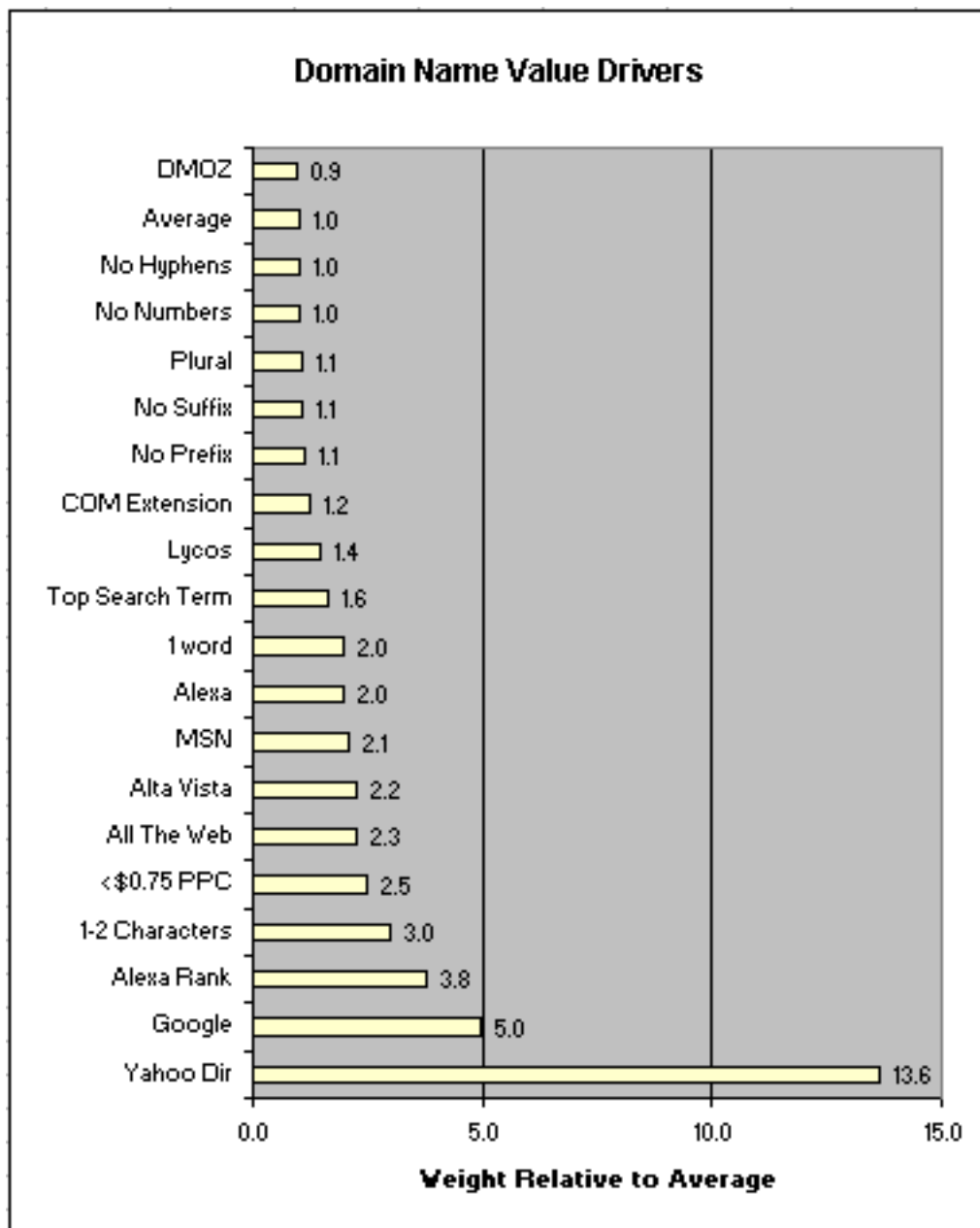


Percent of respondents who indicated they bought or sold a domain name in that month



12 Month Domain Resale Market Analysis	
Sales Analyzed	3,390
Price Range	US\$40 to \$5.5 million
Average Price	US\$6,638
Median Price	US\$1,000
Average Word Length	1.87
Average Character Length	9.58
<i>Source: Zetetic.com, September 2003 – August 2004</i>	

Values

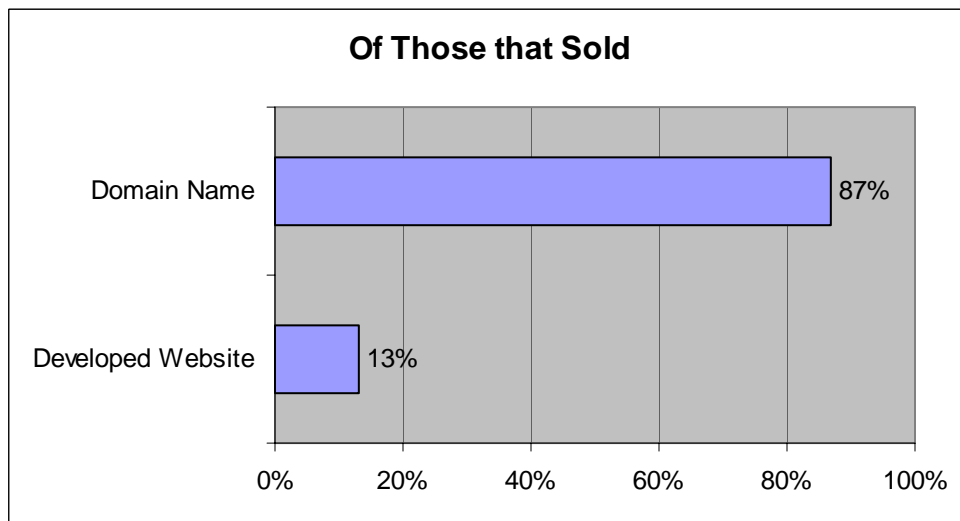
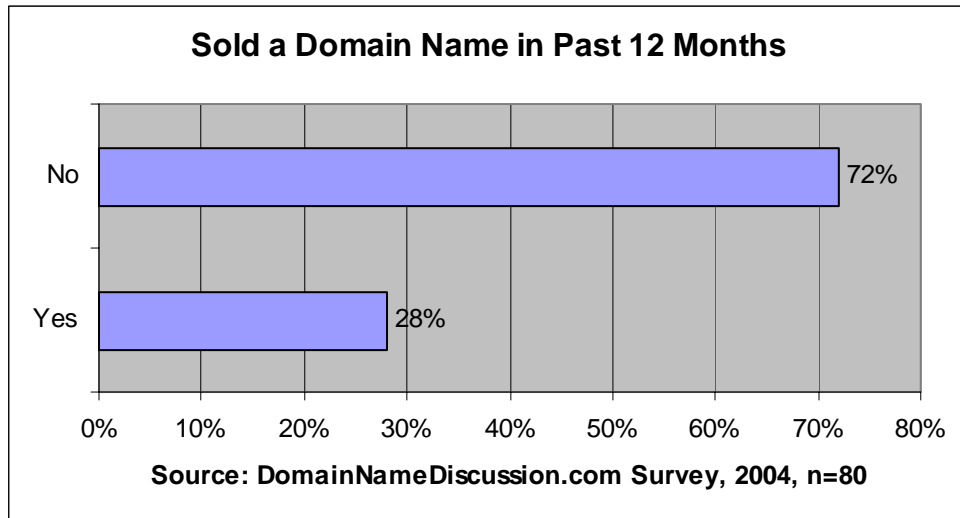


Source: based on Zetetic.com's analysis of 3,390 domain name resale transactions across 26 exchanges, marketplaces, brokerages & private transactions from September 2003 through August 2004

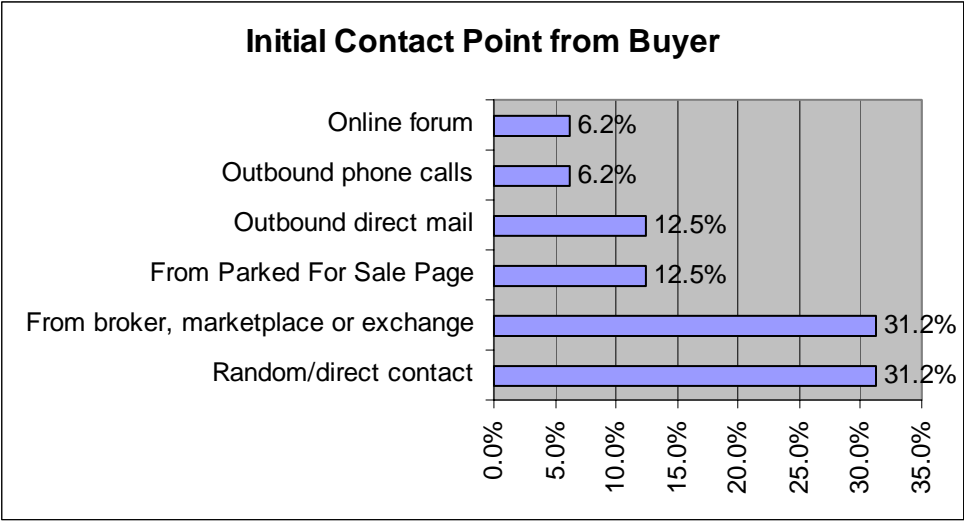
Please note that domain name values fluctuate with market conditions. This chart merely indicates an average weight of value by characteristic for the collection period.

Characteristics and Average Values of Domain Names		
1 word	US\$13,146	
2 word	\$4,259	
3 or more words	\$1,854	
No Hyphen	\$6,814	
Hyphen	\$1,207	
Plural	\$6,972	
No Plural	\$6,554	
No Numbers	\$6,874	
Presence of Numbers	\$1,783	
1-2 Characters	\$19,660	
3 characters	\$8,199	
4 or more	\$6,313	
Com extension	\$8,116	
De	\$8,056	
Co.uk	\$6,074	
Org	\$2,592	
Net	\$1,897	
Info	\$1,849	
Biz	\$1,219	
Us	\$753	
Tv	\$538	
Ca	\$325	
Includes top Search Term	\$10,721	
No top search term	\$6,387	
No Prefix	\$7,441	
Prefix (word or character)	\$3,367	
No Suffix	\$7,298	
Suffix (word or character)	\$4,340	
PPC value less than US\$0.10	\$1,828	
.10 to .25	\$4,092	
.25 to .50	\$5,507	
.50 to .75	\$15,588	
.75 or more	\$16,370	
	Any Links	No Links
Yahoo	US\$90,505	\$3,532
Google	\$32,977	\$2,503
Alexa Rank	\$24,977	\$2,493
All The Web	\$15,029	\$1,737
Alta Vista	\$14,933	\$1,762
MSN	\$13,879	\$1,751
Alexa	\$13,282	\$2,158
Lycos	\$9,612	\$5,698
DMOZ	\$6,212	\$4,605
<i>Source: based on Zetetic.com's analysis of 3,390 domain name resale transactions across 26 exchanges, marketplaces, brokerages & private transactions from September 2003 through August 2004</i>		

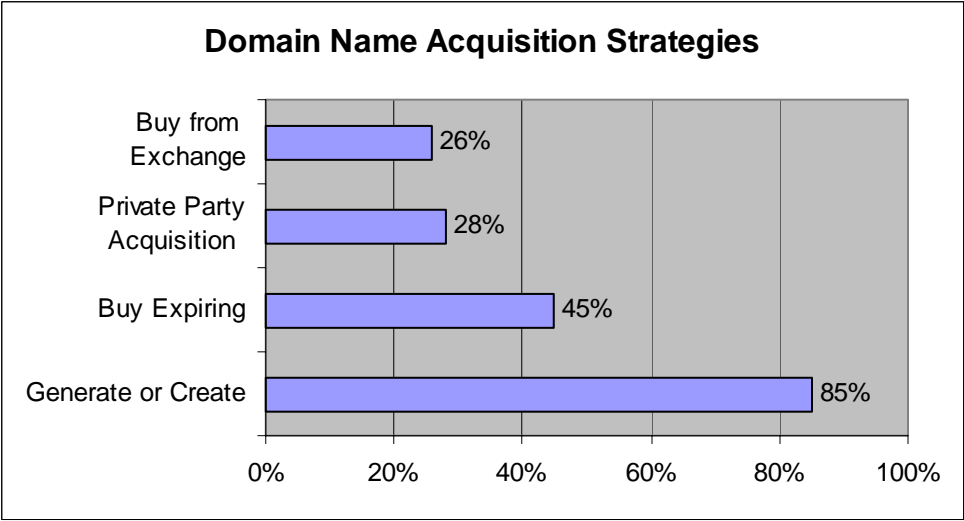
Buying/Selling



Source: DomainNameDiscussion Survey, 2004, n=80

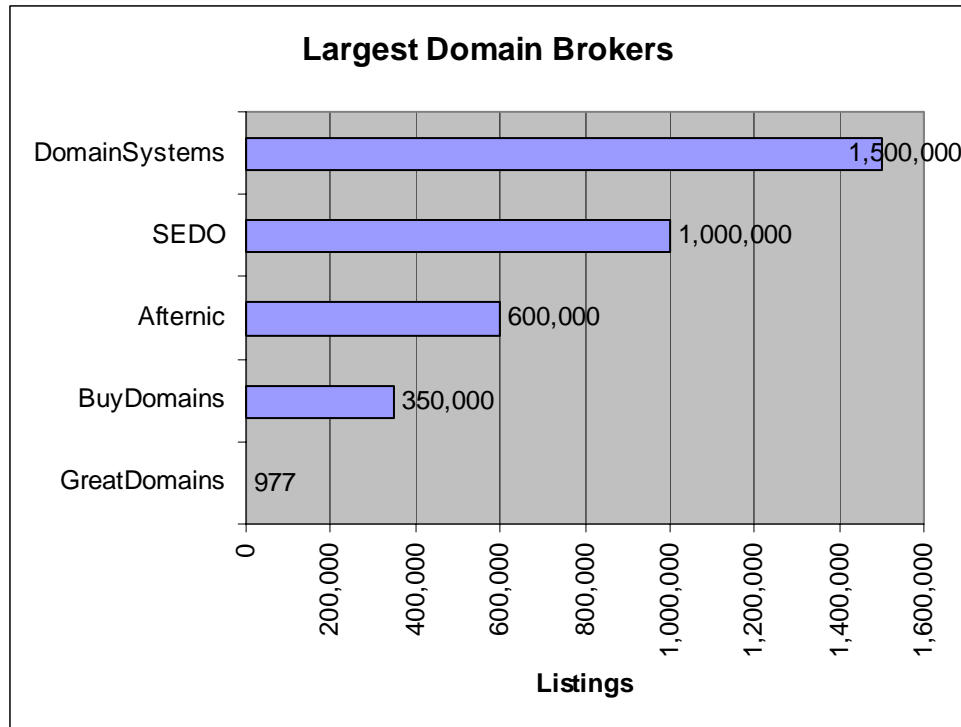


Source: DomainNameDiscussion Survey, 2004, n=80



Source: DomainNameDiscussion Survey, 2004, n=80

Brokering



Source: Companies and public sources, July 2004

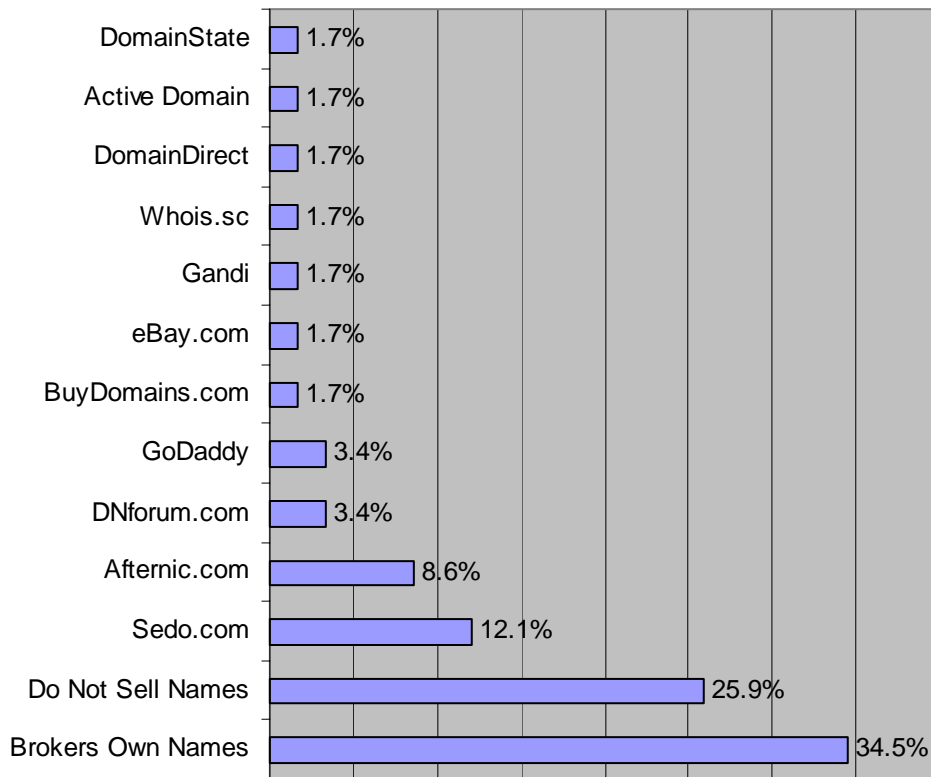
Resale Value by Channel

As a multiplier of the median resale price of US\$1,000

Private Sale	100
GreatDomains	52
DomainSystems	28
Pool	5
Others	5
SEDO	4
Enom	3
SnapNames	3
Afternic	1

Source: based on Zetetic.com's analysis of 3,390 domain name resale transactions across 26 exchanges, marketplaces, brokerages & private transactions from September 2003 through August 2004

Domain Brokering Options Used



Source: DomainNameDiscussion Survey, 2004, n=80

Dropped/Expiring Domains

Average Value of Expired Domain Name

As a multiplier of the median resale price of US\$1,000

Expired	4
Non-Expired (broker, private transaction, marketplace)	7

Source: based on Zetetic.com's analysis of 3,390 domain name resale transactions across 26 exchanges, marketplaces, brokerages & private transactions from September 2003 through August 2004

Expired Drop Services Market Share

Pool.com	23.10%
Directnic	15.40%
Whois.sc	15.40%
eNom.com	11.50%
Exody.com	7.70%
DeletedDomains	3.80%
Domain-Retriever.com	3.80%
DomainsBot	3.80%
Namewinner.com	3.80%
Tucows	3.80%
SnapNames	3.80%
Dropcatcher.co.uk	3.80%

Source: DomainNameDiscussion.com Member Survey; 2004 sample size 80

Bid Based Exchanges

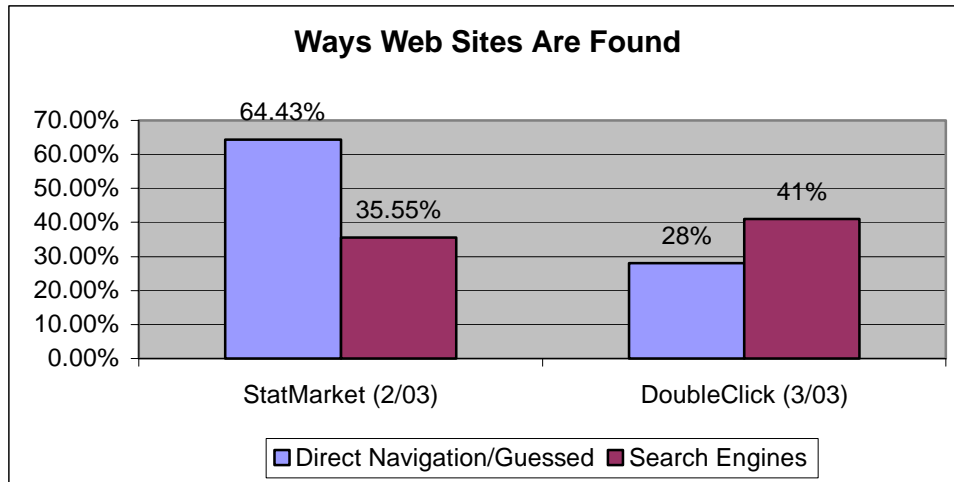
Value of Bids

As a multiplier of the median resale price of US\$1,000

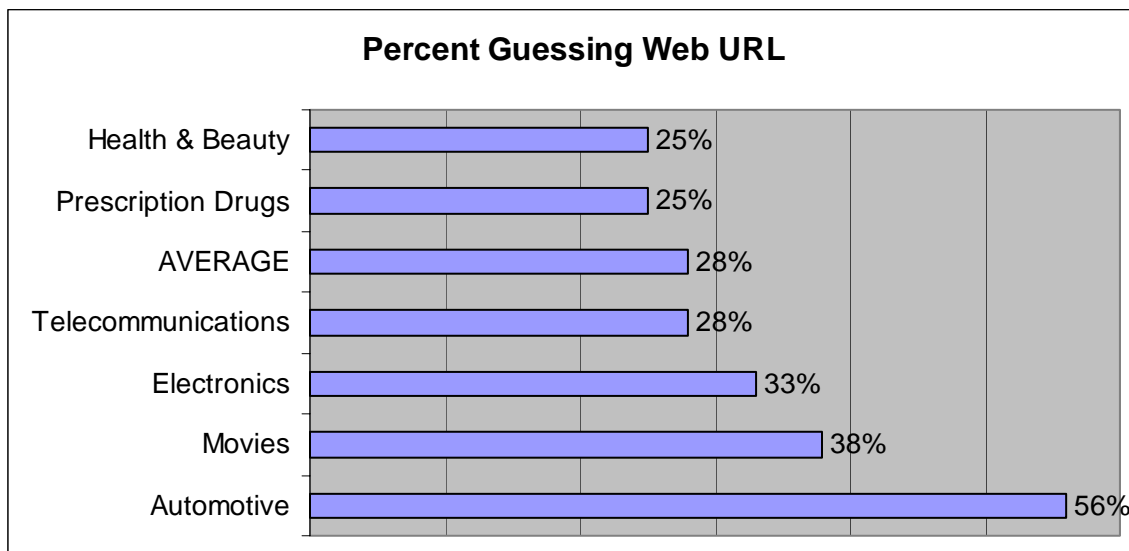
1 bid	0.85
2	1.1
3	1.0
4	2.2
>5	3.1

Source: based on Zetetic.com's analysis of 3,390 domain name resale transactions across 26 exchanges, marketplaces, brokerages & private transactions from September 2003 through August 2004

Traffic Drivers

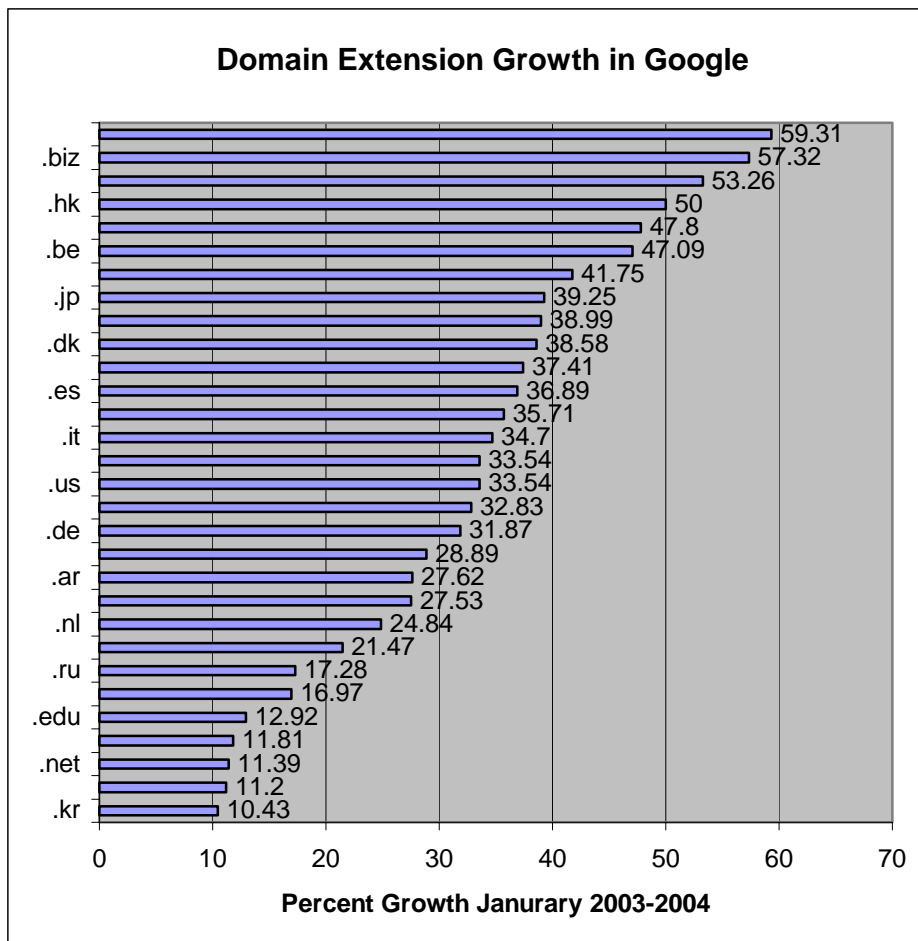


Sources: DoubleClick March 2003, WebSideStory February 2003



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Extension Popularity



Source: DomainState posting "Growth of TLD's Indexe", 3/2003

Top 10 Domain Extensions by Share

Share	Domain	Registered	Designation
46.3%	.COM	21,336,063	Commercial
11.9%	.DE	5,459,604	Germany / Deutschland
7.9%	.NET	3,631,270	Network
6.7%	.CO.UK	3,080,659	UK Commercial
5.1%	.ORG	2,333,855	Organization
1.8%	.INFO	828,223	Information
1.5%	.IT	681,779	Italy
1.4%	.BIZ	666,399	Business
1.3%	.NL	617,045	The Netherlands
1.3%	.CC	581,147	Cocos (Keeling) Islands
100%		46,064,549	

Source: DomainsWorldwide.com, November 2004

Registrars

Most Popular Registrars

GoDaddy	28.10%
eNom	14.00%
Network Solutions	8.80%
DirectNIC	3.50%
Dotster	3.50%
Register.com	3.50%
Tucows	3.50%
Others	35.10%

*DomainNameDiscussion Survey,
2004, n=80*

Retail COM Annual Domain Prices

1&1 Internet AG	\$5.99
EV1Servers	\$6.49
Hostway	\$6.95
Web.com	\$6.95
AIT Domains	\$6.95
DomainSite	\$6.99
Go Daddy Inc	\$8.95
Yahoo	\$9.95
RegisterFly	\$9.99
Dotster	\$14.95
FastHosts	\$16.37
Pipex	\$16.57
eNom	\$29.95
Network Solutions	\$34.99
Register.com	\$35.00

NetNames, 2004

Top Sales

Record Domain Sales		
Amount	Year	Domain
\$7,500,000	1999	business.com
\$5,500,000	2003	casino.com
\$5,000,000	2002	asseenontv.com
\$5,000,000	1999	korea.com
\$3,500,000	1996	worldwideweb.com
\$3,350,000	1999	altavista.com
\$3,300,000	1999	wine.com
\$3,000,000	1999	eshow.com
\$3,000,000	1999	loans.com
\$2,750,000	2004	creditcards.com
\$2,500,000	2000	dotnology.com
\$2,500,000	2000	tom.com
\$2,200,000	1999	autos.com
\$2,200,000	1999	coupons.com
\$2,000,000	2000	britain.com
\$2,000,000	2000	celebrities.com
\$2,000,000	1999	express.com
\$1,900,000	2000	savings.com
\$1,500,000	2000	deposit.com
\$1,500,000	2000	fly.com
\$1,500,000	1999	marketingtoday.com
\$1,320,000	2003	men.com
\$1,200,000	2000	feedback.com
\$1,100,000	2004	mercury.com
\$1,030,000	1999	wallstreet.com
<i>Source: Zetetic.com</i>		