



Why Distinguish Between Defensive and Offensive Domain Names?

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Offensive domain-name registrations require strategic corporate decisions. Second, they require different strategic and tactical remedies when third parties register desired names. Thus, different organizational approaches are necessary to manage domain name risks and rewards. The essay identifies the strategic differences and remedies for the two types of domain names, and outlines the implications for internal work-flow organizational structures.

Offensive domain names are supposed to create value; defensive names are supposed to reduce value destruction and profit transfers away from legitimate brand owners. With different roles and different value propositions, the two categories call for different analytics.

Offensive domain names create shareholder value by:

1. Acting as barriers to entry and thus, creating competitive edge through the use of [superlatives](#) and [generics](#).
2. Reducing irritation of visitors (as when a brand-owned typo domain steers users to the right site even if they typed the brand name wrong).
3. [Signaling](#) brand, location, and type of business with top-level domains (TLDs), including ccTLDs and the [new proposed ICANN TLDs](#).
4. Allowing for product [positioning and differentiation](#).

Thus, decisions about these functions are strategic rather than tactical.

For defensive domain names that have already been registered, an alternative to acquiring them is forming [strategic cooperative brand networks](#). This approach has

defensive and offensive elements. Value destruction by sites that illegitimately use brand names in their domains is halted, while value is created through improved user experience with typo domains. To discourage consumers from shopping at cybersquatting sites, brand owners can create their own explicit fake sites to warn buyers about potential legal action due to purchases of counterfeit merchandise. (See “[Reducing Cybersquatting, Phishing](#)”) The logic of creating fake sites is that “If you cannot beat them, join them.” This strategy also increases entry barriers.

For strategic offensive domain names, acquire those whose profits exceed acquisition cost.

The implications for internal corporate domain-name management structures are different. With defensive domain names, there is no need for the marketing department’s input. They require only the management (not the strategic decision) of brand networks and the setting up of fake sites. Offensive domain names, on the other hand, give rise to strategic considerations. That is especially the case with regard to mergers and acquisitions, but it also applies to decisions like whether to adopt a brand network and whether to set up fake sites. Thus, management involvement should be no lower than the strategic marketing department level. Such involvement underscores the importance of more systematic and vigorous risk and reward management.

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