



## A Case for Dot-Outlet TLD

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The essay outlines the correct use of an outlet strategy, points out the value of such a strategy, and the advantages of executing the strategy through a [new ICANN top-level domain \(TLD\)](#) instead of a second-level domain name.

Some companies need to signal a brand name with low prices and quality/utility, whether the strategy is for a primary or secondary corporate brand. A successful strategy has to explicitly include lower price and quality. Otherwise, with only a lower price, a brand owner would cannibalize the main brand and cause damage to brand equity.

Dot-outlet and dot-bargain are two TLD candidates for achieving the signal. For example, established brand owners can use dot-outlet instead of dot-bargain because high-price items of high quality can be bargains. Others may use dot-bargain to signal low prices and possibly low quality.

Such TLD signaling is valuable only when there is a robust demand for the implied messages. In addition to signaling outlet features noted above, the TLD can be used by established firms in good times to capture adjacent markets and to deter competitors from adopting a low-end entry strategy. Moreover, when economic conditions are tight, the price-quality signaling strategy can be a desirable complement to the main brand when lower quality is properly communicated. Nonetheless, dot-outlet can be used as a low-end market entry strategy in its own right.

There is also an indirect benefit to an outlet message, namely that it can reduce certain customer motivations to purchase counterfeits. People who want a low price but who don't want to buy counterfeits may find what they're looking for at an outlet. But brand owners need to do their part by educating customers that fakes are of inferior quality.

The benefits of signaling through a TLD instead of a second-level domain name (say, "BrandOutlet.com" vs. "Brand.Outlet") are:

1. A potential customer who is not familiar with the brand may not realize there is a strong brand name associated with the outlet. Thus, the domain name signal might be interpreted as an inferior brand name.
2. New TLDs may lead to the reemergence of Web site indexes, similar to earlier versions of Yahoo but with automated indexing based on the TLD. Under such a scenario, BrandOutlet.com may not be indexed or receive a high result rank.
3. Dot-Outlet is a sharper, shorter, and concise signal, which need not be the case with some of the new TLDs (see [Benefits of New TLDs as Shorter Domain Names Are Dubious](#)).
4. In crafting their domain names, cybersquatters may use not only the brand but also potentially confusing descriptors, such as “low prices” and “genuine.” Thus, under a dot-outlet regime, customers will be suspicious of such domain names and there will be less demand for them, which will also reduce counterfeits. Nevertheless, there is no guarantee that suspicious descriptors would not be introduced as new TLDs. The difference is that there are forces working against such new TLDs:
  - a. High fixed application fees and operating costs act as an entry barrier.
  - b. The importance of educating the public about various aspects of online crime will increase. Such education should include warnings about certain types of new TLDs.
  - c. Search engines may exclude TLDs that are primarily intended to confuse customers.
5. Demand for brand enhancement through “Generics.outlet” will increase competition for the TLD. These domain names will provide complementary information to an existing branded domain name. But they are also valuable as independent sites. ■

**Topic tags:** [new top-level domain \(TLD\) extensions](#)