A New Quality gTLD Can Compete with .Com

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If you choose a new generic top-level domain (gTLD), will it be able to compete with .com? A recent academic paper indicates that the answer is yes if your new gTLD is of outstanding quality.

"How Quality Drives the Rise and Fall of High-Tech Products" by professors Tellus, Yin, and Niraj in the *Sloan Management Review* provides evidence that new products can beat out established rivals, even those with a first-mover advantage, if the new products are especially good. That's contrary to traditional economic analysis, which holds that early entrants will dominate a market where value increases with the number of participants (i.e., markets where network effects are present. I have elsewhere used economic arguments to point out that multiple viable domain name marketplaces can co-exist.).

By way of answer, the professors point out that Word beat WordPerfect and that the iPod beat Sony's MP3 player. Their explanation: Consumers hesitating between an established product and a newcomer will look for relevant information, most notably product reviews and/or signs that other consumers are buying the newcomer. Exceptional quality is a tested way of generating such information.

The implication for new gTLD registries is to focus on creating high-quality gTLDs from the outset. The finding can also explain the dominance of .com as a brand whose volume of registrations surpassed those of co-existing gTLDs such as .net and .org.

The new analysis supports my view, explained here, on the importance of quality in competing with .com. As I argued, a would-be rival to .com should target businesses that are passionate about being content-quality leaders. And it should make sure that its high quality generates the information that can sway hesitating consumers. The new registry needs to generate positive word of mouth, i.e., actively market the gTLD instead of the traditional thinking of "If we build it, customers will come."

Not everyone should try to tackle .com. Most applicants should focus on niche strategies in gTLD markets where they have the necessary competencies. But a quality gTLD can indeed trump the established .com, especially with an effective word-of-mouth marketing campaign. ∎