



Benefits of New TLDs as Shorter Domain Names Are Dubious

[Alex Tajirian](#)

October 29, 2009

One of the arguments for creating [new ICANN top-level domains \(TLDs\)](#) holds that short domain names are hard to come by for recently established companies and will be for companies that are not yet founded. But a short domain name isn't the only sort that can help online branding. Companies can also benefit from minor visual improvements such as capitalizing the first letter in each word and using different colors for words. And creating more names with new TLDs comes with some costs and risks:

1. Rebranding under a new TLD costs money and can result in traffic loss—for example, when a new TLD operator shuts down or when search engines exclude intentionally confusing TLDs.
2. Search cost with current search technology is not reduced and may increase.
3. Some TLDs will provide fuzzy and potentially confusing messages.

Companies should have routines in place to manage the risks of TLD selection and unexpected events after registrations.

Consider the following domain names: ZakBistro.fr, ZakBistro.com, ZakRestaurant.com. “Zak.Bistro” and “Zak.Restaurant” are shorter, but are they better signals, more memorable, or easier to navigate? Consider their impact on navigation, differentiation signaling, and branding risk.

1. Navigation
 - a. Limitations with new TLDs:
 - i. Current search engine methodologies are not ideal for solving the TLD confusion problem. What will the key words be, “zak bistro France”? The establishment that the user wishes to reach may be a restaurant, and there are certainly many bistros in France. Similar problems arise with the other two domain names.

- ii. Typing the domain name in the browser can be even worse and will probably call for the additional step of using a search engine to determine the desired site.
 - iii. Following bookmarks and recommendations from a friend's social network, such as Facebook, results in a one-step navigation and thus makes the argument for shorter names inconsequential.
- b. The new TLDs don't solve any of the above problems. The guessing game becomes what is the TLD, ".Bistro," ".Restaurant," ".food," ".com," or ".fr"? One solution would be for new sites to reintroduce a classified indexing mechanism such as that of the initial Yahoo, whereby the TLDs make it easier to automate the indexing process. Nevertheless, to index existing TLDs, current key-word result classification technologies can be combined with automated TLD indexing.
2. Differentiation Signaling
- a. As in the examples above, some of the TLDs will provide fuzzy messages. Is it a bistro, a dinner, a bar and grill, or a restaurant?
 - b. Others, such as [dot-Outlet](#), if used properly, can send a clear price-differentiating brand message.

So we find that companies, in addition to using their current long domain names, can take advantage of a new efficiently signaling TLD, which will reduce cost of searching for a brand site.

3. Branding Cost and Risk
- a. Sources of Risk
 - i. The cost for companies when they rebrand under shorter TLDs. \
 - ii. Lost traffic when a TLD goes defunct.\
 - iii. Damage to brand name, especially when there is no close TLD substitute to switch to.

Thus, although short-term protection under all relevant TLDs might be sound, there are long-term risks that cannot be eliminated.

b. Mitigating Risk

Trademark attorneys, marketing cheerleaders (registrars, registries, and ICANN), and technical bodies responsible for the soundness of the new domain name system have all played their roles. Now it is time for different groups of managers to take over, namely risk managers. Thus, companies that adopt the new TLDs should immediately start managing the attendant risks. Nevertheless, risk managers need to coordinate working with the tech guys.

i. Preregistration

1. The sustainability of a new TLD depends on the future growth levels in registrations and/or the ability of registries to increase prices. If the registries are not able to continually acquire new customers/registrations, or if they have a mandatory ceiling on prices, they are in trouble. Thus, forecasts of demand for new TLDs can reduce the risk to a registrant. Instead of rebranding, companies should consider using new TLDs as complementary to their existing branding strategy.
2. The risk of some TLDs going under needs to be addressed by ICANN. For example, owners of such TLDs should have the option of forwarding the traffic from a defunct TLD to another domain name. This will solve the traffic loss issue but not brand dilution.

ii. After registrations, registrants should

1. Identify and monitor lead-time trouble signals.
2. Minimize the impact of “black swans,” i.e., low-probability events with high impact (a term coined by Nassim Taleb in his book by the same name). Risk management for such events boils down to recognizing and being prepared when trouble strikes. ■

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