



Value-Loss Sources Mitigated by Defensive Registrations

Alex Tajirian

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Branded domain registrations can be offensive or defensive. This essay outlines those sources of loss that are mitigated by defensive registrations. The sources are counterfeit sales, phishing, sales siphoning, and lost traffic.

1. Brand owners lose from counterfeit sales done through Web sites whose domain names include the name of the brand. The loss is caused both by siphoned sales and by damage done to the brand's reputation when inferior products are sold under its name. Of course, the additional damage from branded domain names is minor if the online searcher was looking for counterfeits and never wanted to buy the original. The real harm is done if the searcher intended to purchase the genuine article, but unknowingly lands on genuine looking branded site offering counterfeit merchandise. If the customer was just looking for information, not planning to make a purchase, the damage may be minimal both to traffic and brand. For a legitimate buyer, if something looks too good to be true, then it is too good to be true, and thus there are fewer sales. (It would be interesting to get some data on the proportion of online counterfeit.)
2. Phishing causes damage to the brand. However, a recent [study](#) finds that most of the domain names used for phishing are legitimate; thus, loss from illegal branded registrations is limited.
3. Siphoning revenue through unauthorized sales of genuine branded products depends on the visitor's purchasing readiness. If the visitor were primarily gathering information, there would be limited sales siphoning. However, there can be considerable sales losses when a buyer who is in a purchasing mode enters a typo domain name in the browser and lands on a seemingly genuine site.
4. Lost traffic from brand owners' inability to use the domain name as a traffic doorway. ■