

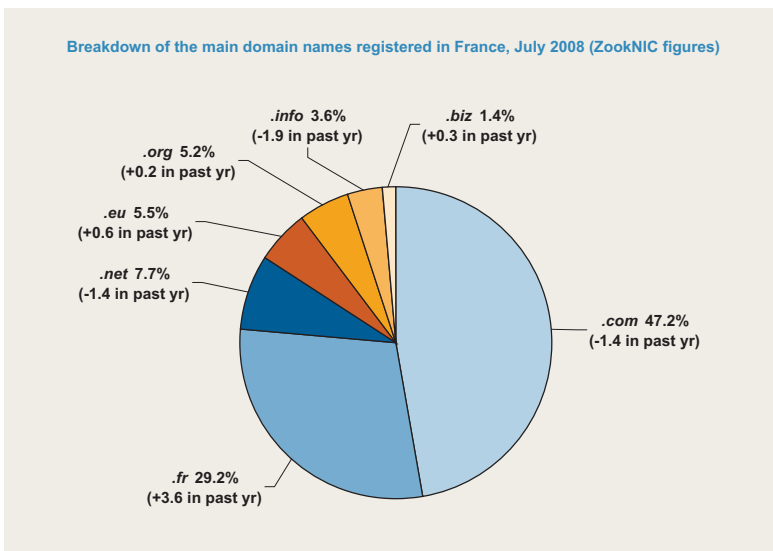


French Domain Name Industry Report



2008 Edition

France's favourite domain: .fr

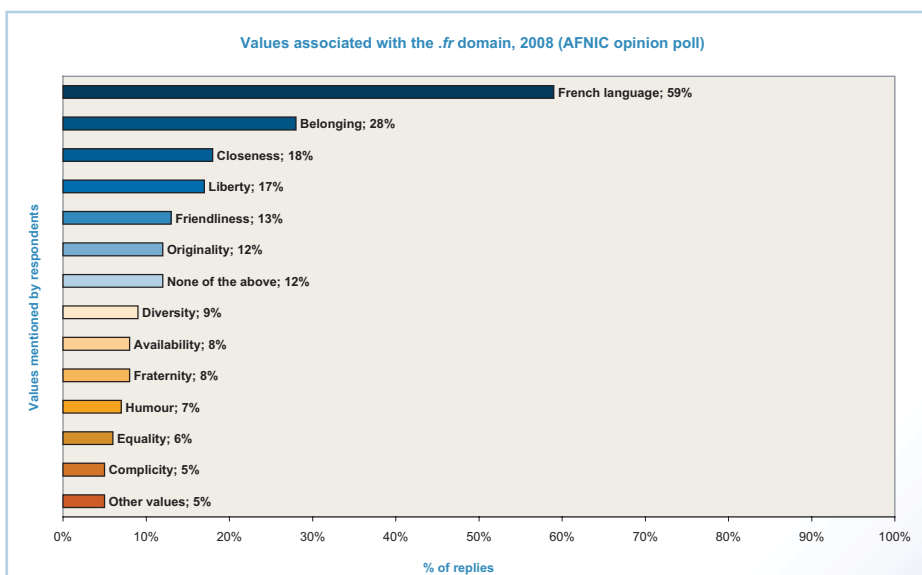


With more than 1,150,000 registered domain names in July 2008 and a net growth of 36% in 2007-2008 vs. 20% for the entire domain name market in France, *.fr* appears to have carved its position as France's favourite domain.

With a rate of growth from 25,000 to 300,000 new names every year, representing over 50% of the net growth in the entire market, the *.fr* domain is reaping the rewards of the efforts made in terms of automatic registration, simplicity and lower costs, ever since it was opened to the public in June 2006.

In terms of how domain names are perceived, opinion polls conducted on behalf of AFNIC

have revealed a number of striking facts. The *.fr* domain continues to conjure up specific images for French citizens, who mainly associate it with the French-speaking world and are now aware that *.fr* domain names can be registered by the public. The price remains the most important criterion when choosing a provider. However, the use of domain names and how they can benefit users are not always clearly identified by most respondents.



Name holders: a growing number of young individuals

There is a major disparity between regions when it comes to the geographic location of *.fr* domain name holders. Logically, the most densely populated regions are top of the list: for example, Paris holds 20% of all domain names registered in France by the public or companies, with the Greater Paris region accounting for 40%. Conversely, rural areas feature the lowest ratio of domain names registered by individuals and companies, but they appear to be playing catch-up. In France, there are 4.4 registered names per 1,000 inhabitants and 220 names per 1,000 companies. Finally, less than 2% of corporate holders are located outside France (holders of brands with nationwide coverage).

The age pyramid for individuals owning *.fr* domain names presents an average age of 35, which is clearly lower than the average age of the general population and can be explained by the fact that fewer senior citizens use the Internet.

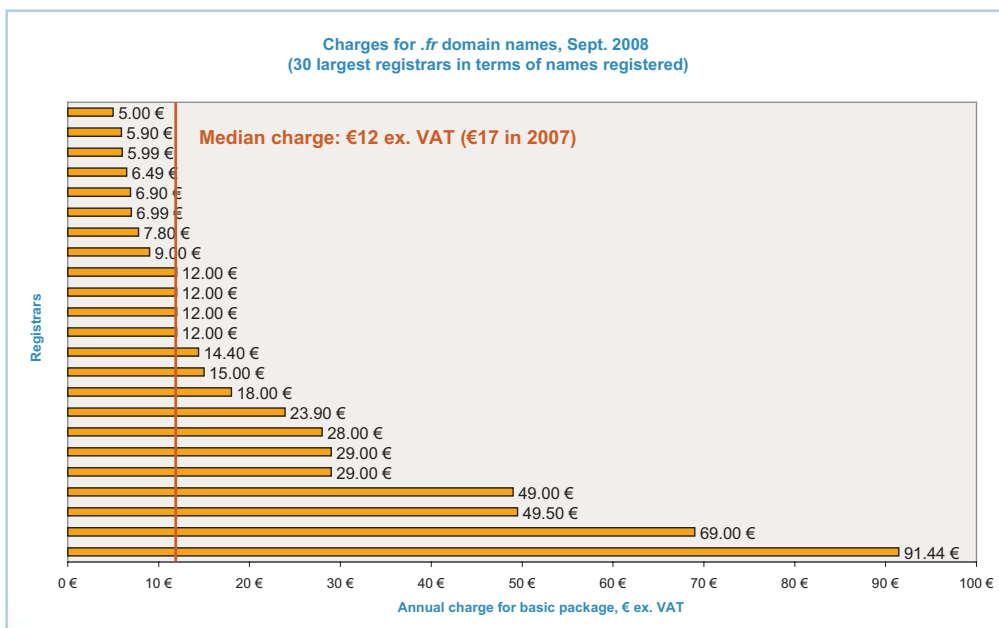
Continued concentration of the registrar market

As of mid-2008, there were close to 950 *.fr* registrars under contract with AFNIC. Following high growth up until 2001, which tapered off after the automatic right to a domain name was repealed in 2004, the market is currently saturated. The geographic breakdown of registrars again highlights the strong predominance of France's most densely populated regions. Furthermore, 14% are located overseas, mainly in Europe.

A study on the top 30 registrars of *.fr* domain names helped reveal the services most frequently offered during the sale (name only or part of a web hosting plan), as well as the range of prices practised. The range (from €5 to €90 ex. VAT) corresponds to the differences observed in terms of market (individuals, small/medium businesses and major corporations) and value-added services. The average price is €22.50 ex. VAT/year, which represents a fall of 13% over one year, since registrars now tend to align their *.fr* prices with gTLD prices.

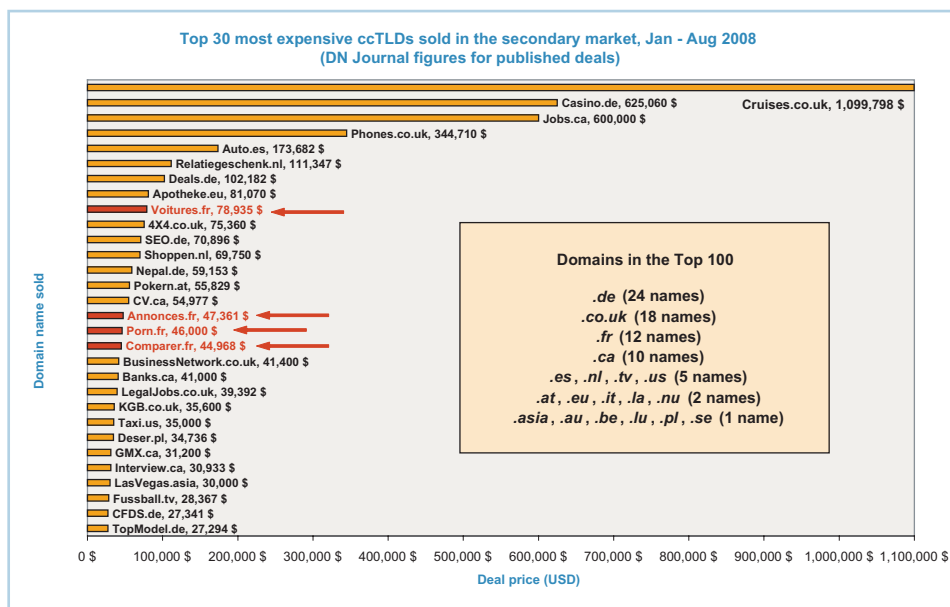
The *.fr* registrar market does not appear to be overly concentrated in the business sector, where the leading player only holds a 17% market share. The public sector is clearly more concentrated (27% for the leading registrar). However, there has been a move towards greater concentration in both market segments.

Most registrars' customers are mainly professionals. On the other hand, the customers of some of the largest registrars are exclusively private individuals. Finally, a high number of registrars manage very restricted portfolios (a few names only).



A secondary market increasingly dynamic

The secondary market is increasingly dynamic. This phenomenon is still in the teething stages in France, but is already beginning to raise awareness among players as to the intrinsic value of certain domain names, which can legitimately be considered as assets in their own right. The sector has experienced growth of 50% for all domains and even greater than 100% for the *.fr* domain. Record-breaking sales for 2008 amount to 10 million dollars for all domains and €100,000 for *.fr*, whose average price is now close to €3,000.

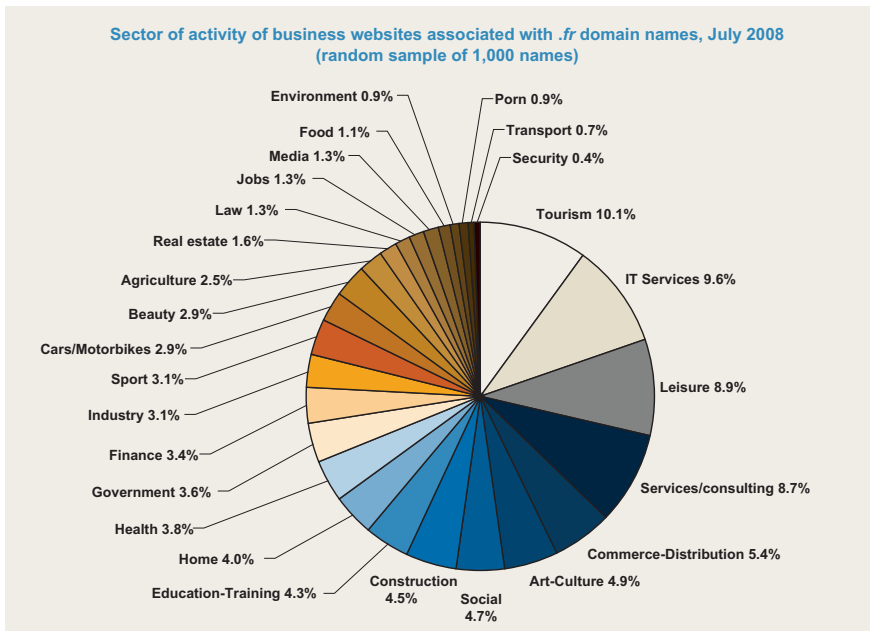


DNS servers and IPv6

An analysis of the AFNIC database reveals that the vast majority of *.fr* domain names only have two DNS servers in their configuration, which is often the default configuration defined by their registrar. Conversely, the DNS servers in the database contain a wide range of characteristics. For example, half of them only manage a single domain name, whereas some DNS servers belonging to the leading registrars contain thousands of names. In light of these findings, holders are recommended to diversify the DNS servers and networks on which their domain names depend from a technical point of view. Finally, the total number of DNS servers in the AFNIC database has risen by 20% in the space of one year.

A study on the publication of IPv6 addresses in the DNS for the *.fr* domain shows that support for the protocol is still very low (0.1 to 0.3% of domain names), with France slightly behind Japan on this particular criterion.

Web use still overwhelmingly professional



A study based on a random sample of 1,000 .fr domain names revealed how names on the web are used. Sites associated with French domain names are mainly professional in nature (one name out of two), while there are 10 times fewer personal sites, which is due to the fact that names were made available to the public much later. Some names also correspond to wait pages (17%) or pages with sponsored links (6%), and names available for sale have grown strongly over the space of one year. Professional websites cover a wide range of activities, especially tourism and leisure, services and consulting, commerce and distribution. Finally, 17% of .fr websites use an HTTP

redirect, and the forwarding address contains the French ccTLD in 40% of cases.

Major changes ahead

Given the current high levels of growth, the face of the global domain name market should radically change over the next few years with the creation of the new gTLDs planned by ICANN and the development of new technologies (the Internet of Things).

Although the French domain name market as a whole is still relatively less developed than in other countries, the overwhelming tendency appears to point in favour of strong dynamic growth over the next few years, which should be of direct benefit to the .fr domain due to its special perception by French web users, who associate it with the French-speaking world, membership of the French Internet community and a certain rapport with the site editor and its visitors. The .fr domain is here to stay. It is openly available and managed as part of the continual concern to protect the personal data of individual holders and third parties' rights, and it should logically continue to dominate the French market. This trend should accentuate even further due to the growing standardisation among the prices charged by registrars, the majority of which are now aligning prices for the main TLDs.

The .fr domain features a wealth of enviable assets to continue its development in a high growth market driven by users' increasingly apparent maturity. The tenders received in response to the public consultation on French Internet Top Level Domains organised by the French authorities have shown that AFNIC, registry for the .fr domain, is working in the right direction by going over and above the needs of its direct customers (registrars) and holders (end customers).

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