

THE DOMAIN NAME INDUSTRY BRIEF

VOLUME 12 – ISSUE 2 – JUNE 2015

THE VERISIGN DOMAIN REPORT

AS A GLOBAL LEADER IN DOMAIN NAMES AND INTERNET SECURITY, VERISIGN REVIEWS THE STATE OF THE DOMAIN NAME INDUSTRY THROUGH A VARIETY OF STATISTICAL AND ANALYTICAL RESEARCH. VERISIGN PROVIDES THIS BRIEFING TO HIGHLIGHT IMPORTANT TRENDS IN DOMAIN NAME REGISTRATIONS, INCLUDING KEY PERFORMANCE INDICATORS AND GROWTH OPPORTUNITIES, TO INDUSTRY ANALYSTS, MEDIA AND BUSINESSES.



VERISIGN®



EXECUTIVE SUMMARY

The first quarter of 2015 closed with a base of 294 million domain name registrations across all top-level domains (TLDs), an increase of six million domain names, or 1.9 percent over the fourth quarter of 2014. Registrations have grown by 17.8 million, or 6.5 percent, year over year.¹

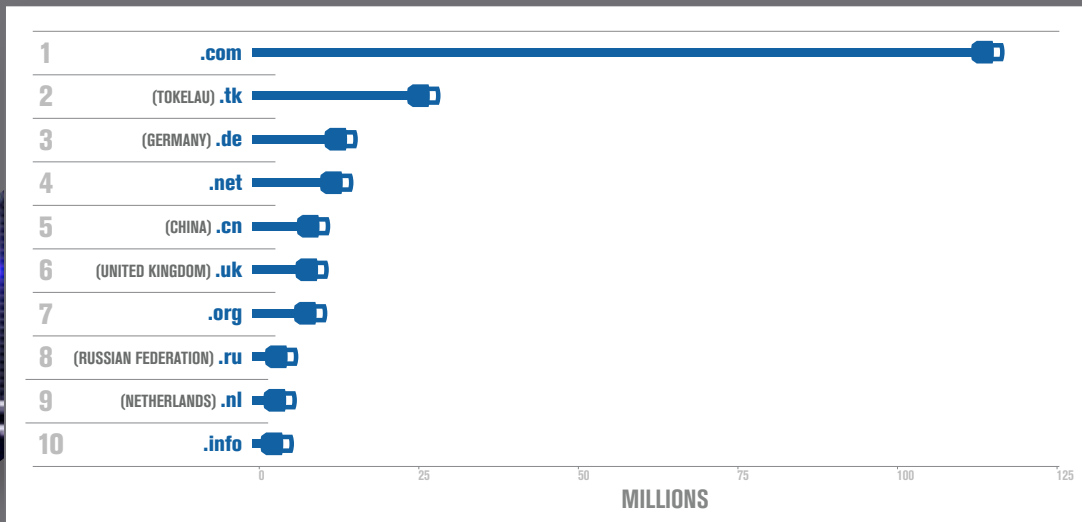
Total country-code TLD (ccTLD) registrations were 136.9 million domain names, a 2.2 percent increase quarter over quarter, and an 8.2 percent increase year over year.

The .COM and .NET TLDs experienced aggregate growth, reaching a combined total of approximately 133.0 million domain names in the domain name base in the first quarter of 2015. This represents a 3.1 percent increase year over year. As of March 31, 2015, the base of registered names in .COM equaled 117.8 million names, while .NET equaled 15.1 million names.²

New .COM and .NET registrations totaled 8.7 million during the first quarter of 2015. In the first quarter of 2014, new .COM and .NET registrations totaled 8.6 million.

LARGEST TLDs BY ZONE SIZE

Source: Zooknic, Q1 2015; Verisign, Q1 2015; Centralized Zone Data Service, Q1 2015



The largest TLDs in order by zone size were .COM, .tk, .de, .NET, .cn, .uk, .org, .ru, .nl and .info.³ The order of the top TLDs in terms of zone size did not change from the fourth quarter of 2014.

Of the 119 reported .COM names sold in the aftermarket in Q1 2015, as reported by DNJournal, the average sale price was

\$241,529
USD⁴



The number of .COM and .NET domains redirecting to popular social media and e-commerce sites at the end of Q1 2015:⁵

FACEBOOK
106,661

LINKEDIN
25,131

TUMBLR
31,127

ETSY
21,125



1 The generic top-level domain (gTLD) and ccTLD data cited in this report are estimates as of the time this report was developed, and is subject to change as more complete data is received. Total includes ccTLD Internationalized Domain Names.

2 The domain name base is the active zone plus the number of domain names that are registered but not configured for use in the respective Top-Level Domain zone file plus the number of domain names that are in a client or server hold status.

3 tk is a free ccTLD that provides free domain names to individuals and businesses. Revenue is generated by monetizing expired domain names. Domain names no longer in use by the registrant or expired are taken back by the registry and the residual traffic is sold to advertising networks. As such, there are no deleted .tk domain names.
<http://www.businesswire.com/news/home/20131216006048/en/Freenom-Closes-3M-Series-Funding#UxeUGNJDv9s>

4 DN Journal (accessed 5/13/2015) <http://www.dnjournal.com/ytd-sales-charts.htm>

5 Verisign Data

Largest ccTLDs by Zone Size

Source: Zooknic, Q1 2015

For further information on the Domain Name Industry Brief methodology, please refer to the last page of this report.

Total ccTLD registrations were approximately 136.9 million in the first quarter of 2015, with the addition of 2.9 million domain names, or a 2.2 percent increase compared to the fourth quarter of 2014. This is an increase of approximately 10.3 million domain names, or 8.2 percent, year over year. Without including .tk, ccTLD quarter-over-quarter growth was 2.0 percent and year-over-year growth was 4.4 percent.



The top 10 ccTLDs, as of March 31, 2015, were .tk (Tokelau), .de (Germany), .cn (China), .uk (United Kingdom), .ru (Russian Federation), .nl (Netherlands), .eu (European Union), .br (Brazil), .au (Australia) and .fr (France).

As of March 31, 2015, there were 286 global ccTLD extensions delegated in the root (including Internationalized Domain Names), with the top 10 ccTLDs composing 66.9 percent of all ccTLD registrations.

TOP 10 TRENDING KEYWORDS IN .COM AND .NET: Q1 2015

Here are the top 10 trending keywords in .COM and .NET domain name registrations for the first quarter of 2015.

Verisign publishes a monthly blog post highlighting domain registration keyword trends from the previous month. Each list is developed by examining keyword registration growth relative to the preceding month, such that those keywords with the highest percentage of registration growth are being reported on. This methodology was used for this list, but is representative of the preceding quarter.

This method is intended to highlight the new and changing keywords that we are seeing in domain name registrations. By evaluating the keywords with the largest percentage shift, we are able to identify the terms that have seen a significant shift in end user interest quarter over quarter.

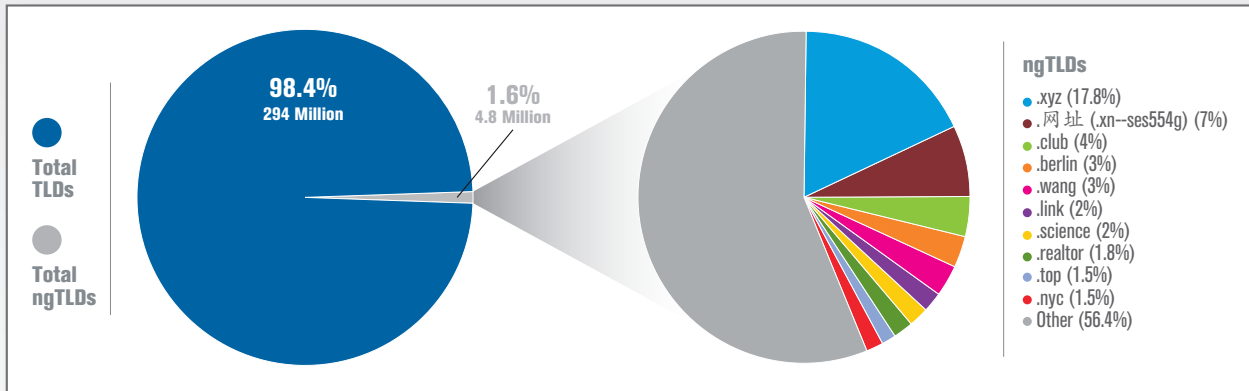
Rank	.COM	.NET
1	holo	find
2	roof	snow
3	wrap	search
4	hemp	hemp
5	guys	drone
6	podcast	stem
7	raps	level
8	lawn	option
9	landscape	apple
10	send	ticket



New gTLDs as Percentage of Total TLDs

Sources: Centralized Zone Data Service, Q1 2015; Zooknic, Q1 2015

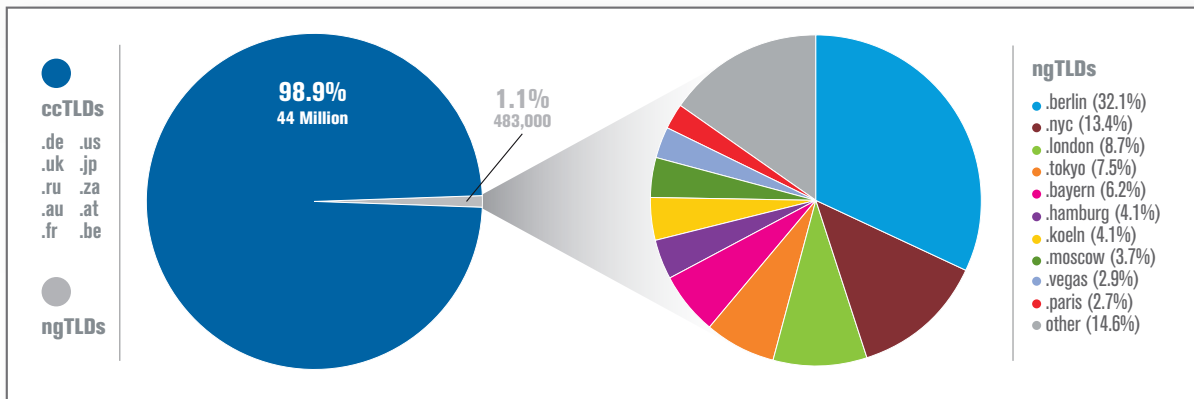
As of March 31, 2015, new gTLD (ngTLD) registrations totaled 4.8 million, which represents 1.6 percent of total domain name registrations. The top 10 ngTLDs represented 43 percent of all ngTLD domain name registrations. The following charts show ngTLD domain name registrations as a percentage of overall TLD domain name registrations, and also the top 10 ngTLDs as a percentage of all ngTLD domain name registrations.



Geographical New gTLDs as Percentage of Total Comparable Geographical gTLDs

Sources: Centralized Zone Data Service, Q1 2015; Zooknic, Q1 2015

Among the geographical ngTLDs that have been delegated, 25 have had more than 1,000 registrations since entering general availability (GA), as of the end of the first quarter of 2015. The charts below summarize geographical ngTLD registrations as of Q1 2015, as a percentage of total geographical gTLD registrations. Geographic gTLDs include ccTLDs with one or more related geographical ngTLD having more than 1,000 registrations at the end of Q1, and their related geographical ngTLDs. In addition, the second graph highlights the top 10 geographical ngTLDs as a percentage of all geographical ngTLD registrations.



DNS QUERY LOAD

During the first quarter of 2015, Verisign's average daily Domain Name System (DNS) query load was 119 billion across all TLDs operated by Verisign, with a peak of 165 billion. Quarter over quarter, the daily average increased 8.6 percent and the peak increased by 13.1 percent. Year over year, the daily average increased by 40.2 percent and the peak increased by 37.9 percent.

FEATURED ARTICLE

“MOBILEGEDDON”: GOOD FOR SMALL BUSINESS?

Google updated its algorithms in April to favor websites that look and perform better on mobile devices, making them appear higher on search results. This news has many non-mobile-friendly website owners fearing that their search rankings will plummet. While the change is understandably concerning, Google may actually be doing many small businesses a favor by finally forcing them to implement a mobile website.

Let's face it, most people use mobile devices today to search the Web. [Google announced in May](#) that in 10 countries, including the U.S. and Japan, more searches take place on smartphones than on computers. And according to We Are Social's new [“Digital, Social and Mobile in 2015 report,”](#) mobile's share of global Web traffic leapt 39 percent since January 2014, with one-third of all Web pages served to mobile phones. If this data isn't convincing enough, all any business owner needs to do is ask themselves how they usually search the Web for information. For most, a mobile device is likely in the equation. Those who already have mobile sites don't need convincing because they are likely already experiencing [the benefits](#).

Small businesses that either don't have a mobile-friendly site, or don't have a website at all, are essentially already invisible when it comes to being found by customers who are primarily using mobile devices to search for goods and services, especially locally. The good news is that it has never been easier to get online with a mobile-friendly website, or to transition an existing website to a mobile-friendly site.

Anyone can register domain names and set up a mobile-friendly website within minutes using tools available through registrars and other hosting services. Likewise, these providers can help turn a standard website into a mobile-friendly site. These tools range in cost depending on a user's need and budget.

As online commerce continues to grow, and as people continue to turn to the Internet when looking for information, the time is now for small businesses to make sure their websites have the best user experience - and that means implementing a mobile website. Google has just provided the incentive many small businesses need to make this a top priority.



LEARN MORE

To subscribe or access the archives for the Domain Name Industry Brief, please go to VerisignInc.com/DNIB. Email your comments or questions to domainbrief@verisign.com.

ABOUT VERISIGN

Verisign, a global leader in domain names and Internet security, enables Internet navigation for many of the world's most recognized domain names and provides protection for websites and enterprises around the world. Verisign ensures the security, stability and resiliency of key Internet infrastructure and services, including the .COM and .NET domains and two of the Internet's root servers, as well as performs the root-zone maintainer functions for the core of the Internet's Domain Name System (DNS). Verisign Security Services include intelligence-driven Distributed Denial of Service Protection, iDefense Security Intelligence and Managed DNS. To learn more about what it means to be Powered by Verisign, please visit VerisignInc.com.

METHODOLOGY

The data presented in this report for ccTLDs, including quarter-over-quarter and year-over-year metrics, reflects the information available to Verisign at the time of this report and may incorporate changes and adjustments to previously reported periods based on additional information received since the date of such prior reports, so as to more accurately reflect the growth rate of the ccTLDs. In addition, the data available for this report may not include data for the 286 ccTLD extensions that are delegated to the root, and includes only the data available at the time of the preparation of this report.

For gTLD and ccTLD data cited with Zooknic as a source, the Zooknic analysis uses a comparison of domain name root zone file changes supplemented with Whois data on a statistical sample of domain names, which lists the registrar responsible for a particular domain name, and the location of the registrant. The data has a margin of error based on the sample size and market size. The ccTLD data is based on analysis of root zone files. For more information, see ZookNIC.com. Information on or accessible through this website is not part of this report.

Statements in this announcement other than historical data and information constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 as amended and Section 21E of the Securities Exchange Act of 1934 as amended. These statements involve risks and uncertainties that could cause our actual results to differ materially from those stated or implied by such forward-looking statements. The potential risks and uncertainties include, among others, the uncertainty of the impact of the U.S. government's transition of key Internet domain name functions "the Internet Assigned Numbers Authority ("IANA") function" and related root zone management functions, whether the U.S. Department of Commerce will approve any exercise by us of our right to increase the price per .com domain name, under certain circumstances, the uncertainty of whether we will be able to demonstrate to the U.S. Department of Commerce that market conditions warrant removal of the pricing restrictions on .com domain names and the uncertainty of whether we will experience other negative changes to our pricing terms; the failure to renew key agreements on similar terms, or at all; the uncertainty of future revenue and profitability and potential fluctuations in quarterly operating results due to such factors as restrictions on increasing prices under the .com Registry Agreement, changes in marketing and advertising practices, including those of third-party registrars, increasing competition, and pricing pressure from competing services offered at prices below our prices; changes in search engine algorithms and advertising payment practices; the uncertainty of whether we will successfully develop and market new products and services, the uncertainty of whether our new products and services, if any, will achieve market acceptance or result in any revenues; challenging global economic conditions; challenges of ongoing changes to Internet governance and administration; the outcome of legal or other challenges resulting from our activities or the activities of registrars or registrants, or litigation generally; the uncertainty regarding what the ultimate outcome or amount of benefit we receive, if any, from the worthless stock deduction will be; new or existing governmental laws and regulations; changes in customer behavior, Internet platforms and web-browsing patterns; system interruptions; security breaches; attacks on the Internet by hackers, viruses, or intentional acts of vandalism; whether we will be able to continue to expand our infrastructure to meet demand; the uncertainty of the expense and timing of requests for indemnification, if any, relating to completed divestitures; and the impact of the introduction of new gTLDs, any delays in their introduction, the impact of ICANN's Registry Agreement for new gTLDs, and whether our new gTLDs or the new gTLDs for which we have contracted to provide back-end registry services will be successful; and the uncertainty regarding the impact, if any, of the delegation into the root zone of over 1,300 new gTLDs. More information about potential factors that could affect our business and financial results is included in our filings with the SEC, including in our Annual Report on Form 10-K for the year ended Dec. 31, 2014, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Verisign undertakes no obligation to update any of the forward-looking statements after the date of this announcement.

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