

MARKET STUDY REPORT

Assessing the potential growth
of the .za namespace.

Your online presence is our business



.zadna Market Study Report

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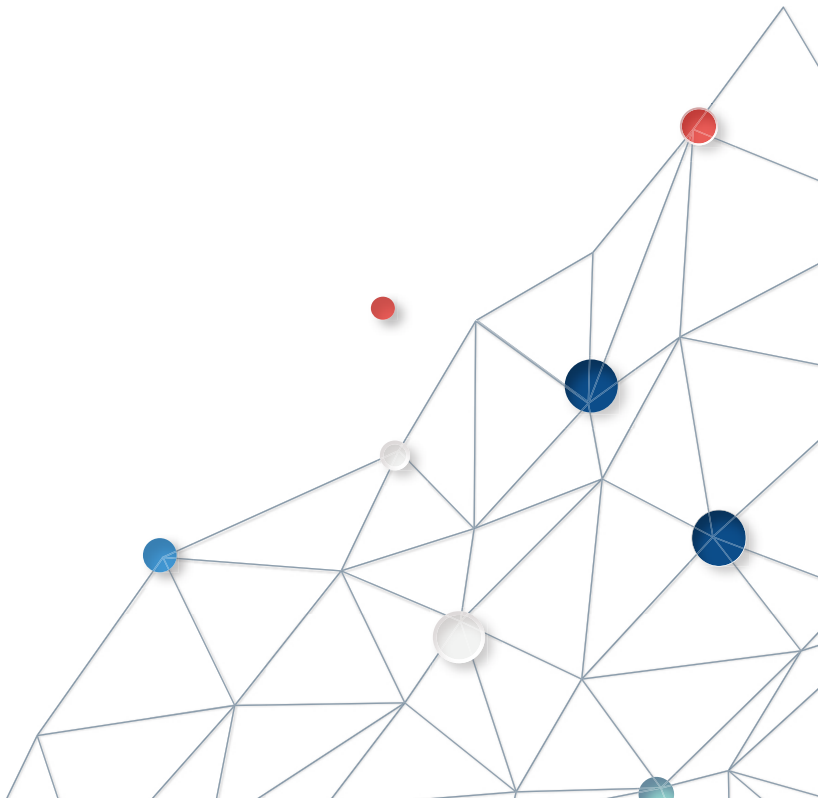


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List of abbreviations

ccTLDs	country-code top-level domains
gTLDs	new generic top-level domains
ICANN	Internet Corporation for Assigned Names and Numbers
DNS	Domain Name System
TLD	top-level domain
.cn	China
.de	Germany
.uk	United Kingdom
.nl	Netherlands
.ru	Russia
.br	Brazil
.za	South Africa
.tk	Tokelau
.eu	Europe
.au	Australia
.it	Italy
SSL	Secure Sockets Layer

CHAPTER 1

STUDY OVERVIEW

1.1. Document Purpose

The purpose of this document is to provide a market analysis report for the South African domain name space.

1.2. Introduction and background

The internet landscape¹ in South Africa has undergone a profound transformation, driven by a surge in internet accessibility and utilisation. The global SARS-CoV-2 (Covid-19) pandemic has significantly accelerated this evolution, compelling individuals, and businesses to embrace online platforms for communication, commerce, and entertainment. The pervasive influence of the internet extends across every aspect of South African society, from communication and education to business and entertainment. Several key factors have contributed to this widespread growth, including:

- **Increased Accessibility:** The proliferation of mobile technology and the availability of affordable data plans have democratised internet access, making it more accessible to a broader segment of the population.
- **Government Initiatives:** Strategic policy interventions, such as the South African National Broadband Policy², also known as SA Connect, which was published in 2013 and aims to improve broadband penetration, reduce prices, increase employment, and drive economic growth have facilitated infrastructure development and promoted digital literacy³ initiatives. Efforts to extend connectivity beyond urban centres into townships and rural areas have gained momentum through collaborations with private sector entities expanding their networks.
- **Impact of COVID-19:** The pandemic has acted as a catalyst for digital transformation, necessitating a rapid shift towards online platforms across various sectors to ensure continuity amidst unprecedented challenges.

Despite the growth in internet users, the “.za” domain has exhibited relative stability regarding domain name registrations, contrasting the global decline in domain namespace registrations. This resilience may signify a growing interest in the “.za” domain name. However, it is imperative to note that this increased interest needs to be fully reflected in the demographic composition of stakeholders engaged in the domain namespace value chain. Despite its evident potential as a lucrative market, the current composition of stakeholders needs to represent the demographics of the country adequately and sufficiently contribute to efforts to address the socio-economic challenges that the country is facing. It is the responsibility of .zadna to ensure that in carrying out its mandate, the efforts are reflected in making a positive impact in the socio-economic landscape of South Africa.

1. <https://capetown.today/navigating-south-africas-evolving-digital-landscape-a-deep-dive-into-household-technologies/>

2. https://www.dcdt.gov.za/images/documents/Broadband/gazette_version_1__bb_policy__4_dec_2.pdf

3. <https://www.nemisa.co.za/ya-rona-digital-ambassadors-programme/>

1.3. The Problem

In the rapidly evolving digital landscape, the dynamics of domain registrations have witnessed a notable shift, with generic top-level domains (gTLDs) emerging as formidable competitors to country-code top-level domains (ccTLDs). Contrary to conventional threats posed by fellow ccTLDs, the primary challenge confronting the .za namespace lies in the intensifying competition, which transcends traditional boundaries. Despite the global surge in internet usage catalysed by the COVID-19 pandemic.

The .za ccTLD, as a cornerstone of South Africa's digital infrastructure, holds historical significance. However, the current value chain does not align with the nation's diverse demographics, signalling a disconnect between its established presence and inclusive representation. This makes it difficult to gauge the sector's success if such success cannot be seen to be making a positive impact on dealing with the socioeconomic challenges that South Africa faces.

1.4. The Methodology

The methodology for this desktop market analysis relied exclusively on online resources to gather data on the domain name space industry and information from .zadna. The initial phase involved defining clear objectives and identifying relevant keywords. This approach allowed for a focused search on credible sources such as industry reports from market research firms, government databases, academic journals, and reputable news websites. Search engines to locate these resources. Data collection involved systematically filtering and evaluating information based on relevance, credibility, and publication date. A detailed record of sources was maintained throughout the process to ensure transparency and facilitate cross-referencing. This methodology provided a comprehensive understanding of the market landscape, including market size, trends, competitor analysis, and customer demographics, all gleaned from reliable online data sources.

CHAPTER 2

INDUSTRY OVERVIEW

2.1. Description of the industry⁴

The domain name ecosystem includes organizations, businesses, and individuals involved in providing, supporting, and registering domain names and related services. When a domain name is registered, the registering party may encounter one or more of the following entities:

Registrars⁵ are companies that are contacted to register a domain name. The terms of the domain name registration, including fees, transfers, and renewals, are governed by the Registration Agreement between the one registering the domain name and the registrar. Many registrars offer other services such as web hosting, privacy/proxy, website builder, etc. Over a thousand ICANN-accredited registrars worldwide provide support in local languages.

Resellers are companies affiliated with or under contract with registrars that register domain names and offer other services provided by the registrars, such as web hosting. Resellers are bound by their agreements with the registrar(s) and are not accredited by ICANN. The registrars remain responsible and accountable for all domain name registrations made by their resellers.

DNS hosts⁶ are companies that manage a domain's configuration (also known as DNS resource records). These configurations point the registered domain name to the website and email. Many registrars include DNS hosting services with domain name registrations.

Web hosting companies provide server storage space and an IP address for a website. With an IP address, the website can then be accessed from a web browser.

Privacy and proxy⁷ **service providers** enable domain name registration without displaying your contact information in the Registration Data Directory Service. The registrar frequently offers privacy and proxy services during registration but may also obtain them from a third-party service provider.

Registries⁸ are organizations responsible for maintaining the records of domain names registered under each top-level domain (TLD). They also set the rules for registration under their TLDs. The responsibilities of the registries include:

- Accepting domain name registration requests from registrars,
- Maintaining a database of the necessary registration data associated with domain names and
- They are providing name servers to publish the zone file data (e.g., the list of all the domain names and their associated IP addresses) throughout the Internet.

4. <https://www.icann.org/resources/pages/domain-name-industry-2017-06-20-en5>

5. <https://www.techopedia.com/definition/1333/domain-name-registrar>

6. <https://nordvpn.com/cybersecurity/glossary/dns-hosting/>

7. <https://www.icann.org/resources/pages/pp-services-2017-08-31-en>

8. <https://icannwiki.org/Registry>

This figure below explains how the domain name industry value chain is structured. Details on the coordination, wholesale, distribution and resale layers that lead to a consumer having the right to use a domain name.

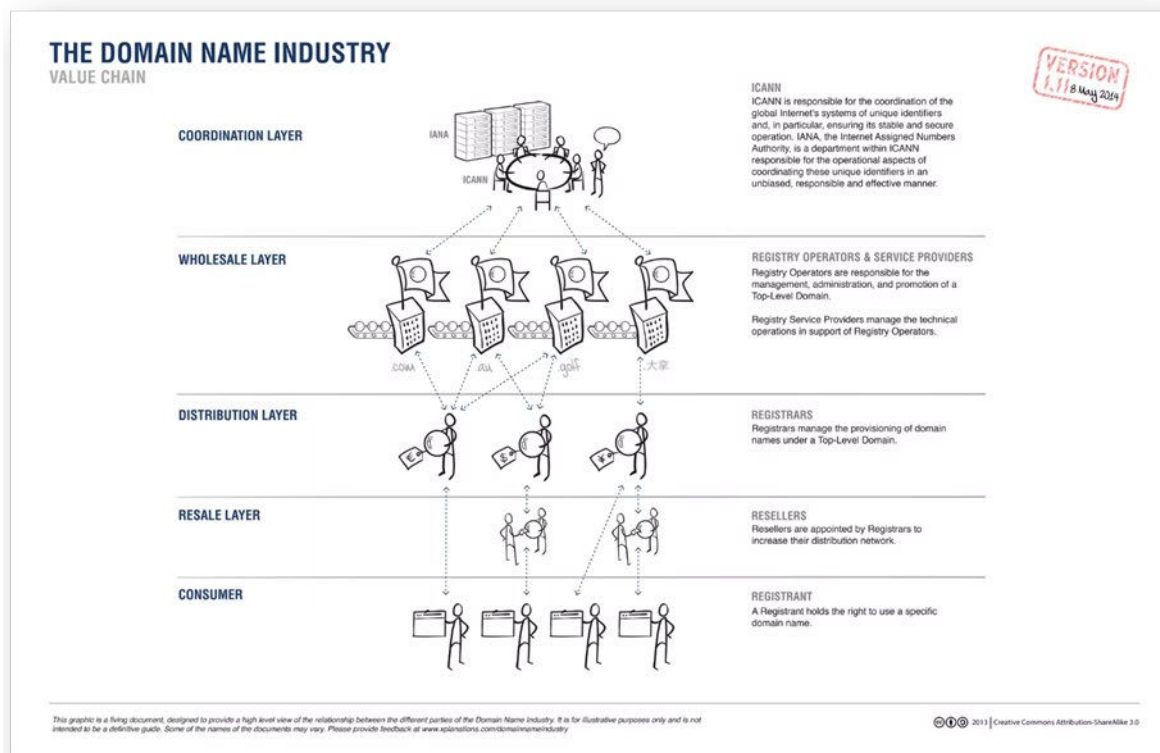


Figure 1⁹: The ICANN Domain name industry value chain

9. <https://www.icann.org/news/multimedia/185#:~:text=This%20infographic%20explains%20how%20the,to%20use%20a%20domain%20name>.

The table below delineates the fluctuations in domain name registrations within the global ccTLD market since 2020, chosen as the baseline year preceding the onset of the Covid-19 pandemic.

Years	Remarks
2020 Q1 ¹⁰	- Total ccTLD domain name registrations were 157.4 million at the end of the first quarter of 2020, a decrease of 0.2 million domain name registrations. - ccTLDs increased by 0.6 million domain name registrations. - Excluding .tk, ccTLD domain name registrations decreased by 0.2 million in the first quarter of 2020. - ccTLDs, excluding .tk, decreased by 2.0 million domain name registrations. - The top ten ccTLDs, as of March 31, 2020, were .tk, .cn, .de, .uk, .nl, .ru, .br, .eu, .fr and .it.
2020 Q 4 ¹¹	- Total ccTLD domain name registrations were 158.9 million at the end of the fourth quarter of 2020, a decrease of 1.7 million domain name registrations. - ccTLDs increased by 1.3 million domain name registrations. - Excluding .tk, ccTLD domain name registrations increased by 1.1 million in the fourth quarter of 2020. - ccTLDs, excluding .tk, increased by 1.7 million domain name registrations. - The top ten ccTLDs, as of Dec. 31, 2020, were .cn, .tk, .de, .uk, .nl, .ru, .br, .fr, .eu and .it.
2021 Q 1 ¹²	- Total ccTLD domain name registrations were 156.5 million at the end of the first quarter of 2021, a 2.4 million domain name registrations decrease., or 1.5%, compared to the fourth quarter of 2020. - ccTLDs decreased by 0.9 million domain name registrations. - ccTLD domain name registrations decreased by 2.4 million in the first quarter of 2021. - ccTLDs, excluding .tk, decreased by 0.5 million domain name registrations. - The top ten ccTLDs, as of March 31, 2021, were .tk, .cn, .de, .uk, .nl, .ru, .br, .fr, .eu and .it.
2021 Q 4 ¹³	- Total ccTLD domain name registrations were 127.4 million at the end of the fourth quarter of 2021, an increase of 0.7 million domain name registrations, or 0.6%, compared to the third quarter of 2021. - ccTLDs decreased by 5.3 million domain name registrations. - ccTLDs increased by 4.1 million domain names, or 3.8%, year over year. - The top ten ccTLDs, as of Dec. 31, 2021, were .de, .cn, .uk, .nl, .ru, .br, .fr, .eu, .it and .au.
2022 Q 1 ¹⁴	- Total ccTLD domain name registrations were 133.4 million at the end of the first quarter of 2022, an increase of 6.0 million domain name registrations. - The top ten ccTLDs, as of March 31, 2022, were .cn, .de, .uk, .nl, .ru, .br, .fr, .eu, .au and .it.
2022 Q 4 ¹⁵	- Total ccTLD domain name registrations were 133.1 million at the end of the fourth quarter of 2022, an increase of 0.7 million domain name registrations, or 0.5%, compared to the third quarter of 2022. - The top ten ccTLDs, as of Dec. 31, 2022, were .cn, .de, .uk, .nl, .ru, .br, .au, .eu, .fr, and .it.

10. <https://dnib.com/media/downloads/reports/pdfs/2020/domain-name-report-2020Q1.pdf>

11. <https://dnib.com/media/downloads/reports/pdfs/2020/domain-name-report-2020Q4.pdf>

12. <https://dnib.com/media/downloads/reports/pdfs/2021/domain-name-report-Q12021.pdf>

13. <https://dnib.com/media/downloads/reports/pdfs/2021/domain-name-report-Q42021.pdf>

14. <https://dnib.com/media/downloads/reports/pdfs/2022/domain-name-report-Q12022.pdf>

15. <https://dnib.com/media/downloads/reports/pdfs/2022/domain-name-report-Q42022.pdf>

2023 Q 1 ¹⁶	- Total ccTLD domain name registrations were 137.0 million at the end of the second quarter of 2023, an increase of 1.1 million domain name registrations. - ccTLDs increased by 2.7 million domain name registrations. - The top ten ccTLDs, as of June 30, 2023, were .cn, .de, .uk, .nl, .ru, .br, .au, .fr, .eu and .it.
2022 3 ¹⁷	- Total ccTLD domain name registrations were 138.1 million at the end of the third quarter of 2023, an increase of 1.0 million domain name registrations. - ccTLDs increased by 5.4 million domain name registrations. - The top ten ccTLDs, as of Sept. 30, 2023, were .cn, .de, .uk, .nl, .ru, .br, .au, .fr, .eu and .it.

Table 1: Global domain name registrations

2.2. Individual Top Country Comparison including South Africa

The table below shows a comparison between the top countries with the most registrations and South Africa is included even though it is not one of the top countries.

Country ¹⁸	Domain	2020 (Million)	2021 (Million)	2022 (Million)	2023 (Million)
China	.cn	24.7	15.3	18	20.3
Germany	.de	16.7	17.1	17.4	17.6
United Kingdom	.uk	10.9	11.1	11.1	10.9
Netherlands	.nl	6.1	6.2	6.3	6.3
Russia	.ru	5.7	5.7	5.6	5.8
Brazil	.br	4.5	4.8	5	5.2
South Africa	.za	1.3	1.3	1.3	1.3

Table 2: Top country comparison

Figures 2 to figure 7 shows the growth of the top countries over the period 2020 to 2023.

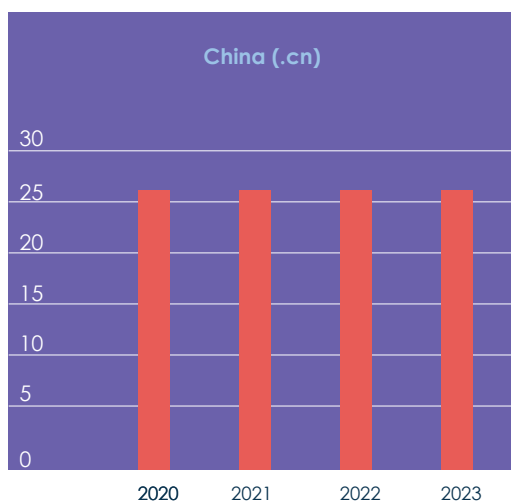


Figure 2: China

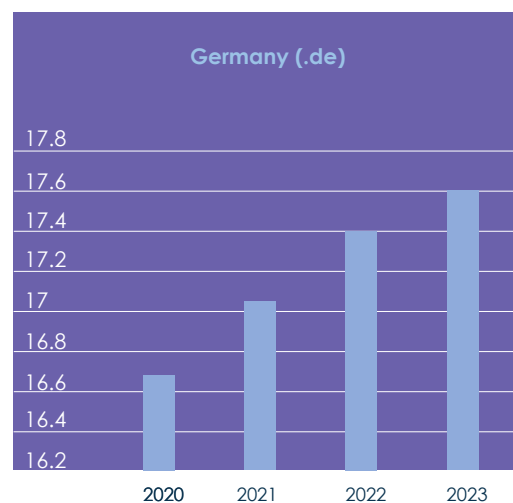


Figure 3: Germany

16. <https://dnib.com/media/downloads/reports/pdfs/2023/domain-name-report-Q12023.pdf>

17. <https://dnib.com/media/downloads/reports/pdfs/2023/domain-name-report-Q32023.pdf>

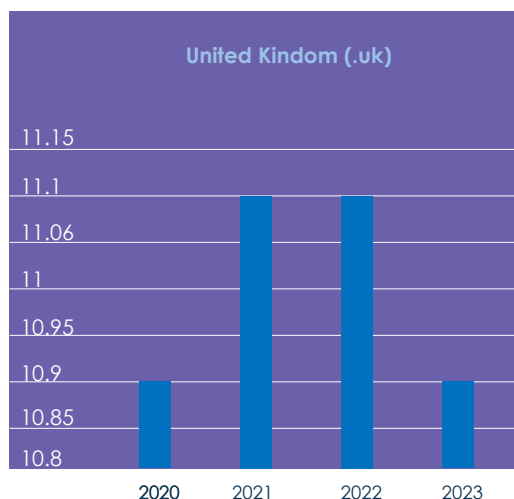


Figure 4: United Kingdom

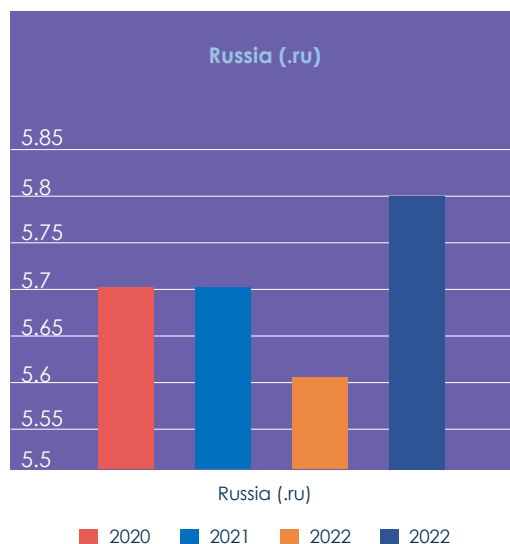


Figure 5: Russia

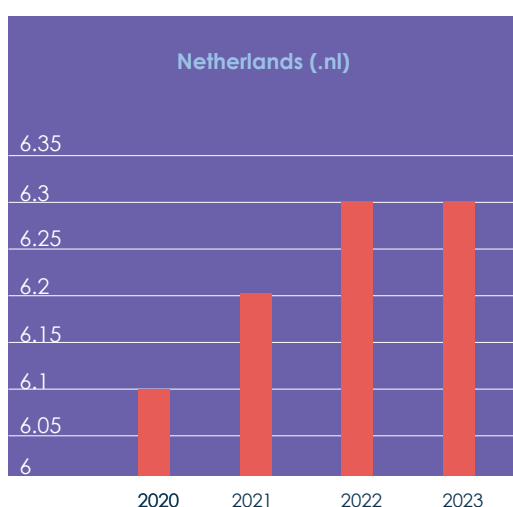


Figure 6: Netherlands

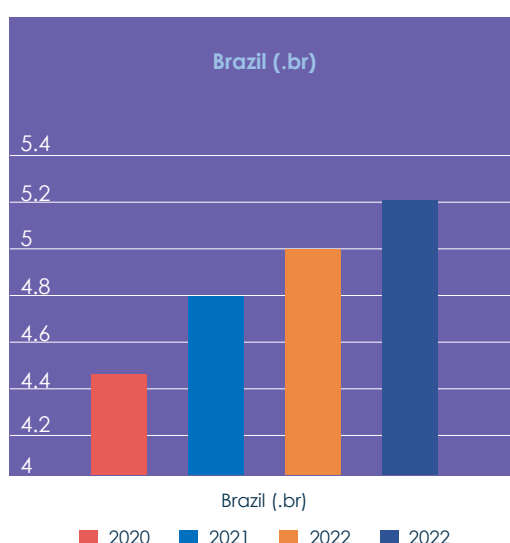


Figure 7: Brazil

The global landscape of country-code top-level domains (ccTLDs) has witnessed a notable downturn, declining from 157.4 million domains registered in the first quarter of 2020 to 138.1 million domains by the third quarter of 2023, marking a substantial decrease of 19.3 million domains equating to a 12.26 percent reduction in global ccTLD domain registrations.

Despite this global decline, China's .cn domain retains its position as the leading ccTLD, notwithstanding a decrease in domain name registrations observed over the past three years. In contrast, the .ZA namespace of South Africa has demonstrated stability, maintaining a consistent presence with registrations surpassing 1.3 million domains. Notably, among South Africa's BRICS partners, several countries have experienced an uptick in domain registrations, apart from China.

Over the period spanning from 2020 to 2023, South Africa's .za namespace has exhibited resilience, recording a modest yet discernible growth trajectory. Total domain registrations have risen by 45,921, from 1,335,285 domains in 2020 to 1,381,206 domains in 2023, reflecting a growth increase of 3.44 percent.

There are several reasons why .cn is the leading ccTLD:

- **Large population and internet penetration¹⁹:** China has the world's largest population and a rapidly growing internet penetration rate. This means that there is a large potential market for .cn domains.
- **Economic growth²⁰:** China is one of the world's fastest-growing economies. This has led to a boom in online businesses, many registering .cn domains. Government support: The Chinese government has been actively promoting the use of the .cn domain. This has included providing financial incentives to businesses that register .cn domains and launching public awareness campaigns.
- **Brand recognition:** The .cn domain is well-recognized in China and is associated with trust and reliability. This makes it an asset for businesses that want to target the Chinese market.
- **Internationalisation²¹:** The Chinese government has been promoting the use of the .cn domain internationally. This has led to an increase in the number of .cn domain registrations from outside of China.

In addition to the reasons listed above, it is also worth noting that the .cn domain is easy and affordable to register²². This has made it a popular choice for both individuals and businesses. While .cn is currently the leading ccTLD, it could be overtaken by another ccTLD in the future. This could happen if another country experiences a similar period of rapid economic growth and internet penetration. A new ccTLD could be created that is more attractive to businesses and individuals.

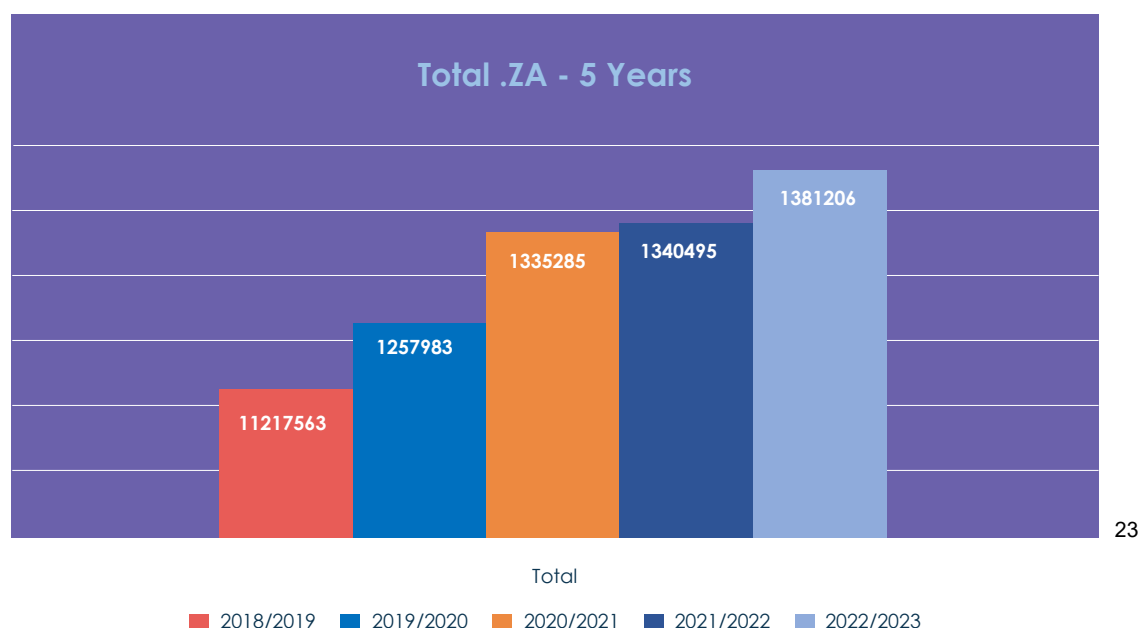


Figure 8: .za growth from 2018/2019 financial year to 2022/2022 financial year.

19. <https://www.cnnic.com.cn/IDR/ReportDownloads/202012/P020201201530023411644.pdf>

20. <https://www.cnnic.com.cn/IDR/ReportDownloads/201404/U020140417607531610855.pdf>

21. <https://www.lexology.com/library/detail.aspx?g=2bb03f0e-ffdd-4426-9038-840ca835441b>

22. <https://qpsoftware.net/blog/how-register-chinese-cn-domain-name-complete-guide#:~:text=Registering%20a%20.,registration%20procedure%20starting%20in%202012.>

23. ZADNA Annual reports from 2018 to 2023

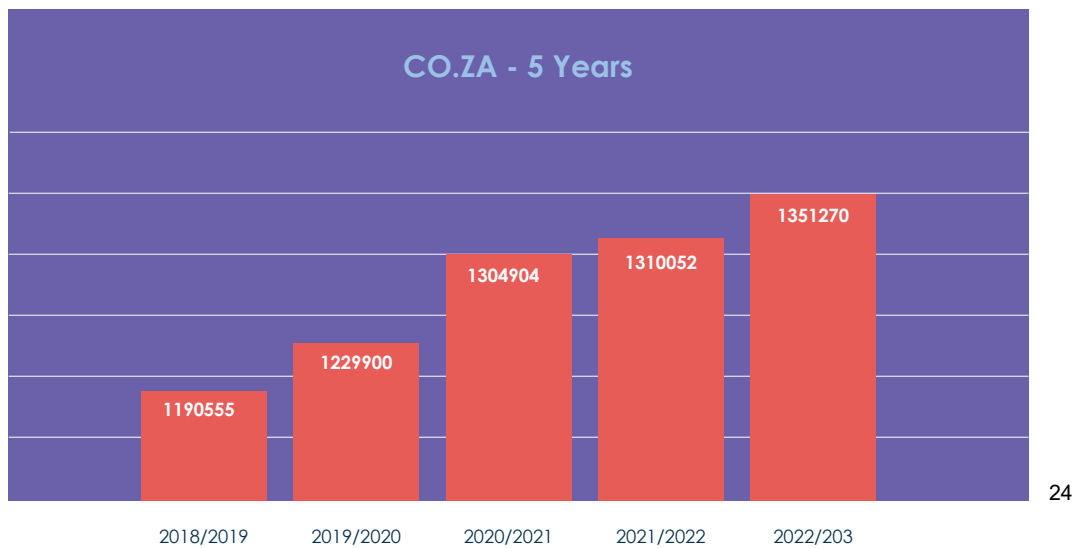


Figure 9: co.za growth from 2018/2019 financial year to 2022/2023 financial year

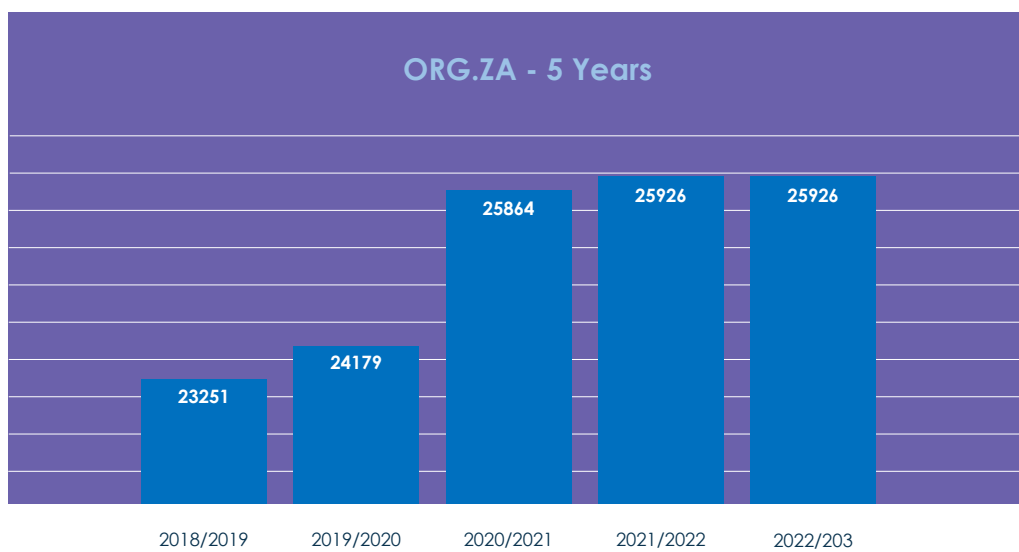


Figure 10: org.za growth from 2018/2019 financial year to 2022/2023 financial year

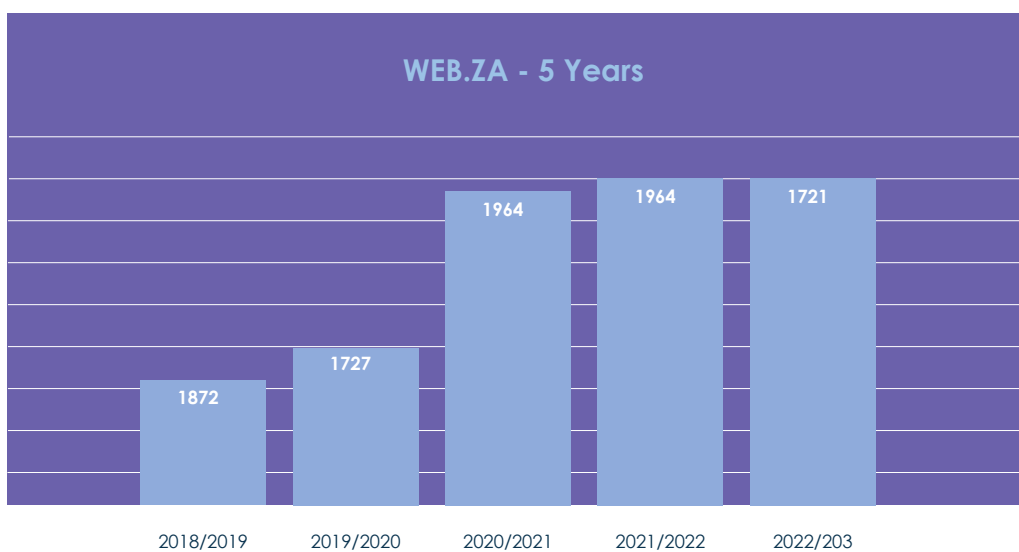


Figure 11: web.za growth from 2018/2019 financial year to 2022/2023 financial year

24. .zadna annual reports from 2018 fiscal year to 2023. The co.za daomin registration have grown over the years compared to the web.za, which has significantly decreased. Org.za has also remained at the top, with domain name registrations exceeding 25 000.

2.3. Advantages of a strong ccTLD for a country

A strong performing ccTLD (country code top-level domain) can bring many advantages to a nation. Economically²⁵, it fosters a vibrant online space for domestic businesses, attracting investment and boosting e-commerce. This can be seen in the growth of startups and online marketplaces catering to the local market. Socially²⁶, a successful ccTLD strengthens the country's online identity and fosters a sense of community within the virtual space. It allows for the creation of content and platforms catering to the population's specific cultural and linguistic needs. Technically, a well-functioning ccTLD infrastructure attracts international companies to shop online, leading to knowledge transfer and the development of a skilled domestic tech workforce. This can be seen in countries that have invested in robust domain name management systems and cybersecurity measures. Overall, a high-performing ccTLD can act as a catalyst for economic growth, social engagement, and technological advancement within a country.

2.4. Factors that influence the performance of a ccTLD

The interplay between a country's size and its economic development can significantly impact the growth of its country code Top-Level Domain (ccTLD) market. The two main factors that are involved are:

- **Increased Disposable Income²⁷:** As a nation's economy flourishes, its citizens generally enjoy rising disposable income. This translates to more spending on online products and services, including domain names for websites.
- **Expanding Middle Class²⁸:** Economic growth often fosters the development of a larger middle class. This population segment typically exhibits a heightened demand for online services, encompassing websites and email addresses. This fuels the demand for ccTLDs as both businesses and individuals strive to establish a local online presence.
- **Enhanced Internet Infrastructure:** Economic prosperity can also pave the way for advancements in a country's internet infrastructure. This includes improvements like increased bandwidth and access to reliable internet connections.

25. <https://www.ecommercetimes.com/story/domain-name-business-booming-in-post-dot-com-era-42657.html>

26. <https://ied.eu/blog/innovation-blog/how-domain-names-impact-seo/>

27. <https://www.sciencedirect.com/science/article/pii/S1877042816310813>

28. <https://www.sciencedirect.com/science/article/abs/pii/S0165176518303537>

CHAPTER 3

TOP LEVEL DOMAIN MARKET

3.1. Generic top-level domain market

Over the past few years²⁹, the internet's naming system has been undergoing a profound change initiated in June 2011 when the Internet Corporation for Assigned Names and Numbers (ICANN) started a programme to allow any organisation to apply for a new generic top-level domain (gTLD). The term generic TLDs often refer to domains that do not have a country or geographic designation.

The gTLD market is complex and dynamic; its value continues to grow due to increasing demand, investment activity, and the potential for future expansion. As the market matures and adapts to current trends, the value of individual gTLDs is likely to vary significantly based on their specific characteristics and market forces.

Since the introduction of **new generic top-level domains (gTLDs³⁰) in 2012**, over 1,500 new options have become available, offering businesses and individuals more choices for their online presence. Below is a table of some of the new generic top-level domains.

3.2. Popular new gTLDs³¹

gTLD	Owner	Comments
.com	Verisign ³²	The most popular gTLD globally
.net	Verisign	Primarily used for technology-related websites
.org	Public Interest Registry ³³	Traditionally used for non-profit organizations, now open to all
.info	Afilias ³⁴	Designed for informational websites
.co	Donuts Inc ³⁵	Often used for businesses and startups
.app	Google	Ideal for mobile apps and web applications
.io	PIR	Popular for tech and innovation-focused websites
.xyz	Google	Offers versatility and no specific meaning
.shop	Amazon	Intended for e-commerce websites
.online	Google	Suitable for any online business, owned by.

Table 3: Popular new gTLDs

-

29. <https://www.lexology.com/library/detail.aspx?g=611ef33b-b4d0-482e-ad6e-c36366551d1a>

30. <https://www.lexology.com/library/detail.aspx?g=611ef33b-b4d0-482e-ad6e-c36366551d1a>

31. <https://ntldstats.com/>

32. <https://www.verisign.com/>

33. <https://thenew.org/>

34. <https://www.afilias.info/>

35. <https://donuts.domains/>

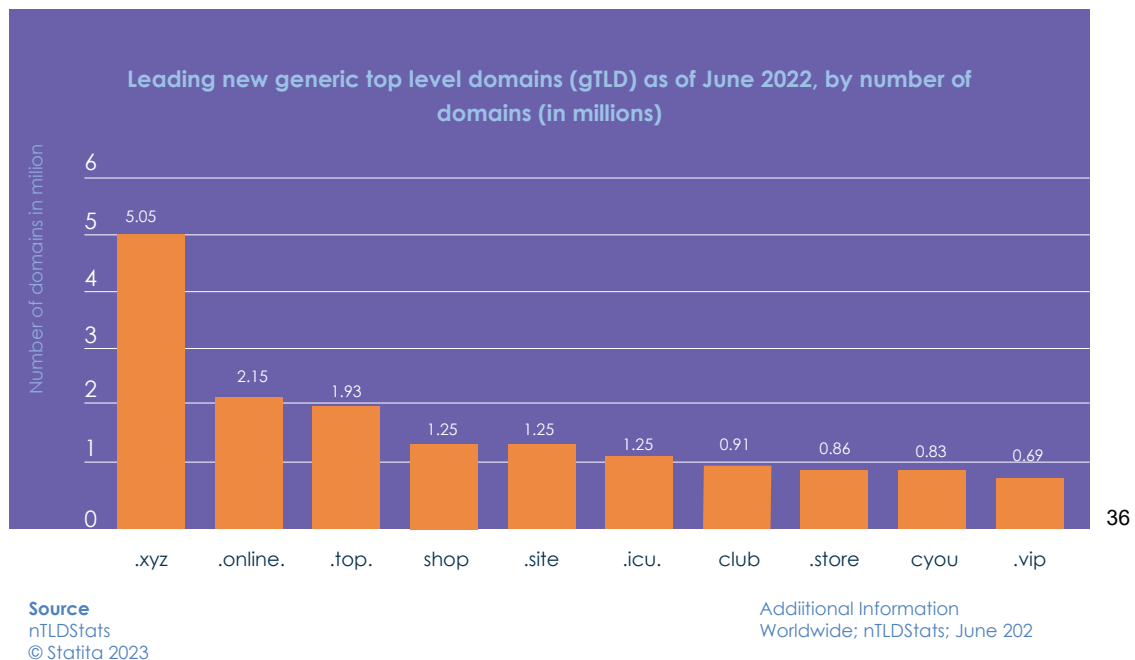


Figure 12: New generic top-level domains

As of June 2022,³⁷, the most popular new generic top-level domain (gTLD) was .xyz, accounting for approximately 16.71 percent of gTLDs. This translates to approximately 5.05 million registrations. The second-most popular gTLD was .online with a 7.13 percent share of the gTLD market.

The market value of the global gTLD (generic top-level domain) market is estimated to be around \$10 billion as of 2023. This valuation considers numerous factors, including:

- **Market size:** The global domain name market is estimated at around \$70 billion, with gTLDs accounting for 15%.
- **Domain sales:** High value gTLDs, particularly those targeting lucrative markets, can fetch millions of dollars in private sales. Examples include .com, .net, and .org domains.
- **Registry fees:** gTLD registries generate income through registration fees and other services. Analysing publicly available data on registration fees and domain counts can offer a rough estimate of their potential revenue.
- **Investment activity:** Increasing investor interest in the domain name space suggests potential for future growth and value appreciation in the gTLD market.

36. <https://www.statista.com/statistics/569300/gtlds-by-number-ob-domains/>

37. <https://www.statista.com/statistics/569356/new-gtlds-by-domain-market-share>

3.3. Drivers influencing the value of individual gTLDs include:

- **Market size and demographics:** gTLDs targeting large and economically prosperous markets tend to be more valuable.
- **Demand and competition:** gTLDs with high demand and limited availability are more valuable.
- **Brand recognition and memorability:** they are short and easy-to-remember extensions are more valuable.
- **Domain length and availability:** Shorter domains with fewer characters are more valuable.
- **Legal and regulatory environment:** gTLDs with favorable legal frameworks and efficient registration processes are more attractive.
- **Market Trends:** The gTLD market is still evolving, with several emerging trends impacting its value:
- **Rise of new gTLDs³⁸:** The introduction of hundreds of new gTLDs in recent years has increased competition and diversification within the market.
- **Increased focus on brand protection:** Companies are increasingly looking to secure gTLDs relevant to their brands to protect intellectual property and prevent cybersquatting.
- **Growing investor³⁹ interest:** Investment firms and private equity funds are seeing the potential of the domain name space and are investing in gTLDs as a long-term asset class.
- **Focus on international expansion:** Companies are expanding their online presence globally, leading to increased demand for gTLDs in various languages and regions.

The continued introduction of gTLDs poses a threat to the existence of the ccTLDs and ccTLDs will have to put measures in place to make sure that they remain in the sector. As more private companies with deep pockets get into the space, it will be difficult for the ccTLDs to remain relevant.

38. Zhu, Hongbin, The Impact of the New gTLD Program on the Internet Governance Regimes of Emerging Economies - China's Domain Name Regulation Revolution (2012). GigaNet: Global Internet Governance Academic Network, Annual Symposium 2012, Available at SSRN: <https://ssrn.com/abstract=2809810> or <http://dx.doi.org/10.2139/ssrn.2809810>

39. <https://aicontentfy.com/en/blog/why-domains-in-us-are-in-high-demand-exploring-reasons>

CHAPTER 4

SOUTH AFRICAN DOMAIN NAMESPACE INDUSTRY

4.1. South African Registrars

The top five registrars are used as a basis for the analysis of the South African domain namespace market because they account for more domain name registrations than the rest of the registrars, which makes them the leaders within the market.

Registrars	Province	Domain services	Hosting Solutions
Xneelo (Pty) Ltd ⁴⁰	WC	domain registration services for various domain extensions.	Provides a range of hosting options including shared hosting, dedicated servers, and cloud hosting.
Afrihost ⁴¹	GP	Provides domain registration for various extensions along with domain management tools and support.	Offers shared hosting, VPS (Virtual Private Server), and dedicated hosting plans.
Domains ⁴²	GP	Offers domain registration for a wide range of extensions.	Provides various hosting plans such as shared hosting, WordPress hosting, and reseller hosting.
1-Grid ⁴³	WC	Provides domain registration services for various extensions with domain privacy and management options.	Offers shared hosting, cloud hosting, and dedicated server solutions.
Register Domain SA ⁴⁴	WC	Offers domain registration for extensions like .co.za, .com, .org, etc., along with domain transfer and management tools.	Provides hosting solutions including shared hosting, email hosting, and website builder services.

Table 4: South African Registrars

Domain registries offer various additional services beyond domain registrations and renewals to generate revenue. These are business opportunities that those who are part of the sector or who wish to be part of the sector can take advantage of. These services can be broadly categorized into three main groups:

4.2. Domain Management Services

- **Domain renewals:** Registries charge an annual fee for domain renewals, securing a recurring revenue stream.
- **Domain transfers:** Facilitating domain transfers between registrars can generate income through fees charged to the transferring party.

40. <https://en.wikipedia.org/wiki/Xneelo>

41. <https://www.afrihost.com/page/afrihost-story>

42. <https://www.domains.co.za/pages/about-us>

43. https://1grid.com/?gad_source=1&gclid=Cj0KCQjwn7mwBhCiARIsAGoxjaKwvyz1E0q42Inslw3h6QIDDLxr3TPPpYrl7nCL6IHbIlDpvFud-FOWaAkpOEALw_wcB

44. <https://www.registerdomain.co.za/about-us>

- **Privacy protection:** Registries offer services to mask the personal information of domain registrants, generating revenue through subscription fees.
- **Domain parking:** Monetizing unused domains through advertising or placeholder pages can generate additional income for the registry.
- **DNS management:** Advanced DNS management tools and services can be offered to businesses needing greater control over their domain's routing.

4.3. Value-added Services

- **Website Building Tools:** Several registries provide intuitive website-building tools and customisable templates, catering to non-technical users and simplifying the process of website creation. These services generate revenue through subscription models or commissions on additional features and services.
- **Email Services:** Registries often collaborate with email providers to offer domain-associated email accounts, enhancing the professional image of businesses. Revenue streams are derived from subscription-based models or commission arrangements.
- **SSL Certificates:** Recognising the importance of security, registries offer Secure Sockets Layer (SSL) certificates to ensure encrypted communication between websites and visitors. These certificates are available for purchase, generating revenue through commission structures.
- **E-commerce Solutions:** Partnering with leading e-commerce platforms, registries facilitate the establishment of online stores for users, streamlining the process of entering the digital marketplace. Revenue is generated through commission structures.
- **Marketing and Consulting Services:** Some registries extend their services beyond domain registration, offering marketing and consulting services to optimise businesses' online presence. Revenue is typically earned through hourly rates or project-based fees, providing tailored solutions to meet clients' needs.

4.4. Data and Analytics Services

- **Domain data analysis:** Registries can sell anonymised domain registration data to companies for market research and analysis, generating additional revenue.
- **Domain monitoring services:** Registries can offer services that track domain registrations related to specific keywords or brands, generating income through subscriptions.
- **Domain name suggestion tools:** Tools that suggest available domain names based on user input can generate revenue through advertising or subscription fees.

A particular registry's specific services will depend on its focus, target market, and strategic partnerships. However, these examples illustrate how registries can diversify their revenue streams beyond domain registrations and renewals.

While the profitability of additional registry services can fluctuate based on the specific registry, market conditions, and competition, they undoubtedly present a significant opportunity for expansion and increased revenue. To accurately gauge the market value of .za domain name space about its socio-economic impact, we must broaden our scope beyond mere domain registrations and renewals. These registrations serve as a valuable entry point, allowing registrars to offer additional services to domain holders, thereby contributing to the sector’s overall economic and social development.

South African Domain namespace Market Value

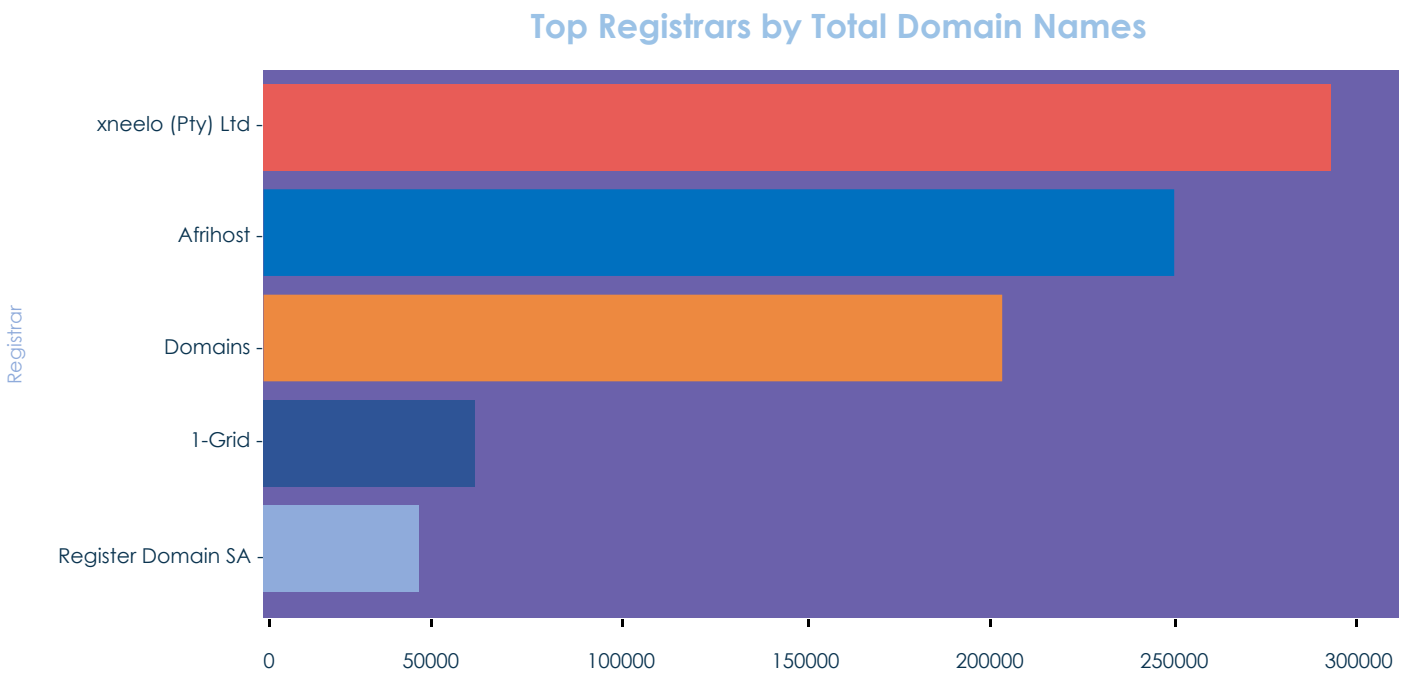


Figure 13⁴⁵: Top South African registrars by the number of registered .za domain names

The Western Cape and Gauteng dominate the South African domain registrar landscape, holding all five top positions. Notably, the Western Cape leads in registered .za domain names. However, this analysis focuses solely on .za domains. Examining the registrars’ broader domain portfolios, including gTLDs like .com and .net, might reveal a different market picture. In selecting the top five registrars, we prioritised those with a significant number of registered .za domains. While other registrars exist, the .za domain presence is relatively small from a research perspective.

Nevertheless, they contribute to the domain name space in regions outside the Western Cape and Gauteng. This graph paints an incomplete picture, highlighting only .za domains. A more comprehensive study incorporating all domain names would accurately represent the overall market dynamics.

45. .zadna

Registrars vs .za Domain

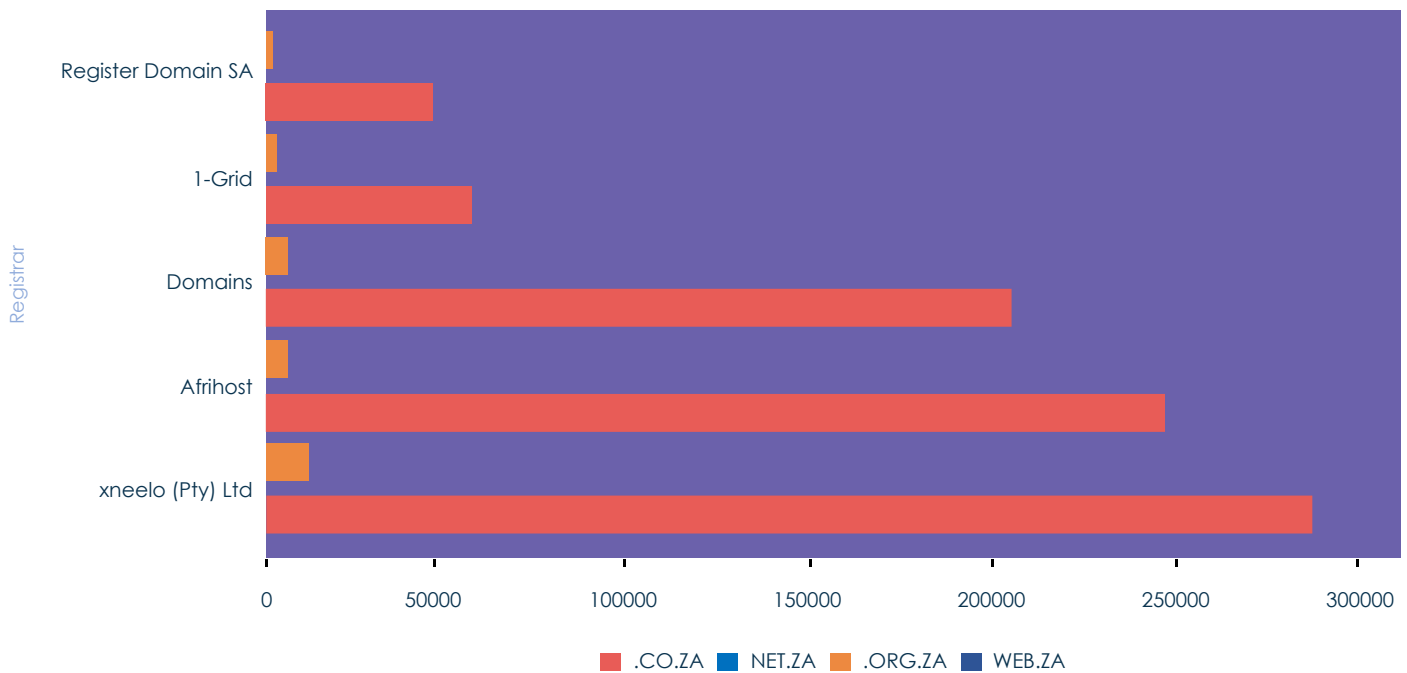


Figure 14: Top registrars from Gauteng and Western Cape

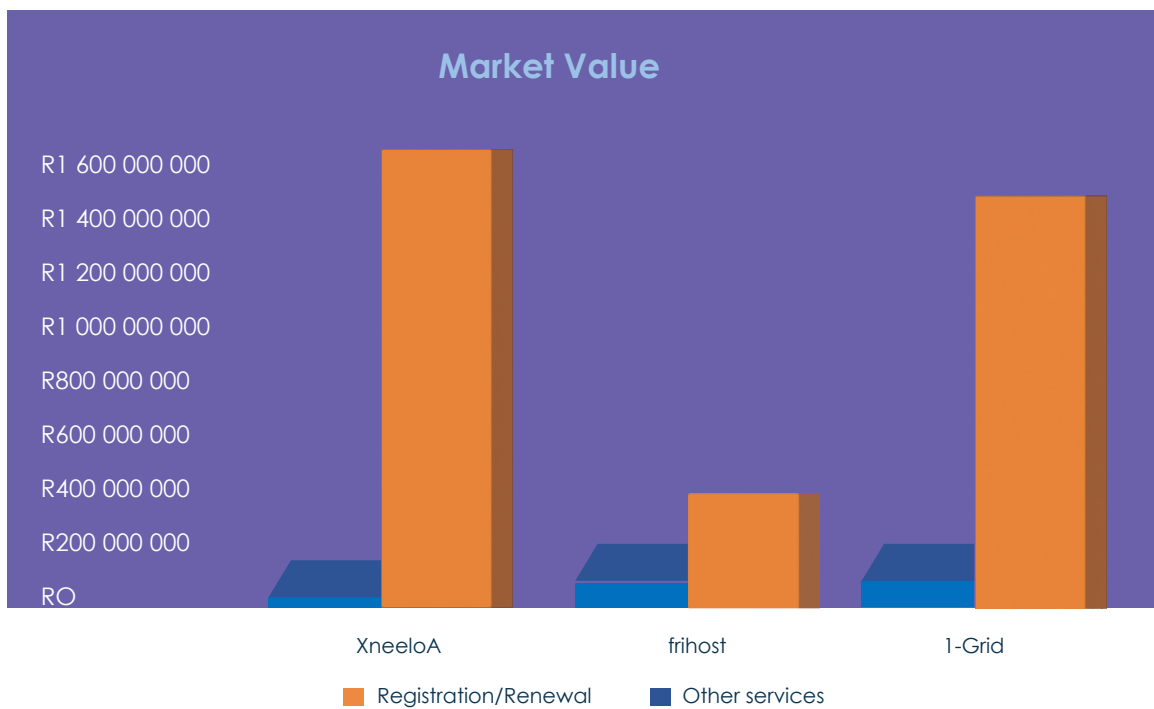


Figure 15: Potential Market⁴⁶ value from Registration/Renewal and other services⁴⁷

The presented data underscores the considerable value that registrars derive from services extending beyond the realms of domain name registration and renewals, particularly within the context of the .za domain namespace. However, it becomes evident that the overall value proposition could be substantially elevated by broadening our analysis to encompass additional domain names offered by these registrars, especially those falling under the category of generic top-level domains (gTLDs). Incorporating this comprehensive perspective will likely provide a more accurate representation of the holistic value generated by registrars across various domain portfolios.

4.5. Countries with registrars selling .za domain.

Country	Registrars	CO.ZA Domains	Ave per Registrar
ZA	353	1125922	3189
DE	11	126980	11543
US	12	25073	2089
GB	3	16251	5417
FR	4	9610	2402

Table 5: Top 5 countries with registrars selling .za domains

The above graph and table show that despite South African registrars registering a greater quantity of domains overall, the average per registrar metric suggests that registrars from other countries surpass their South African counterparts. Notably, data indicates that German-based registrars oversee a higher number of .za domains compared to their South African counterparts. This discrepancy warrants a deeper investigation to uncover the underlying factors driving such trends.

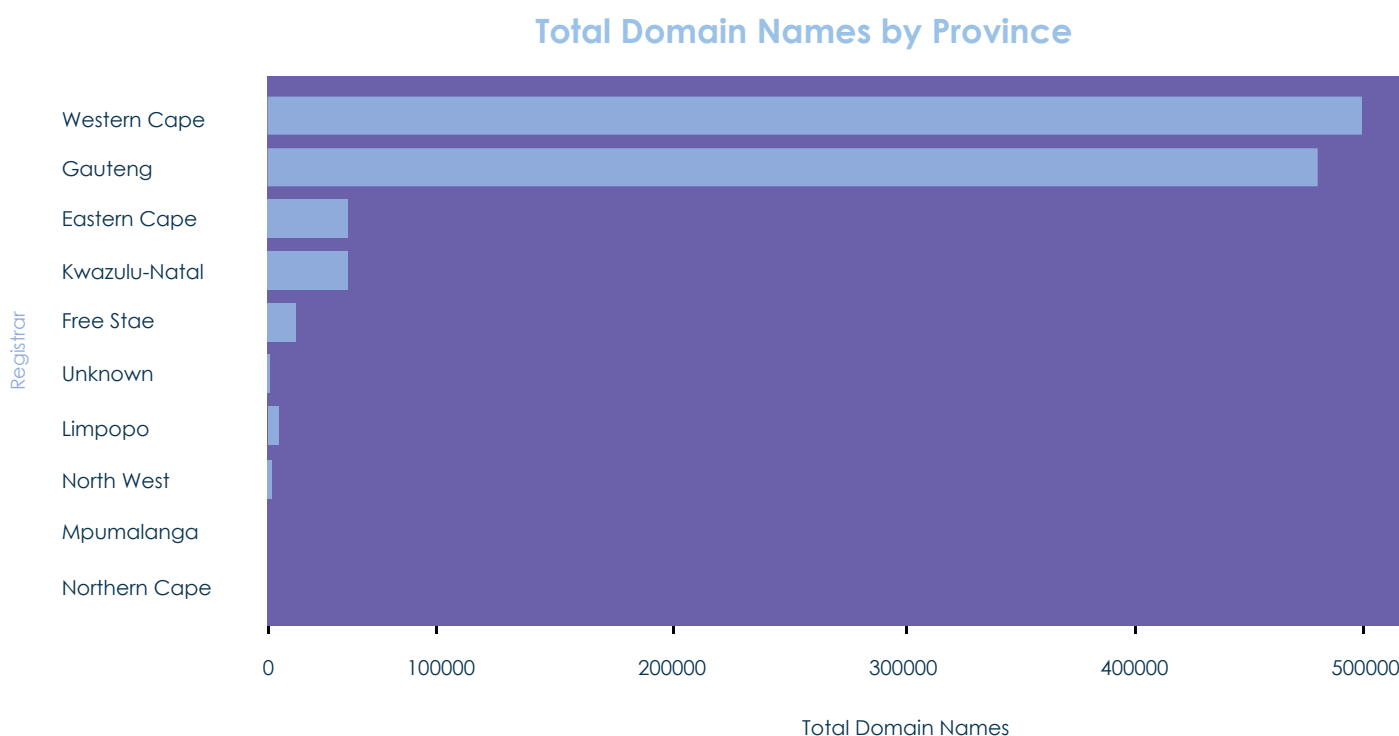


Figure 14⁴⁸: Total registered .za domain names in the different provinces

The Western Cape's significant presence in the registrar landscape requires further investigation to understand the underlying reasons for this dominance and its implications for the national digital landscape. This dominance could be attributed to internet infrastructure, population density, literacy rates, and business environment. It is crucial to assess whether this concentration benefits the country as a whole or if it presents potential challenges.

46. The potential market value is calculated from the average monthly costs of the services that the top three companies are charging their clients. The figure shows the potential value derived from domain registrations and domain renewals is significantly lower than the value derived from the other services. (page 19)

47. Other services refer to services such as hosting solutions, which include shared hosting, dedicated servers, cloud hosting, WordPress hosting, reseller hosting, email hosting, and website builder services. (page 19)

48. .zadna

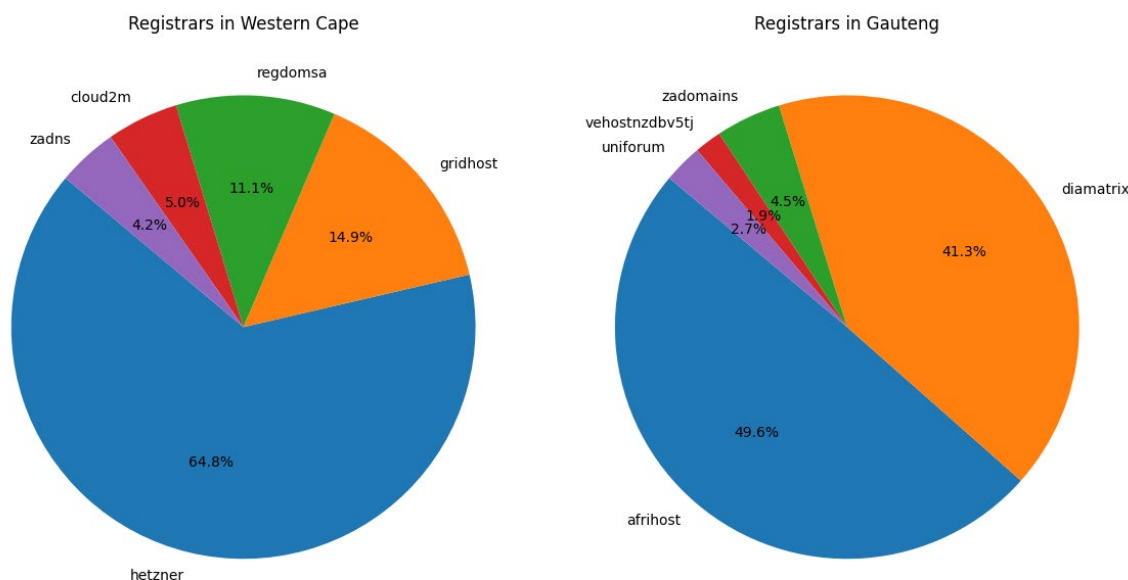


Figure 15⁴⁹: Comparison between the Western Cape and Gauteng registrars by number of .za domain registered.

4.6. Key business and Industry practices⁵⁰

Several key business and industry practices foster growth in the ccTLD domain name market.

- **Streamlined Registration Process:**
 - **Simple and secure online registration⁵¹:** User-friendly interfaces, clear instructions, and efficient domain availability checks attract registrations.
 - **Multiple payment⁵² options:** Catering to local payment preferences (mobile wallets, local bank transfers) expands accessibility.
 - **Local language⁵³ support:** Offering registration and support in local languages improves user experience and trust.
 - **Competitive Pricing and Transparency**
 - **Fair and transparent⁵⁴ pricing models:** Clear domain pricing, avoiding hidden fees, builds trust and encourages registrations.
 - **Competitive pricing benchmarks⁵⁵:** Regular market analysis to align pricing with other ccTLDs and gTLDs attracts cost-conscious customers
 - **Promotional pricing and discounts⁵⁶:** Strategic offers for bulk registrations, startups, or specific user groups can stimulate demand.

49. .zadna

50. <https://www.icann.org/>

51. AfriNIC Baseline Market Study: <https://afrinic.net/>

52. Africa Domain Name Industry Study: <https://coalitionfordigitalafrica.africa/>

53. ICANN IDN Guidelines: <https://www.icann.org/general/idn-guidelines-20jun03.htm>

54. ICANN ccTLD Best Practices: <https://www.icann.org/en/blogs/details/good-practices-for-the-registration-and-administration-of-domain-name-portfolios-part-i-30-5-2017-en>

55. Domain Name Wire Industry Statistics: <https://domainnamewire.com/>

56. Verisign Domain Name Industry Report: <https://blog.verisign.com/domain-names/verisign-q1-2023-the-domain-name-industry-brief/>

- **Marketing and Awareness Campaigns:**

- **Targeted marketing campaigns**⁵⁷: Reaching diverse audiences through relevant channels (local media, influencer marketing) promotes understanding and adoption.
- **Educational resources and workshops**: Building capacity through workshops and tutorials on domain name use and benefits encourages local businesses and individuals.⁵⁸
- **Collaborations with local stakeholders**⁵⁹: Partnering with business associations, chambers of commerce, and government agencies amplifies reach and impact.

- **Strong Dispute Resolution Mechanisms**

- **Effective and accessible dispute resolution**⁶⁰: Implementing UDRP or ADR procedures builds trust and ensures fair resolution of domain name conflicts.
- **Transparency and clear procedures**⁶¹: Publicly available and well-defined dispute resolution processes foster confidence in the ccTLD ecosystem.
- **Investment in infrastructure and personnel**⁶²: Adequate resources ensure timely and efficient dispute resolution for registrants.

- **Innovation and Emerging Technologies**

- **Adopting new technologies**⁶³: Integrating blockchain, AI-powered search, and advanced security features enhances user experience and attracts tech-savvy businesses.
- **Supporting Internationalized Domain Names (IDNs)**⁶⁴: Allowing registrations in local languages expands local domain use and accessibility.
- **Collaboration with tech startups and developers**⁶⁵: Fostering innovation through hackathons and competitions attracts talent and promotes new domain name applications.

57. DiploFoundation Internet Governance Studies: <https://www.diplomacy.edu/>

58. GSMA Mobile Economy Reports: <https://www.gsma.com/mobileeconomy/>

59. Internet Society Global Internet Report: <https://www.internetsociety.org/globalinternetreport/>

60. WIPO ccTLD Best Practices for Dispute Resolution: <https://www.wipo.int/amc/en/domains/>

61. ICANN Dispute Resolution Policy: <https://www.icann.org/resources/pages/policy-2012-02-25-en>

62. ICANN Annual Report: <https://www.icann.org/about/annual-report>

63. The Future of Domain Names

64. ICANN IDN Best Practices: <https://www.icann.org/resources/pages/implementation-guidelines-2012-02-25-en>

65. Domain Name News: <https://domainnamewire.com/>

66. <https://www.domainnamewire.com/>, NamePros: <https://www.namepros.com/> (page 23)

67. <https://www.bluehost.com> (page 23)

68. Sedo: <https://www.sedo.com/>, Flippa: <https://flippa.com/>, Cloudflare: <https://www.cloudflare.com/> (page 23)

69. <https://www.domainnamewire.com/>, Flippa: https://flippa.com (page 23)

70. <https://www.sedo.com/>, Flippa: https://flippa.com (page 23)

71. <https://pir.org/>, Cloudflare: <https://www.cloudflare.com/>, OpenNIC: <https://opennic.org/> (page 23)

72. <https://www.estibot.com> (page 23)

73. <https://www.estibot.com> (page 23)

74. <https://unstoppabledomains.com> (page 23)

75. <https://www.media.net> (page 23)

76. <https://www.uniregistry.com> (page 23)

77. <https://handshake.org> (page 23)

4.7. Domain namespace business models

The domain namespace industry, encompassing domain registration, management, and related services, offers fertile ground for various business models. Here are some key models with examples and embedded sources:

Service	Model
Registrar	Charges registration fees and renewal fees for domain names.
Reseller ⁶⁶	Buys domain names in bulk at wholesale prices and sells them at retail prices to end users
Registry ⁶⁷	Operates the registry for a top-level domain (TLD), responsible for maintaining accurate records and processing registrations
Premium Domain Marketplace	Facilitates the buying and selling of premium domain names (desirable names with high value).
Domain Management Services	Provides tools and services for managing domain names, including WHOIS privacy, DNS management, and email forwarding.
Domain-Based Software-as-a-Service (SaaS) ⁶⁸	Offers specialized services like email hosting, website building, or security built around domain ownership
Domain Parking ⁶⁹	Parks unutilized domain names and generates revenue through displaying advertisements or affiliate links
Value-Added Services	Offers additional services like website security scans, SEO optimization, or domain appraisal alongside core domain registration
Subscription Model ⁷⁰	Offers bundled services like domain registration, email hosting, and website builder for a monthly or annual fee
Open-Source ⁷¹ and Non-Profit	Provides domain registration or related services with a focus on community benefit, transparency, and lower costs
Domain Leasing	Rents out domain names for a specific period, allowing temporary use without full ownership transfer.
Domain Flipping ⁷²	Buys undervalued domain names with potential and sells them for profit after increasing their value (e.g., through development or marketing)
Domain Appraisal ⁷³ Services	Provides professional assessments of a domain name's value based on various factors like keywords, length, and branding potential
Alternative Domain Systems (ADNS) ⁷⁴	Offers alternative domain name registries outside the traditional ICANN structure, often focusing on decentralization or specific communities
Domain-Based Advertising ⁷⁵ Networks	Connects domain owners with advertisers, displaying targeted ads on parked or underutilized domains.
Gamified ⁷⁶ Domain Trading Platforms	Integrates game mechanics like auctions, competitions, and rewards into domain buying and selling, fostering user engagement.
Blockchain ⁷⁷ -Based Domain Ownership	Leverages blockchain technology to create transparent and secure ownership records for domain names, potentially enabling fractional ownership or new functionalities

Table 6: Domain namespace business models

CHAPTER 5

FINDINGS, RECOMMENDATIONS AND CONCLUSIONS

5.1. Findings

The presented data underscores the considerable value that registrars derive from services extending beyond the realms of domain name registration and renewals, particularly within the context of the .za domain namespace. However, it becomes evident that the overall value proposition could be substantially elevated by broadening our analysis to encompass additional domain names offered by these registrars, especially those falling under the category of generic top-level domains (gTLDs). Incorporating this comprehensive perspective will likely provide a more accurate representation of the holistic value generated by registrars across various domain portfolios.

The primary competition for all country-code top-level domains (ccTLDs) arises from generic top-level domains (gTLDs) and new gTLDs, posing significant challenges to the ccTLD ecosystem.

The prevalence of foreign owned/based companies dominating the South African domain namespace sector raises concerns as economic benefits predominantly flow out of the country. This presents an opportunity for locally owned companies. The concentration of market influence among a few companies may indicate a bias toward a particular demographic, potentially neglecting the broader populace.

High operational costs present barriers to entry for new South African entrants, hindering the sector's inclusivity and growth potential. The geographical distribution of registrars, primarily concentrated in the Western Cape and Gauteng provinces, highlights a lack of representation from other regions, necessitating exploration to promote sectoral diversity and inclusivity. Despite the global decline in domain name registrations, South Africa has performed relatively well, even though the numbers have remained relatively constant.

5.2. Recommendations

In accordance with the key findings summarised above, the following key priority actions have been identified as necessary steps that need to be taken in determining the market value of the .za domain name space.

- Further research is imperative to ascertain its actual market value to foster a thriving domain name sector that positively contributes to South Africa's socio-economic landscape. The current data, however, suggests that for a flourishing domain namespace industry, there is a need to make sure that the inclusion of the society at large is encouraged. The fact that you have so many domains registered with foreign-based and owned registrars means there are opportunities for South African citizens to take advantage of the benefits of the sector.
- It is further recommended that .zadna take the leading role in ensuring that the lessons learned from leading countries in the ccTLD are implemented in South Africa.

- Regulations within the space must be implemented,
- The cost of doing business in the sector for small and mediums enterprises must make it possible for everyone to participate in the sector, especially local companies.

5.3. Conclusion

The prevailing emphasis on domain registrations and renewals as the primary metrics for sector valuation has limited the understanding of the domain name space's true potential. This narrow approach impedes .za's advocacy for necessary sector changes, hindering the realisation of potential economic benefits.

The initial study uncovers untapped potential within the domain name sector, offering opportunities for positive socio-economic outcomes. The data highlights the necessity for registrar representation to align more closely with the country's demographic realities.

Despite existing challenges and barriers, including high operational costs for registrars, the sector exhibits significant profitability potential. Notably, a substantial number of registrars in the .za namespace have ties to Germany, suggesting possible foreign connections despite not being formally registered as such.

While determining the exact market value of the entire ccTLD space remains complex, available data and market trends suggest a potential value in the billions of dollars. Individual ccTLDs vary widely in value, emphasizing the importance of considering specific characteristics and market dynamics when assessing their potential worth.

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