

Domain Name Basics

Aftermarket and Premiums

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Domain Aftermarket

Your desired domain may be gone by the time you're looking for it. However, it's possible to buy a registered name on the aftermarket. The **secondary market** allows interested parties to acquire a **domain** that is **already registered**.

The potential buyer **bids** or **negotiates** a **price** to effect the transfer of registration of that name either

- **directly** with the current registrant of the domain **or**
- via an **aftermarket provider** such as Sedo or Afternic.



Aftermarket Business

It has **grown substantially** over the last couple of years, due to the global market growth and expansion.

Many **invest** in **domain names**. They register domains in hopes that someday someone will want to buy it from them. Some of these registrants are acting independently, and others are companies whose business is entirely domain investing.



Transaction Types #1



Domain Sales

The most straightforward domain transaction is the sale. The domain is for sale, and people either accept the price or make a counteroffer. Offers can be made directly or using a domain broker for the negotiation.



Domain Auctions

Equally standard is the domain auction. In domain auctions, domain names are up for sale to the highest bidder – just as on an eBay auction. Auctions can sometimes have reserves – a minimum sale price set by the domain owner that must be met for the auction to result in a sale.

Transaction Types #2

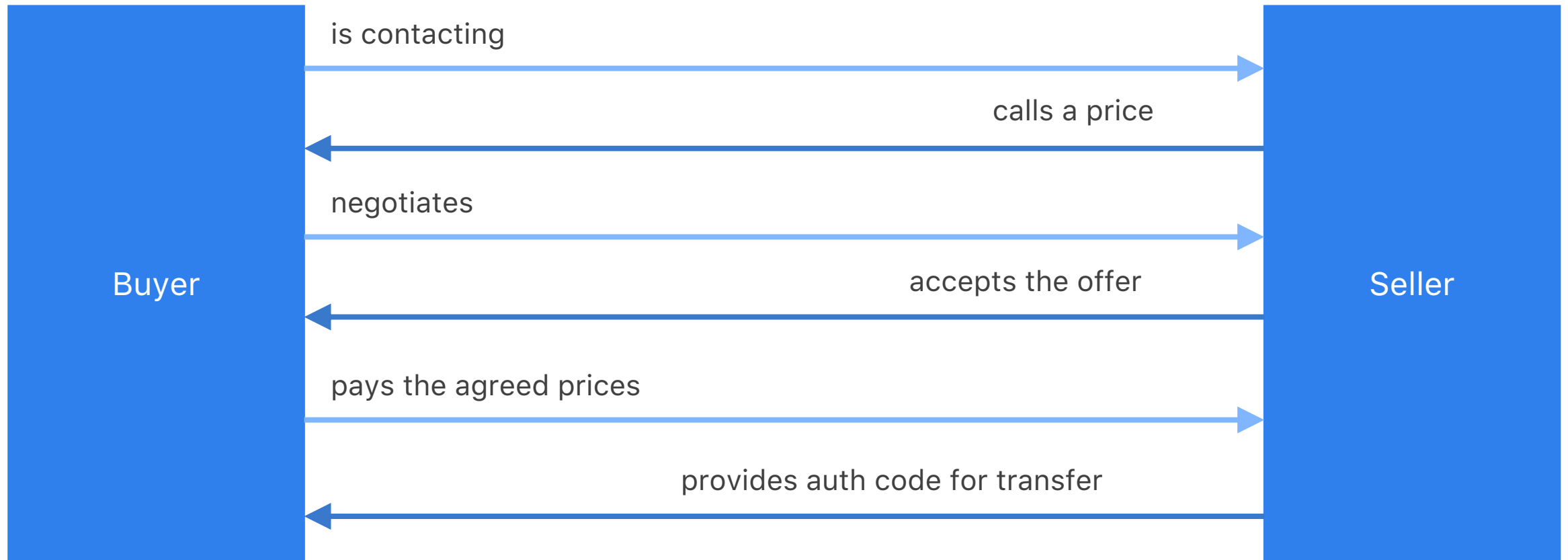


Domain Backorders

For Backorders, some will let you order a name that isn't for sale yet. When the domain's current registration term comes to its end, the registrar will try to register it for you as soon as possible. This method is more economical, but yet doesn't guarantee success.

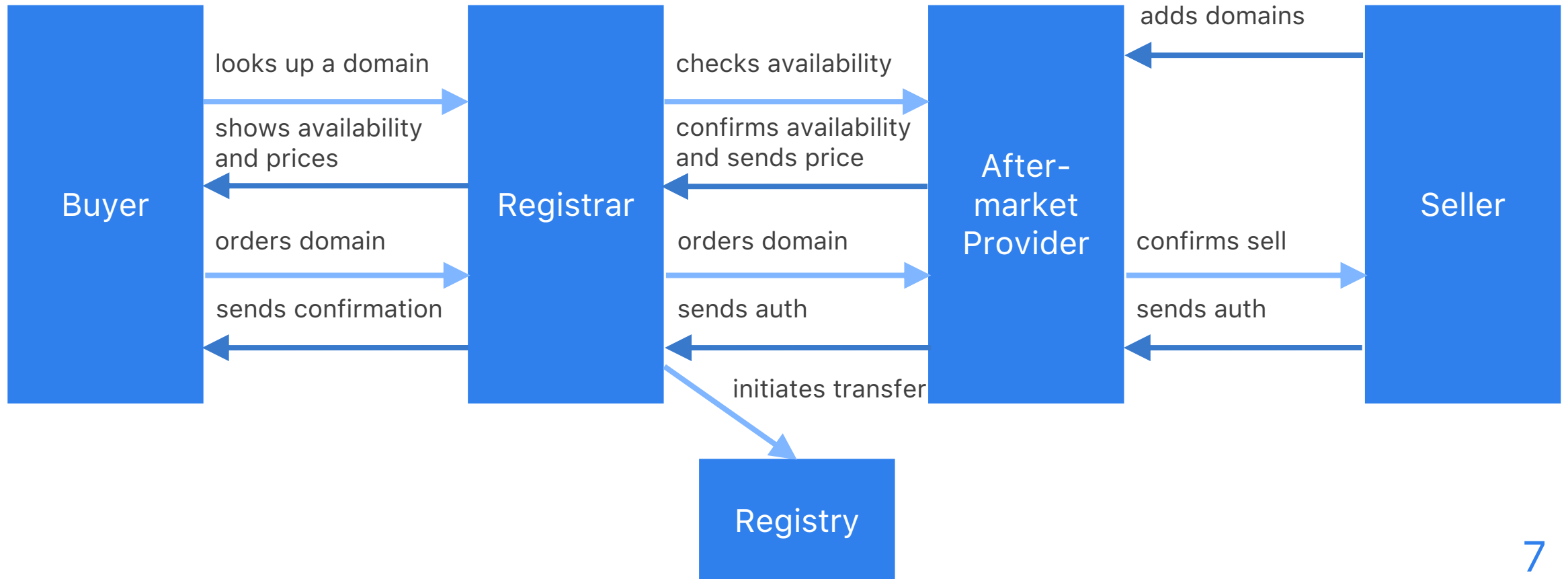
Aftermarket Flow Chart

This **simplified** flow chart explains a **typical** aftermarket **transaction**.



Aftermarket through Registrars

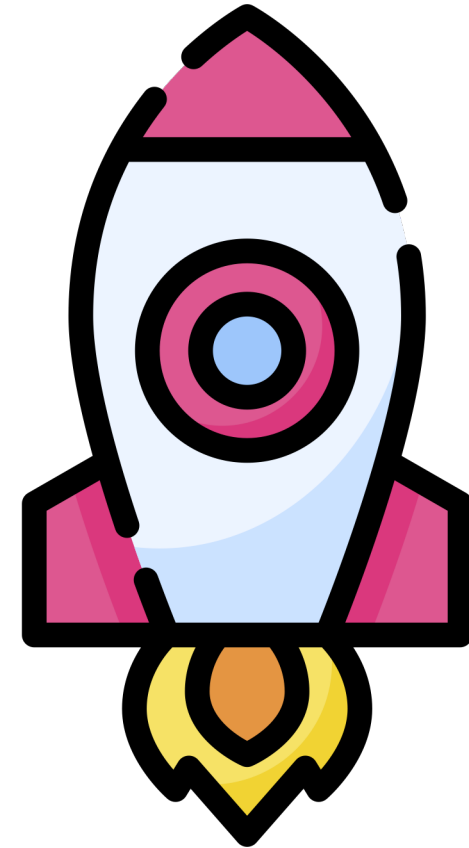
Aftermarket providers are also working together with domain name **registrars**, and this simplified **flow charts** how they are engaging with each other.



Premium Domains #1

Usually, the domain is often the name of the business, service, or product. The better a name is, the higher the odds that it will be recognized and memorized.

- Premium domains are typically one to five characters in length, **standard terms** or **keywords**, and have a **built-in call-to-action**.
- These names are in demand because their registrants understand the power of strong branding and the inherent marketing value in a short, personal, memorable domain.



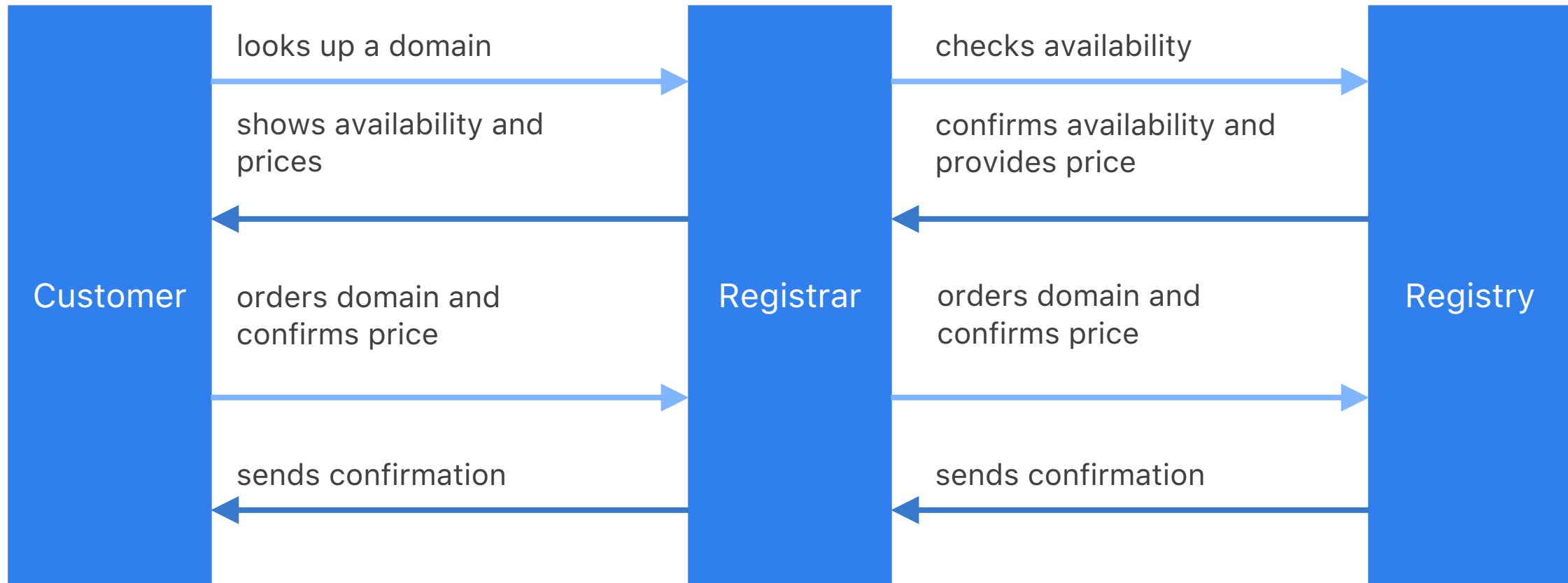
Premium Domains #2

- Premium Domain Names have a **higher registration and**, in many cases, a higher **renewal price**.
- Premiums became more popular at domain name **registries** with the new gTLD program and to sell them **directly** through domain name **registrars** via Extensible Provisioning Protocol (**EPP**).
- Some registries are also selling/**auctioning** their premium names through Aftermarket providers.



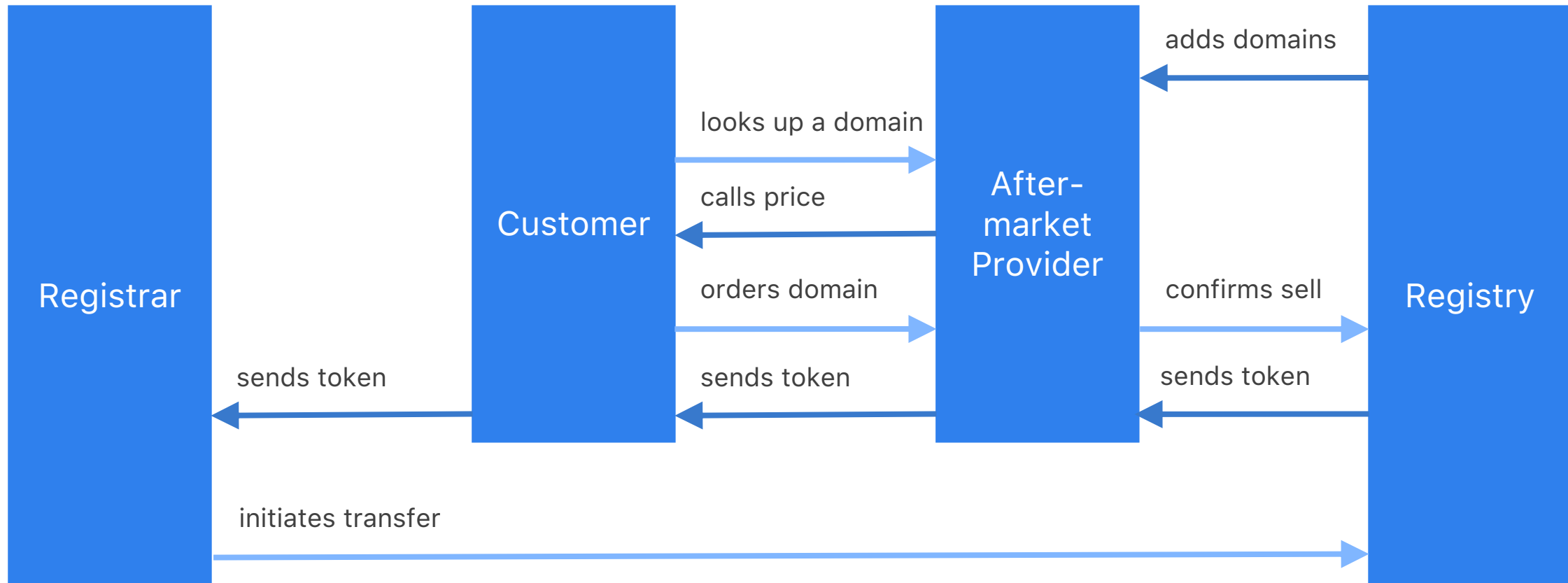
Premium Domain Flow Chart

This **simplified** flow chart explains a domain name **registration** for a **premium** domain.



Premiums through Aftermarket

This **simplified** flow chart explains a premium domain name **sell** through the **Aftermarket**.



Challenges with Premiums #1

- Premiums require a lot of **communication** with registrants and potential **customers** because
 - up until the new gTLDs launched premiums weren't quite common.
 - Premium-domain renewal fees can also be priced at a premium level.
- **Identifying** a premium through EPP can be **hard** if the implemented EPP extension is either old or not supporting a unique identifier. **Without** an up-to-date list as a **backup**, the process can be **broken**.



Challenges with Premiums #2

- **Registries** can have **specific rules** around their premiums such as content or usage requirements.
- **Transferring** premium names can be an **issue** if identifying a premium is either not possible or broken by design.
- Gaining registrar needs to **support** premium **billing**.
- **Price** and **tier changes** are also quite **time-consuming**, because of communication to customers, testing and probably changing price points, etc.



Comparing Aftermarket and Premiums

	Aftermarket	Premiums
Seller	Current Registrant	Registry
Purchase Platform	<ul style="list-style-type: none">▪ Direct Negotiation▪ Auction▪ Backorder-Tools	<ul style="list-style-type: none">▪ Registrar▪ Auction
1st year price	Registration Price at Registrar plus agreed purchase price with current owner.	Premium Registration Fee
Renewal	Price at registrar	Standard Price at Registrar or Premium Renewal Fee

Thank you!