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*Applied Travel Intelligence*

## **.travel Domain Name: Necessity and Opportunity**

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(October 2001)

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There is a debate raging over the utility and technical aspects of creating new Internet domain names including one for travel: **.travel**. The outcome has commercial and Internet performance implications. This paper examines the Internet Corporation for Assigned Names and Numbers' (ICANN) management of the domain name system (DNS), the potential value of having a separate **.travel** top level domain (TLD) name, and the possible approaches to managing it.

### Background

Domain names, in particular TLD's, are part of the DNS administered by ICANN. That DNS helps users find their intended destinations on the Internet.

Every computer on the Internet has a unique address – just like a telephone number – called its Internet protocol (IP) address.” The DNS allows a familiar string of letters (a domain name) to be used instead of a numerical IP address; e.g., **mytravelagency.com** instead of 192.84.65.30. Like a telephone number, uniqueness of the domain name makes it possible for messages to get to their intended recipients.

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At the heart of the DNS are so-called root servers. These are specially designated computers cooperatively operated through ICANN to provide information about which other computers are “authoritative” regarding specific TLDs. Thus, when searching for a domain name such as **mytravelagency.com**, the root server network provides resource records about **.com**. These, in turn, tell navigation routines which computers have authoritative information about the names within that TLD. To enhance DNS efficiency, stability and utility, there is an effort underway by ICANN to expand TLD's, including **.travel** and the appointment of an entity to manage it.

In the early days of the Internet a rudimentary but effective set of TLDs emerged. These were based on country (e.g., **.de** for Germany, **.ca** for Canada, etc.). In the United States a series of generic TLDs emerged: **.com**, **.org**, **.edu**, **.gov**, and **.mil**. Driven by the more widespread Internet use in the US and its relatively lower registration cost, **.com** became the more widely and globally used (purchased) TLD. Not surprisingly, the **.com** registrar, *Network Solutions* became

commercially and near-monopolistically successful. Further, *Network Solutions'* "land rush" approach to registration set off significant trademark and intellectual property wrangling. Part of ICANN's current effort to expand TLDs is aimed at addressing those outcomes.

ICANN is leading the DNS evolution. They are a global, non-profit, private sector, Internet-coordinating body chartered to act in the public interest. Their mission is to protect the stability, integrity, and utility of the DNS on behalf of the global Internet community. ICANN is responsible for managing and coordinating the DNS to ensure it continues to function effectively. They also oversee the distribution of unique numeric IP addresses and domain names. Among ICANN's activities is the development of consensus-based policies for the orderly introduction of new TLDs, including **.travel**.

### Challenging ICANN's Role

Some have challenged ICANN's role in expanding TLD's. They suggest that the operation of the free market and superior search functionality obviate the need and value of an ICANN sponsored, consensus driven DNS. Opponents of ICANN's efforts argue that the domain structure should emanate from the free market and be based on an entrepreneurial driven effort that is eventually adopted by ICANN. *New.Net*, a company venture funded by *idealabs!*, started in May 2000 to create such a commercial based system and is now actively assigning (selling) private TLDs.

Proponents of ICANN's single authoritative root approach to TLDs point out that commercial alternatives to a single authoritative DNS have not materialized. They also argue that, should such efforts succeed and multiple private DNS emerge, there could be serious consequences for the effective functioning of the DNS and the Internet. Routings would be made to the wrong or multiple IP addresses and computers. Programs and intermediate Internet hosts, previously relying on a single authoritative root, and programmers unfamiliar with DNS complexities would be confounded by the emergence of multiple DNS. This creates risks for communications, security and financial activities carried out on the Internet. Not surprisingly, ICANN has concluded that a single authoritative DNS root structure is technically necessary:

To remain a global network, the Internet requires the existence of a globally unique public name space. The DNS name space is a hierarchical name space derived from a single, globally unique root. This is a technical constraint inherent in the design of the DNS. Therefore, it is not technically feasible for there to be more than one root in the public DNS. That one root must be supported by a set of coordinated root servers administered by a unique naming authority.

President and CEO of ICANN  
2001

M. Stuart Lynn,

July 9,

Companies developing purely commercially based TLDs in anticipation that ICANN will (or must) give them preferential rights to that TLD are taking a serious commercial risk. ICANN has publicly stated that such activities are, by their nature, injurious to the public interest and that, "no current policy would allow ICANN to grant such preferential rights" (M. Stuart Lynn, July 9, 2001). Moreover, commercially based TLDs will directly compete with ICANN supported ones, making it more difficult to attract and maintain registrants. The lesson for those who register (and pay) for a commercial (non-ICANN approved) TLD: be wary of the value of your purchase. The lesson for those who would provide or invest in a commercial TLD registration: you are taking a very speculative action. The lesson for the travel industry: be wary of an investment in a **.travel** domain name not sponsored by ICANN

## Added Value of Expanding TLDs

The core values of ICANN's granting a **.travel** TLD are enhancement of DNS effectiveness and protection of the public interest. Some argue there can be additional benefits.

The first generic TLD names: **.com**, **.org**, **.edu** and **.net** served their purpose well; however, with increased Internet users, inherent traffic, cyber squatting, trademark infringements and intellectual property rights violations and other ills occurred. Some believe there is an opportunity to address these ills plus provide more competition among domain name registries through TLD expansion. New registration opportunities and value can be created. Registration procedures can be put in place to protect trademarks and intellectual property rights, replacing the first-come-first-serve process of the past. Those advocating sponsored or restrictive TLDs (e.g., **.museum**, and **.aero**), contend that pro-competitive and pro-commerce safeguards can be used in the identification and registration process to add value to TLDs. For example, registrants can be qualified as legal business entities with valid contact information and the intention (execution) of posting distinctive content. These benefits can affect specific activities and industries, including travel.

Starting this year ICANN will release seven new TLDs. With their release, ICANN will evaluate the utility of expanding TLD names in general and the new names in particular. Their evaluation will focus on whether the new TLDs support and/or complement Internet search and navigation processes; address trademark and intellectual property issues of the past; and, from a technical standpoint, assure that search and navigation routines produce unambiguous and intended results.

Words are a critical component of search and navigation processes. Expanding TLD names provides a set of new "words" (names) with potential significance. The names (words) selected can have a positive (or at least neutral) impact on the effectiveness and efficiency of firms engaged in Internet search and navigation.

An extreme point of view is that TLDs have no literal value. Sophisticated navigation and search capability can "sit on top" of a purely technical DNS, directing (routing) Internet traffic where it needs to go. In effect, ICANN sponsored TLDs are at best neutral.

*RealNames*, a firm active in the debate, takes this position. They have developed a scalable global Internet naming infrastructure that is context-structured and keyword-based. *Real Names'* architecture is capable of identifying resources across networks in all languages and in concert with local identities. For example, through their architecture, a keyword's uniqueness is defined in the context of a country (Canada), a language (French) and an application or service (e-mail) irrespective of the TLD. For *RealNames* the "name" value of a TLD is not essential. Their application and others like it position a logical layer on top of the single ICANN authoritative root DNS composed of strings and groupings of numbers, letters and symbols.

*RealNames* has other issues with ICANN's global generic and sponsored TLD expansion. By their nature, generic TLDs create the need for a supra-national or global quasi-legal systems to resolve trademark and intellectual property rights issues. *RealNames'* approach relies on national legal systems already in place. ICANN's approach, according to *RealNames*, adds instability and unnecessary complexity.

If there is a middle ground between these positions, it will be ICANN's responsibility to find it. They must answer the question: "can a selective set of TLDs add value and stability to the

Internet, including value (or at least neutrality) for search and navigation businesses? A more narrowly focused question is: “will **.travel** add value and be neutral or beneficial to search and navigation businesses?”

### The Case for **.travel**

The case for ICANN creating a **.travel** TLD based on market prominence is strong. As an activity, travel accounts for 1 in 12 jobs worldwide (WorldTourism Organization). PhoCusWright Inc. notes that 30% of all online transactions are for travel. It is also one of the fastest growing Internet segments from both a travel information and transactions basis. Politically, the US Department of Commerce and members of the US House of Representatives also support it.

For ICANN the primary concern for establishing a **.travel** TLD is, “do we need it?” The answer lies in the context of a broader question: “do we need more TLDs in general?” Based on the comments of Vint Cerf, ICANN’s board chairman, there will be more TLDs: “...from a business point-of-view there is some critical mass that will be achieved below which TLDs will not survive ... the critical mass is not thousands but might be hundreds” (ICANN Montevideo Conference, September 10, 2001). Whether **.travel** will be one of those TLDs is uncertain. Based on the prominence of travel as a global industry with heavy reliance on the Internet plus political support, there is reason for ICANN to consider one. Whether one is granted depends on ICANN’s evaluation of the following:

Is there a need for such a TLD that emanates from a global travel constituency?

- Will it enhance (or hold neutral) technical efficiency of the Internet?
- Will there be value added in the market?
- Will the public interest be advanced?
- Can an entity be found or evolve that assures registration stability?

The answers to these questions will ultimately determine if there will be a **.travel** TLD.

For consumers, suppliers and intermediaries (e.g., travel agents, tour wholesalers, global distribution systems, etc.), a more efficient and stable operating DNS could support what has become an essential element of travel: use of the Internet. For branded suppliers and intermediaries, trademark and intellectual property right protection could be enhanced. For the industry, the assurance that **.travel** signifies an entity with an identified point of contact, a legal business, and a legitimate travel association could create inherent value and the perception, if not the reality, of order. To the extent that an ICANN appointed administrator, individually and through its various associations promotes **.travel**, the TLD could more effectively achieve the sort of broad based usage ICANN intends. If that process adds value or is at least neutral for navigation and search processes, there is a case to be made for **.travel**.

It is important to note that the International Air Transport Association’s (IATA) application for **.travel** has already been rejected by ICANN. It is not certain whether the rejection was for **.travel** or IATA’s planned administration of it. What is certain is that a **.travel** TLD is not imminent. ICANN will require a whole new set of TLD applications. No preference will be given for previous submissions. This includes travel. Further, part of ICANN’s decision-making process for expanding TLDs is to evaluate the impact of the seven new ones released this year. Consequently ICANN is expected to act deliberately and judiciously in their evaluation and

application processes. Specifically, they are not likely to act until the evaluation period for existing TLDs has begun and there is some level of confidence to allow further introductions. This predicts a significant period before an ICANN authorized **.travel** is approved and ultimately appears.

IATA is pressing for ICANN's reconsideration of a **.travel** TLD and is impatient about a deliberate ICANN approach. They claim that releasing the **.travel** TLD will have positive and significant value for a currently depressed travel market and that the passage of time gives purely commercial based TLD providers like *New.Net* a chance to emerge.

ICANN's response to IATA is uncertain. They are likely to conclude that IATA's pro-recovery based claim could be made by many other industries and activities. They may also observe that the online travel market continues to grow, despite a declining travel industry (PhoCusWright Inc. predicts double digit growth in online bookings for the next three years, despite the effects of a war on terrorism and a sluggish travel industry). Finally, ICANN may observe that *New.Net*, the most prominent purely commercial based TLD provider has not grown significantly. For these reasons and ICANN expressed desire to move deliberately and judiciously, it is unlikely ICANN will act favorably on IATA's request in the immediate future.

#### Alternate Approaches to **.travel** Administration

Based on discussions with ICANN senior management and staff reports, concerns appear to be with IATA's approach rather than with **.travel**. IATA's original proposal was rejected on the grounds that it lacked "representativeness." While IATA assembled an impressive array of supporters, why are there no other entities competing with them to deliver the benefits of a **.travel** TLD to the market? Where is the grass roots or free market driven ground swell of support?

There is something to be learned from IATA's application for a **.travel** TLD. In 2000 ICANN sought applications from entities interested in overseeing the administration of sponsored TLDs such as **.travel**. While there could have been a spectrum of applicants

- A \$7 million year one education and marketing program;
- Applications prices of US\$500 international/US\$100 domestic plus annual subscriptions of US\$500 International and US\$100 respectively. Subscriptions are discounted for multi-year payments.

Since IATA's application was rejected, they are preparing a new one for submission when ICANN calls for new applications. Based on discussions with IATA executives, their new submission will drastically reduce application and annual registration fees; provide more travel industry representation; and position IATA as a "contracted" administrator or outsourcer.

It is not a foregone conclusion that there will be a separate **.travel** TLD or that IATA will ultimately be granted oversight by ICANN. In fact, it could be in the public interest, and particularly the best interest of the travel industry and its customers, that alternative and approaches, only (IATA) submitted a bid. The major characteristics of their bid were:

- A not-for-profit entity where reserves are used to raise the online experience level of third world nations;

- A representative Advisory Committee that has authority over the criteria and policies for the registration of domain names;
- Procedures that insure that there are no trademark infringements or intellectual property rights violations;
- Restrictive registration processes that ensure only *qualified applicants* are allowed (accredited) to register for and remain in the TLD. “Qualifications” include a lengthy set of document submissions and procedures designed to represent a “seal of approval” and a recognized level of quality with **.travel**.
- An annual budget of US\$29 million rising to US\$52 million in 4 years and a staff of 111 rising to 310 in 4 years where technical elements are outsourced;
- Comprehensive registration and domain name dispute resolution processes;
- A naming convention structure administered by IATA;
- Neulevel*, previously *JVTEAM*, as the registry operator selected on the basis of competitive bid;

applications are put forward. In contrast to the IATA, additional applications could emerge who embrace a more free-market, grass roots approach. Such an approach could address ICANN concerns for representativeness and a desire for broad based demand for a **.travel** TLD.

If alternate applications were to be submitted, what might be their key characteristics and what might be the response of the ICANN to those bids? Given below are some suggested applicant characteristics:

- The applicant is a for-profit enterprise. This insures effective oversight of registrars, cost management of operations, and proper focus on marketing, promotion and reasonable prices to drive broad based registration.
- Travel associations are used as the primary registration and marketing entity.
- A “hands-on” Board of Directors oversees the process of granting a **.travel** registration with the objective of protecting the stability, integrity, and utility of the DNS plus creating market value.
- A broad-based and representative Advisory Board provides industry input on management policy decisions and feedback from travel constituency to management and the board.
- Neither management, the board nor the applicant acts as an “accrediting” agency. The focus is on avoiding trademark and intellectual property right violations and assuring minimum business credentials: valid contact information, license or proof of a legitimate business and intent to post distinctive content.

Resolution procedures for domain name and other conflicts are market, rather than procedure based and focused on avoiding use of any global “quasi judicial system.” For example, bidding for domain names is encouraged where trademark and intellectual property rights violations are

not involved and use of established national legal systems for trademark and intellectual property right resolutions.

□ Partnership and associate arrangements are made with search and navigation enterprises. This enhances the value and coordination between the **.travel** TLD applicant and the general market place.

As an alternative approach to IATA's, such applicants could be viewed positively by ICANN. Having a widely representative Advisory Board and Board of Directors with accountability for the stability, integrity and utility of the DNS meets core ICANN goal. This is a contrast to the more insular IATA approach. Making the operation for-profit ensures an inherent management motivation to control costs and to broadly market and reasonably price the administrative aspects of **.travel**. A more broadly used, rather than restrictively controlled, TLD has both technical and navigational advantages for the industry and consumers alike. A key reason for TLD expansion is to foster improved functionality for navigation and search processes. Unduly limiting the expansion of the **.travel** TLD restricts the capability and creativity of industry players to optimize Internet use. Moreover, a for-profit enterprise will pro-actively promote the use and effectiveness of the **.travel**. It will be incented to broadly promote it to enterprises already in the industry plus those potentially able to join.

#### Conclusions

□ It is likely that ICANN will approve more TLDs. While travel is a significant market segment with the potential to derive value from enhanced operation of the Internet, it is not certain if ICANN will approve **.travel**.

□ If ICANN were to authorize **.travel**, it is not likely to occur until they have evaluated the impact of the TLDs already approved. That process could take up to one year.

□ When ICANN considers granting a separate **.travel** TLD, it is advisable that they encourage alternative approaches to IATA's.