

EVALUATION OF NEW GENERIC TOP LEVEL DOMAINS FROM A BRAND AND A TRADEMARK PERSPECTIVE

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ABSTRACT

This study explains the positive branding effects and the trademark-related risks of the New Generic Top-Level Domain (NGTLD) program. It can be shown that Associative Network Memory Theory explains why the connection of the brand with a suitable generic NGTLD can increase brand awareness. Additionally, the Signaling Theory can explain why brand (and some generic) NGTLDs can be used as signals. Brand NGTLDs can be used to protect the brand from negative influences by third parties in the digital world. This study compares the chances and the risks of NGTLDs and recommends a strategy, which should minimize the trademark-related risks for brand owners. An extensive survey of prior literature was applied, as were interviews with a sample of 10 experts who were involved in the decision and the application process for NGTLDs.

JEL: M31, M37, O34, O32

KEYWORDS: Brands, Trademarks, New Generic Top-Level Domain, NGTLD, Internet, Online-Marketing

INTRODUCTION

The introduction of New Generic Top Level Domains (NGTLDs) could fundamentally change the Internet as we know it (Prahla & Null, 2011), since it allows companies and organizations to secure a top-level domain. For example, instead of registering “www.example.com” one can register “www.domainname.example”. The NGTLD owner can exclude others from registering second level domains (SLDs) under its NGTLD (gTLD Applicant Guidebook, 2012). A total of 1930 applications for NGTLDs were submitted, from which 1293 are still being processed and 395 were already granted. The advantages and disadvantages of the program are currently the subject of intense discussion. On the one hand, there are arguments that NGTLDs will improve marketing relations with customers, as said customers will perceive the brand’s NGTLD as source of trustworthy information, and that trademark infringement will decrease because of the implemented dispute resolution policies (Sisun, 2009). On the other hand, the Association of National Advertisers (2011) states that the costs of NGTLDs do not justify a more than doubtful additional value for brand owners. Additionally, there might be an increasing risk of infringement problems through second-level domains registered under the NGTLD (Prahla & Null, 2011).

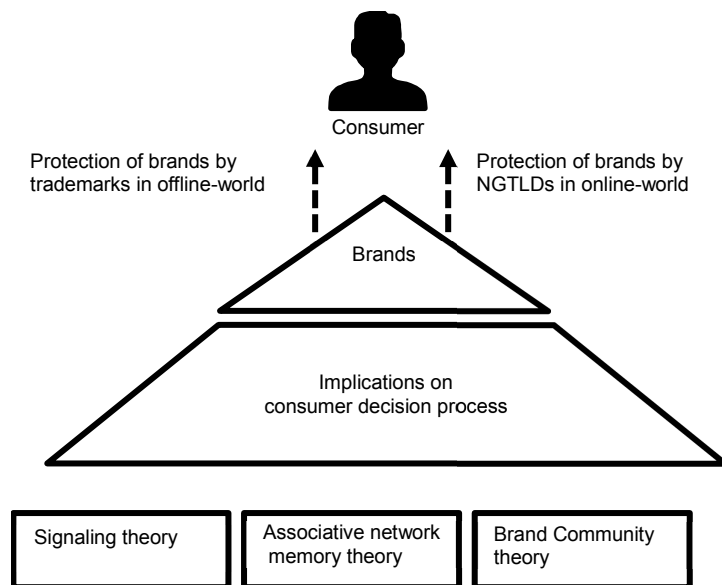
However, the brand theories mentioned above have not been examined yet on whether they could be applied to NGTLDs, or whether they are able to examine possible benefits of NGTLDs. The introduction of NGTLDs will bring new changes for trademark owners, but it is unclear whether NGTLDs will be perceived as intellectual property. Given the potential branding benefits and the evaluation from a trademark perspective, there is no comprehensive judgment on the chances and risks of NGTLDs yet. This leads to the following main research questions: Are major branding theories applicable to NGTLDs? What are the

trademark-related consequences of NGTLDs? How do European companies perceive the opportunities and risks of NGTLDs?

There is a rather broad body of research on the benefits of brands. But, with the exception of Murphy, Raffa, & Mizerski (2003) who examined domain names as a branding tool, additional research in this field is rare. In particular, the branding possibilities of NGTLDs have not been researched properly to this day. There are several studies that examine the relation between trademarks and domains. Some evaluate domains from a trademark perspective (Lee, 2001; Phillips, 2003), some include the registering process (Chaudri, 2007), and others highlight the conflicts between domains and trademarks (Marinković, 2012; O'Regan & Snyder, 2004) as well as the dispute solving mechanisms of ICANN and WIPO (Samuels & Samuels, 2003). There are also studies that assess the risks of NGTLDs to trademark owners (Alramahi, 2010; Prahla & Null, 2011) or analyze the application procedure for NGTLDs. But until now, there has been no research on whether NGTLDs are perceived as a way to protect brands from the influence of third parties in the digital world. Finally, there is no comparison of the branding benefits with trademark-related risks.

Therefore, we will first introduce the NGTLD. Afterwards, we will give a definition of brands and explain their role for customers. The following section discusses the implications of brands in the consumer decision process. Next, we will give an overview of the most important theories that offer an explanation for these effects. We will illustrate how the role of brands can only be fulfilled, if they are protected from interference by third parties. We will therefore discuss trademarks as a way of protecting brands in the offline world and NGTLDs as their counterpart in the online world. The structure of the theoretical foundation can be seen in Figure 1. In the empirical part of this study we will first explain the methodology, then present the results of interviews with experts. Finally, we will draw conclusions and make suggestions for further research.

Figure 1: Structure of the Theoretical Portion of the Work



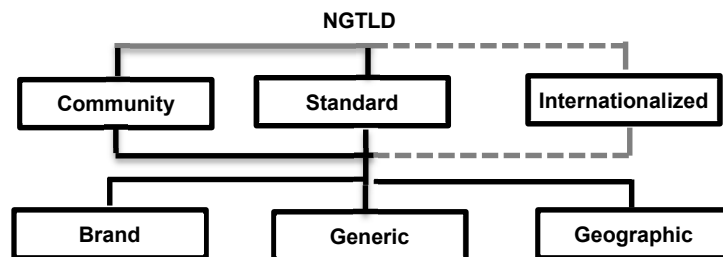
This Figure shows theoretical structure of the work. The Signaling theory, the associative network memory theory and the Brand community theory offer explanations for the various implications of brands on the consumer decision process. Trademarks protect brands from the interference of third parties in the offline World and NGTLD may offer a similar protection in the online word.

LITERATURE REVIEW

Introduction to the New Generic Top-Level Domain Program

In order to properly evaluate NGTLDs, we will present the main features of the NGTLD program in this section. In the first application round, there were 1,930 applications for 1409 different NGTLDs (ICANN, 2013a). These numbers indicate an overwhelming interest from some companies. A survey of FairWinds Partners (2012) states that 74% of the companies questioned were not aware of the NGTLD program. Therefore, we will give a brief introduction to the NGTLD program in this section. NGTLDs can be classified in two basic categories: the community-based and the standard NGTLDs (gTLD Applicant Guidebook, 2012). An applicant for a community-based NGTLD is required to “demonstrate an ongoing relationship with a clearly delineated community” (gTLD Applicant Guidebook, 2012). If the application is not able to meet this requirement, it is referred to as a standard NGTLD (gTLD Applicant Guidebook, 2012). The main advantage of community NGTLDs is that they are preferred over standard NGTLDs. Although it is not a category by itself, internationalized top-level domains allow the registration of NGTLDs which consist of non-Latin letters (gTLD Applicant Guidebook, 2012). NGTLDs can be further divided into 3 sub-categories: brand NGTLDs, geographic NGTLDs and generic NGTLDs. A brand NGTLD contains or consists of a trademark or company symbol like “.bmw”. Geographic NGTLDs can indicate certain regions or cities like “.bayern”. Companies could benefit from the reputation or pride of a region (Leong & Valdes, 2011). The last subcategory describes NGTLDs that consist of generic terms like “.app”. The classification of NGTLDs is illustrated in Figure 2.

Figure 2: Classification of NGTLDs



Applicants have to go through a difficult application process. The applicant must answer fifty questions, which require approximately 250 pages of documents (gTLD Applicant Guidebook, 2012). Through these measures, ICANN seeks to ensure the stability of the Internet by verifying that the applicant has the necessary requirements for operating a NGTLD (Corporation Service Company, 2009).

An applicant has to invest between \$500,000 and \$1,000,000 over the first two years of implementing and operating the NGTLDs (Corporation Service Company, 2009). These costs do not include the marketing expenses, which will also be necessary in order to distribute the NGTLD to consumers. There are many other indirect costs, which have to be taken into consideration (Leong & Valdes, 2011). To conclude, in order to possess a private top-level domain (TLD) it is necessary to complete a complex, long-lasting and expensive application process.

Definition of Brands and Brand Elements

A brand is traditionally defined as a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers (Keller, 2008). This definition highlights the differentiation function of brands and is very similar to the definition of trademarks.

Brands create a relationship with customers. They emphasize the trustworthy relationship between branded goods and services and the customer (Linxweiler & Siegle, 2011). Thus, brands are not only seen as a way to distinguish products and services: they should also create a favorable presence in the minds of customers (Aaker, 1991). In a broader context, brands can be seen as commercial signatures, which enable companies to achieve, reinforce and obtain several marketing objectives (Mendonça, Pereira, & Godinho, 2004). This definition is more in line with the increased significance of brands and will be used throughout this work. In order to achieve these various goals, the marketer can choose between brand elements. These in turn can be defined as “trademarkable devices that serve to identify and differentiate the brand. The main ones are brand names, URLs, logos, symbols, characters, spokespeople, slogans, jingles packages and signage” (Keller, 2008, p. 140). Therefore, NGTLDs, and especially branded NGTLDs, are treated as a brand element in this study.

The Impact of Strong Brands on the Consumer Decision-Making Process

In order to evaluate the branding possibilities of NGTLDs, one has to be able to measure their impact on the consumer decision-making process. This section presents a literature overview of the effects of strong brands. Later, in the empirical section, it will be analyzed which of those effects can also be seen in the context of NGTLDs. The positive effects of strong brands influence consumers in their perception of product attributes, their willingness to pay, their reception of marketing-related measures and their perception of brand extensions, which are discussed in the next sections.

A product or service consists of several tangible and intangible attributes and benefits (Hoeffler & Keller, 2003). Brands can influence the perception of those attributes and furthermore affect the evaluation of the benefits. Brown & Dacin (1997) proved empirically that corporate associations affect the product responses. According to their observations, reactions to the company’s products depend highly on consumers’ prior knowledge of the company. This relationship can be influenced by company’s branding strategy (Berens, van Riel, Cees, & van Bruggen, 2005). The consumer is often not able to analyze the product performance in advance of the buying decision and therefore has to rely on extrinsic cues. Studies have identified brand names, store names, price, warranties, advertising, word-of-mouth reports and past experience as important extrinsic cues (Dodds, Monroe, & Grewal, 1991; Jacoby, Olson, & Haddock, 1971; Rao, Qu, & Ruekert, 1999).

This section focuses on the positive effects of brands on customers’ willingness to pay. There are two important aspects of this effect: first, the ability to charge higher prices and secondly, the ability to be more resistant to price changes by unbranded competitors. Many studies prove that companies with strong brand names are able to charge a price premium in comparison to an unbranded competitor (Agarwal & Rao, 1996; Fischer, Völckner, & Sattler, 2010). This effect can even be achieved if the unbranded competitor closes the quality gap (Sethuraman, 2001), which shows that the price differences cannot be explained by the difference in quality. Another interesting finding is that brand extensions are able to achieve a higher price premium if the awareness of the parent brand is increased (Sattler, Völckner, Riediger, & Ringle, 2010). In addition to the mere price premium, the quantity of sales of high-quality brands is less vulnerable when higher prices are being charged (Sivakumar & Raj, 1997). Furthermore, Sivakumar shows that high-quality brands are resistant to price promotions of low quality brands. Other studies have identified that brand credibility decreases price sensitivity (Aaker, 1991; Erdem & Swait, 2004). Therefore, consumers are not only willing to pay more for branded products: their increased willingness to pay is also less affected by external effects.

Consumers are constantly exposed to advertising or other measures through which companies try to convey their message. If the amount of competing advertising increases in a given product category, it will be more difficult for the customer to recall one brand (Keller, 1991). He experiences difficulties especially in remembering particular product information from new brands. A number of studies show that brands

influence the reception of marketing communication and ultimately the ability to recall the content of those marketing measures. Campbell & Keller (2003), for example, state that the consumer has to process the advertising of an unfamiliar brand more extensively. Kent & Allen (1997) show in their study that advertisements of strong brands are more likely to be recalled and are less affected by competitive advertisements. Furthermore, brands that exhibit high brand loyalty require less advertising in comparison with brands with less loyal customers (Agrawal, 1996; Raj, 1982).

“Brand extension is a marketing practice that uses an established brand name in one category to introduce products in totally different categories” (Choi, 1998). This means that consumers transfer characteristics of the parent brand to the brand extension (Hakenes & Peitz, 2008). Hakenes & Peitz therefore suggest that consumers are able to draw conclusions from the perceived quality of one product to another product. Thus, brand extensions can serve as a way to overcome informational asymmetry by using the reputation of the parent brand (Tauber, 1988). Laforet & Saunders (1994) offer a framework for organizing the different brand extension strategies.

There is a broad body of literature which shows that brand extensions can serve as a cost-effective way to leverage the positive brand effects of the parent brand (Aaker & Keller, 1990; Choi, 1998; Kirmani, Sood, & Bridges, 1999; Rangaswamy, Burke, & Oliva, 1993; Tauber, 1988). The reputation of the parent brand has a substantial influence on the demand for the products of the extended brand (Sullivan, 1998).

But there are also certain concerns that brand extensions could dilute the parent brands. In particular, this would apply if there was a high similarity between the brands, and the consumer had a negative experience with the brand extension (Keller & Lehmann, 2006; Sood & Keller, 2012). Nevertheless, strong brands seem to be fairly immune to those dilution effects (Morris, 1999).

Underlying Branding Theories

In this next section, after exemplifying the possible impacts of NGTLDs on the consumer decision process, we will introduce the following three major streams of research which explain the important role of brands in the consumer decision process: the psychology-based approach, which is mainly formed by the economic-based approach, where brands are considered to be a *signal* to reduce uncertainty; *associative network models*; and the sociology-based approach, where *brand communities* represent the main research field (Keller, 2002). These theories might offer explanations for positive branding effects of NGTLDs.

Often the quality of a product cannot be fully evaluated prior to its purchase (Nelson, 1970). Accordingly, the consumer is often exposed to imperfect and asymmetric information about product attributes and benefits. He needs a mechanism by which he can quickly receive credibly information (Erdem & Swait, 1998; Jacoby et al., 1971). Furthermore, Erdem & Swait (1998) suggest that the brand can be considered as a credible *signal* for product attributes. According to them, a brand signal “embodies (or symbolizes) a firm’s past and present marketing strategies” (Erdem & Swait, 1998) and therefore influences consumer evaluation of product attributes (Erdem et al., 2002). Other studies have been able to support this framework (Erdem, Swait, & Valenzuela, 2006). But in order to act as an information source for consumers, the credibility of the product information must be ensured (Swait & Erdem, 2007). Brands are able to reduce uncertainty and therefore lower information costs and the perceived risks of consumers (Erdem & Swait, 1998; Keller, 2008; Montgomery & Wernerfelt, 1992). Fischer et al. (2010) explain this by saying that brands create confidence in the expected product performance. Hence, the consumer is able to evaluate the quality of products by viewing the brand rather than examining every product in detail (Phillips, 2003). Finally, the advertising expenditure can also act as a signal of high quality (Rao et al., 1999).

The *associative network model* defines knowledge as a simple network of nodes, which are connected by links (Anderson, 1996). Whether the nodes are linked directly or indirectly determines the strength of these

associations (Dimofte & Yalch, 2011). This model can also be applied to explain the organization of brand knowledge. The brand name can be seen as “a brand node in memory with a variety of associations linked to it” (Keller, 2008). This way, consumers can store brand related information around the brand name (Sen, 1999). The retention of this information can be increased by reinforcing the associations between the brand name and the brand information (Baker, 2003). Because strong brands own more established knowledge structures, they increase the likelihood that the links will be associated only with their brand (Hoeffler & Keller, 2003). The main task of this cognitive structure is to distinguish between the various products and services (Alba & Hutchinson, 1987).

A *brand community* is defined as a “specialized, non-geographically bound community based on a structured set of social relations among admirers of a brand” (Muniz & O’Guinn, 2001). This theory extends the understanding of brands by a social component. Brands can be seen as “social objects” which are also created by the consumers (Muniz & O’Guinn, 2001). This is why brands can be seen as humanized or personalized partners in a relationship, which can be formed with consumers (Fournier, 1998). This also explains why consumers are able to define a brand by personality characteristics (Aaker, 1997). People can share cognitive, emotional or material resources through communities (McAlexander, Schouten, & Koenig, 2002). Brand communities can be further characterized by four basic features: “shared consciousness, rituals, traditions, and a sense of moral responsibility” (Muniz & O’Guinn, 2001). One can furthermore distinguish between social network, impression management, community engagement and brand use as common practices in brand communities. Social network practices concentrate on “creating, enhancing, and sustaining ties among brand community members” (Schau et al., 2009). Impression management tries to create positive associations with the brand (Schau et al., 2009). Community engagement practices are those which encourage members to intensify their engagement with the brand community (Schau et al., 2009). Finally, brand use practices are designed to lead to improved usage of the brand concerned (Schau et al., 2009).

Protection of Brands by Trademarks in the Offline World

In this section we will show that the positive impact of brands can only reach the customer if the brand is protected from negative interference by third parties, so that the consumer can trust the brand. Furthermore, we will show that trademarks carry out this role in the offline world. “A trademark is a distinctive sign that identifies certain goods or services produced or provided by an individual or a company” (WIPO, 2004). The sign can consist of graphics, words, designs, letters, shape or packaging of goods, as long as it is capable to distinguish the goods of two companies (Council of the European Union, 1993).

Trademarks therefore serve as “a badge of origin” for goods and services (Phillips, 2003). In order to fulfill the task of distinguishing products and services of companies it must be ensured that trademarks do not lose their distinctiveness. For this reason, European trademark law ensures that generic words or signs cannot be registered (Council of the European Union, 1993, Art. 7). But even if a trademark was successfully registered, if it becomes generic over time, the trademark protection instantly vanishes (Landes & Posner, 1987). Another major reason for the denial of registration is that the trademark concerned could possibly mislead consumers (Mendonça et al., 2004). The avoidance of descriptive terms or generic terms is surely the opposite of what common branding literature recommends (George, 2006). As mentioned before, the common advice is to connect the brand with positive associations and secure product categories in the minds of consumers.

Trademarks therefore ensure that brands can act as a way of reducing consumer search costs by embodying information about the brand (Landes & Posner, 1987). By ensuring the origin of the product or service, trademarks reduce the need for constant assessments of products (Malmberg, 2005).

This particular function of brands can only be performed if there is no distraction from third parties. Trademarks are furthermore exclusive rights, which enable the trademark owner to control their use on products or services (Council of the European Union, 1993; Phillips, 2003) and therefore limit competitors from infringing on successful brands (Besen & Raskind, 1991). Phillips (2003, p. 641) describes trademarks as “the legal anchor, which protects the brand from drifting away from its owner’s control.” Trademarks establish the foundations for marketing activities (Besen & Raskind, 1991).

Trademarks are closely linked to brands. Nevertheless, the first important difference is that a brand can be protected by a combination of several trademarks (Mendonça et al., 2004). But the main difference is that brands are to be more encompassing, as they also include the commercial use of trademarks (Malmberg, 2005). In this sense, a trademark symbolizes an abstract value, which can be exploited by branding activities. Brands can be seen as a way to transfer the most important benefits of the product or service to consumers (Mendonça et al., 2004). The desired images can be attached to trademarks (Economides, 1988). Trademarks can serve as a carrier of information in the communication with consumers (Malmberg, 2005). After the legal registration and publication of a trademark, its owner can prevent third parties from applying the trademark to goods or packaging, offering goods or services under the protected sign, importing or exporting goods under the sign and using the mark on business papers or in advertisements (Council of the European Union, 1993). This applies to identical or comparable signs in the same field of goods or services, if there is an increased likelihood of confusion or association (Chaudri, 2007; Phillips, 2003). These rights can be enforced through specific regional courts, as determined by the legislature.

Protection of Brands by NGTLDs in the Online World

Domain names can be defined as “strings of letters and/or numbers, which correspond to the numerical Internet Protocol addresses (IP address) of computers on the Internet” (Chaudri, 2007, p. 62). They can be considered as a more user-friendly form of IP addresses (Marinković, 2012). Every computer has its own unique IP address, through which it is able to connect to the Internet. So instead of having to remember a cryptic number, such as 183.17.432.1.59, the domain name system DNS allows users to access a website through a memorable domain name (Chaudri, 2007). Therefore, the DNS “is the underlying system on which the Internet functions” (Marinković, 2012, p. 29).

But with the increased importance of Internet domain names, they have become more than just identifiers of web sites. A court recognized that they are used as a ‘shop facade’, which attracts potential customers (Phillips, 2003, p. 574). They act as business identifiers and therefore have a similar function as trademarks (Marinković, 2012). A court has even considered them to act as “designation of origin and a symbol of goodwill” (Patel & Saha, 2008).

The separation between trademarks and domain names has become increasingly blurred in recent years. Domain names can consist of or contain trademarks and many brands are recognized by their domain names (Prahll & Null, 2011). We have noted above that domain names can have functions similar to those of trademarks. But in order to fully meet the requirements of trademarks, domains have to serve as an “indicator of goods and services” and not only as “business identifiers”. Most domains, however, fail to do so (Marinković, 2012). Unlike trademarks, domain names are not limited to certain products and services (Marinković, 2012). Domain names can contain descriptive or generic terms. In contrast with trademarks, which can be annulled if they are not used in the registered product or service category, a domain name stays registered as long as it is valid and is getting renewed (Marinković, 2012). Often interests of trademark holders collide with those of domain name owners. For example, well-known trademarks are popular targets for cybersquatting- or typosquatting attacks. Another example is the registration of domain names that criticize the practices of trademark owners. In this case, the trademark owner has to accept the existence of the insulting domain name, as long as it does not give users the impression that they actually landed on the trademark owner’s website (Phillips, 2003).

Whether NGTLDs provide an improved protection for trademark owners on the Internet is the subject of an intense debate. The World Intellectual Property Organization (WIPO, 2005) already had major concerns about the rights of trademark owners when the discussion was only about allowing seven additional GTLDs. In their report, they came to the conclusion that the expansion of GLTDs will inevitably lead to an increase of infringing applications and thereby force trademark owners to take additional preventive measures. The International Trademark Association raised those concerns in a hearing in front of a sub-committee of the House of Representatives (Stark, 2011). It demanded stronger protection of intellectual property in the Applicant Guidebook. Also, in a report commissioned by ICANN itself, these concerns were confirmed (Katz, Rosston, & Sullivan, 2010). ICANN responded and added the following protection mechanisms into the Applicant Guidebook.

The first layer of protection is the Public Objection and Dispute Resolution Process. This process is designed to enable right holders to file an objection before the NGTLD is put into use. Qualifying conditions include a String Confusion Objection, if the applied-for NGTLD is confusingly similar to existing NGTLDs, a Legal Rights Objection, if the applied-for NGTLD violates the legal rights of the objector, a Limited Public Interest Objection, if the applied-for NGTLD violates generally accepted legal norms of morality and public order, or a Community Objection, if there is significant disapproval of the NGTLD from a great portion of the community at whom the gTLD string may be explicitly or implicitly targeted (gTLD Applicant Guidebook, 2012). Secondly, the Post-Delegation Dispute Resolution Proceedings are designed to enable right holders to file a complaint after the NGTLD is put into use. This measure applies if (a) the complainant sees the distinctive character or the reputation of its trademark endangered by the use of the NGTLD or (b) if a SLD of the NGTLD owner causes the same legal consequence. This should especially address cases of cybersquatting attacks (ICANN, 2012, § 6.1 - 6.2). Another protection mechanism is the Trademark Clearinghouse. This can be described as a central database where trademark owners can register their word mark (gTLD Applicant Guidebook, 2012). The operator of a NGTLD is committed to give enlisted trademark owners the chance to register a SLD within a 30-day sunrise period before the launch of a NGTLD. After the launch of the NGTLD the Trademark Claim Service ensures that the new SLDs are automatically compared with the brands that have been stored in the Trademark Clearinghouse. If an identical match occurs, the registrant and the trademark owner are notified immediately. This period must last for at least 60 days after the general public can register the SLD (gTLD Applicant Guidebook, 2012). Lastly, the Uniform Rapid Suspension (URS) is a simplified version of the Uniform Domain-Name Dispute Resolution Policy (UDRP) process and is intended to grant trademark holders an affordable legal protection by temporarily blocking a domain (ICANN, 2013b).

In addition to the newly created measures, conventional measures like an extrajudicial UDRP process (ICANN, 1999) or legal action at national level is also possible. Given the various protection measures, the main concern of trademark holders is not the NGTLD program itself, but rather the possible infringement of their rights by SLDs registered under NGTLDs (Prah & Null, 2011). Many studies state that costs for monitoring and protecting a brand on the Internet will rise after the launch of NGTLDs (Katz et al., 2010; WIPO, 2005). But there is also no doubt that a company that owns a NGTLD has full control over it and can decide whether SLDs are allocated at all, and if so, can set up the conditions for SLD applicants (gTLD Applicant Guidebook, 2012).

DATA AND METHODOLOGY

After setting out the theoretical fundament of this study, the next section will deal with empirical verification. Therefore, we will start to explain the method used in this process. As already mentioned, NGTLDs have not yet been simultaneously investigated from a branding and trademark perspective. This field of research has not drawn the attention of many researchers yet. Although many NGTLDs have already been approved by the ICANN, none of them have been used in practice to date.

A qualitative approach seems to be more appropriate to generate new theories or ideas and to analyze their causal mechanisms. This method is also used to gain a deeper understanding of certain correlations. Expert interviews can provide a first overview of a new or unclear research field, help to structure that research field and generate new hypotheses. As such, expert interviews can be used as explorative tool, which offers additional information and helps illustrate or comment on statements of researchers on the object of study. Expert interviews can be defined as a systematic way of gaining access to the exclusive knowledge of experts. Whether a potential interview partner should be regarded as an expert depends on their comprehensive experience within the object of research. In this case, experts are intellectual property attorneys, branding managers or consultants who were involved in the decision- and the application process for NGTLDs. Expert interviews are conducted with the help of semi-structured guidelines. This aims to create a natural conversation and enables interviewer to ask ad hoc questions and receive a full reply. Therefore an expert interview can also be described as a process of spontaneous operationalization (Hopf, 1978).

The guideline used for the interviews was created by applying the “SPSS Principle” suggested by Helfferich (2010). She suggests the following steps to develop an interview guideline: Collecting questions, reviewing the questions, sorting the remaining questions and subsuming questions. The aim of the first step is to collect a large number of questions relevant to the research topic. In the next step, the results of the first brainstorming sessions are reviewed for their relevance to answer the research questions. Questions demonstrating too much redundancy or those not suited for generating open answers or narrations are removed as well. Afterwards, the questions are subordinated to topics. Finally, the resulting questions have to be formulated in a narrative way in order to achieve a natural conversation flow during interviews.

The overall aim of this study is to evaluate the NGTLDs from a branding and trademark perspective with the purpose of deriving recommendations for the online branding strategy of companies. For this purpose, the interview set should consist of specialists from different disciplines who all were involved in evaluating the NGTLDs for their companies. Consequently, patent attorneys, managers of intellectual property departments, brand managers and consultants can serve as interviewees as can be seen in Table 1.

Table 1: Overview of Interviewed Experts

Company	Details	Country
Marketing Consultancy	Represents car manufacturers	Germany
Marketing Consultancy	Represents financial, travel, car and media companies	Switzerland, Denmark
Industrial Gas and Engineering	Applicant for Brand NGTLD	Germany
Automobile Driver Association	Applicant for Brand NGTLD	Germany
Pharmaceutical company	Applicant for Brand NGTLD	Germany
Registry of a CCTLD	Represents several major CCTLDs	Germany
Regional Telephone & Internet provider	Applicant for geographic NGTLD	Germany
Intellectual Property Attorney 1	Large international law	Germany
Intellectual Property Attorney 2	Medium sized law firm	Germany
Intellectual Property Attorney 3	Medium sized law firm	Germany

This table gives an overview of the experts being interviewed. The marketing consultants represent several major companies. All Intellectual Property attorneys are renowned experts in field of NGTLDs. Although the headquarters of the companies are mainly in Germany, they often operate internationally.

The first step was to limit research with the help of the ICANN database {ICANN #260I} to companies that applied for NGTLDs or advised them. Next, potential discussion partners were identified with the help of the ICANN database, Xing, LinkedIn, and brochures of NGTLD conventions. Out of the 71 potential interviewees who were contacted, we were able to conduct ten interviews in the period of August and November 2013. In order to create a foundation of trust and to increase the willingness of sharing, classified information results and company names were anonymized. The interviews were conducted by telephone.

The results of expert interviews can be seen as data which must be further analyzed. Therefore, we conducted a qualitative content analysis to extract the required information in a systematic manner. The aim of the analysis of expert interviews is the theoretical generalization of knowledge and behavior patterns, attitudes and principals of the experts. Therefore, we applied the following steps for analyzing expert interviews: Transcription, Paraphrasing, Headings, Thematic Comparison, Conceptualization, and Generalization. In the first step, the tape recordings were transcribed. Since all of the interviews were conducted in German, this step also included the translation to English.

RESULTS

The interview began with an introductory question. This question was meant to create a pleasant atmosphere and uncover further details of the interviewee. During the first interview block, we sought to find out how NGTLDs can influence the consumer decision process. The following three blocks consisted of questions that addressed whether the Signaling Theory, the Associative Network Theory or the Brand Community Theory are applicable to NGTLDs, and if so, whether they offer an explanation for positive branding effects. These sections were followed by questions to analyze trademark related effects and the brand protection function of NGTLDs. Finally, the interviewees were asked to evaluate the NGTLDs from a trademark and a branding perspective. In this section, we present the most relevant answers, including the times they were mentioned. Please note that multiple answers were allowed. First, we asked for the effects on the consumer decision process, as can be seen in Table 2.

Table 2: Effects of NGTLDs on Consumer Decision Process

Construct	Generalized Answers	Number of Experts in Support
Influence on perception of product attributes	No direct effects, only through signaling effects	4
Influence on the willingness to pay	No effects expected	10
Influence on the reception of marketing communication	No effects expected	10
Influence on the perception of brand extensions	More cost effective management of Brand extensions and domain	2

This table gives an overview of the direct effects of NGTLDs on the consumer decision process. Most of the interviewees see no direct effects of NGTLDs on the consumer decision process but an indirect effect through positive signaling effects.

A great portion of the respondents was not able to forecast the effects of NGTLDs on the consumer decision process (3) or only expected indirect effects of NGTLDs caused by the Signaling Effect (4). None of the interviewees was able confirm a direct impact on the perception of product attributes, the willingness to pay or the effectiveness of other marketing measures. Two experts even stated that the importance of domain names as marketing tools is going to decline and that the introduction of NGTLDs cannot change this development. Nevertheless, brand NGTLDs would enable a better and more cost efficient management of brand extensions in the digital world (2), if the brand NGTLD owner implemented the concept of NGTLDs consistently and communicated it to its customers (1). In that case, it would be possible to improve the structure of the domain name portfolio and reduce the number of SLDs outside the own NGTLD (2). Many interviewees believe that the introduction of NGTLDs may lead to a reduction of information costs through improved navigation and findability of the websites concerned (4). According to the respondents, this would allow users to narrow down the search to a certain geographical area or category and by improving the positioning in search engines. But in order to see those effects, NGTLDs will require a long adoption phase (3). Next, we wished to find out whether the Associative Network Theory is able to explain whether NGTLDs can be used as a successful marketing tool. The main results can be seen in Table 3.

A majority of the respondents expect that NGTLDs can enhance the connection of brands with suitable generic NGTLDs and therefore increase brand knowledge of consumers (6). Some interviewees advised that companies ought to register strategic terms as SLDs under NGTLDs (4). But those domain names

would have to relate to the brand or product portfolio of the company. One respondent regards this procedure as normal maintenance of a domain name portfolio and does not see additional marketing benefits. He adds that positive associations are only possible if they are actively supported by the provider of NGTLDs (1). This would be the case if, for example, “advocate” was only available to licensed attorneys. For one respondent, the Signaling Effect was more important than the Association Effect. None of the interviewed companies have registered a generic NGTLD, although one company can imagine applying for generic terms, which describe their main product category. With the help of the next set of questions, we analyzed whether the Signaling Theory is applicable to NGTLDs as can be seen in Table 4.

Table 3: Associative Network Theory as an Explanation of the Effects of NGTLDs

Construct	Generalized Answers	Number of Experts in Support
Brand knowledge	Connect brand with suitable generic NGTLD will increase brand knowledge	6
Digital visibility	NGTLDs will increase digital visibility of brands	3

This table highlights the importance of the Associative Network Theory for explaining the effects of NGTLD.

Table 4: Signaling Theory as an Explanation of the Effects of NGTLDs

Construct	Generalized Answers	Number of Experts in Support
Signal of trust and consumer confidence	NGTLD can increase trust and consumer confidence	8
Quality	NGTLD can increase the perception of quality	7
Security	NGTLD can increase the perception of security	6
Authenticity	NGTLD can increase the perception of authenticity	3

This table highlights the importance of the Signaling Theory for explaining the effects of NGTLD. The signaling theory has got the strongest support of the Interviewees for explaining the effects of NGTLDs on the consumer decision process.

The vast majority of the respondents confirmed the signaling function of NGTLDs (9). They could be viewed as signals of trust and consumer confidence (8), quality (7), security (6), authenticity (3) and credibility (1). With the help of brand NGTLDs, a company can enhance the impression of an innovative and leading company (3). As large international companies will mainly use brand NGTLDs, NGTLDs can also signal solidity and global thinking (1). The Signaling Function occurs due to the fact that owners of brand NGTLDs can exclusively control all SLDs under the NGTLD. Therefore, NGTLDs could be perceived as a clearly visible badge of origin (5). An important task of companies is to ensure that consumers are protected against malicious or misleading websites and that they reach the correct websites easily. (1) Brand NGTLDs decrease the verification effort and reduce the information costs (5). It is absolutely vital that the consumer understands this function and also accepts NGTLDs as a signal (1). The owner of a brand NGTLD must fulfill this expectation and provide a secure and trustworthy environment, which offers an added value for consumers (2). Teaching the consumers how to use NGTLDs and how they can benefit from them will be a time-consuming process (1). One respondent does not believe that it is necessary to connect a quality label with a NGTLD. According to this interviewee, belonging to a quality group that verifies the individual quality criteria, is crucial.

The last interview section of the branding theory block aimed to test whether the Brand Community Theory is transferrable to NGTLDs. Brand NGTLDs can enhance the consumer relationship and brand affinity of the customer (3). This can be done by providing customers with personalized SLDs where they receive product information (3). Thereby, consumers can use their personal website to show their affinity for the brand (1) or to form their own brand community (1). Another advantage of NGTLDs is their ability to control the flow of information and to target the stakeholders more accurately (1). This could be used by

companies, which have diverse stakeholders. Additionally, geographic NGTLDs signal the firm’s belonging to a certain region and appreciating of certain values (1). Owning an NGTLD alone does not change the relationship with the customer (2). Hence, from a technical point of view, there will be no difference between starting a brand community with or without an NGTLD (1). Brand communities that are supported by NGTLDs can lead to shorter domain names and enable to better express the affinity with the brand (2) (Table 5).

Table 5: Brand Community Theory as an Explanation of the Effects of NGTLDs

Construct	Generalized Answers	Number of Experts in Support
Consumer Engagement	Can enhance consumer relationship and engagement	3
Brand Community	NGTLD will be used to improve the formation of brand communities	1

This table underlines that the Brand Community Theory cannot be used to explain positive effects of NGTLDs on the consumer decision process

The next interview block dealt with trademark-related consequences of the introduction of NGTLDs. The respondents give numerous descriptions that would describe the legal status of NGTLDs. These were defined as name space (3), world trademark (2) “buying a piece of the internet” (1), intellectual property (1), "Universal-Trademark" (1). Those paraphrases emphasize the exclusion (2) or the monopoly function of a NGTLD (2).

The impact of cyber- and typosquatting attacks was expected to decline for brand NGTLD owners when the NGTLD is fully implemented. (3) But this depends on how fast the company is able to teach their customers that their NGTLD serves as a badge of origin (1). If brand NGTLD owners succeed in teaching their customers how to use NGTLDs, prices of domain names from cybersquatters will decline down to the point where their business model would no longer be sustainable (3). The reduced price would also be promoted by protection measures like the URS, which is cheaper than UDRP proceedings (2). The Trademark Clearinghouse, where trademark owners can assert their rights, is regarded as a sufficient protection tool against trademark infringements coming from the Internet (5). However, it also leads to shortcomings. The registered trademark owner is only notified if there is an identical match and only for 60 days after the activation of a NGTLD (2).

The absolute number of cyber- and typosquatting attacks will rise, in particular for trademark owners with well-known brands but who have not applied for NGTLDs (4). According to one interviewee, the most significant risk is caused by unawareness of the person who is in charge of protecting the brand in the digital world (1). There are several steps that are recommended in order to protect the brand from cyber- and typosquatting attacks. The first line of defense is to register a trademark for the company and its products (1). Furthermore, brand owners should register their major trademarks at the Trademark Clearinghouse (8). Commercial monitoring services should be used in the case of well-known brands (1). Trademark owners should identify suitable NGTLDs where they can register strategic terms or their major trademarks (3). Only very well-known brands should register SLDs in the sunrise period, and the less-known brands should register them in land-rush phase (1). Finally, trademark owners should actively monitor the approved NGTLDs and use the long approval phase as a learning phase (3).

The last interview section dealt with the overall evaluation of NGTLDs by the respondents. None of the applicants are motivated to apply for a NGTLD purely to seize an opportunity. For them, the main reason would be to pursue a defensive strategy (5). The initiative often comes from within departments responsible for protecting intellectual property. A major driving force for applying is to ensure that others with the same trademark in other categories are not able to secure the NGTLD.

When asked for conditions of success for the NGTLD, user acceptance was identified as one major success factor (4). The consumer needs to understand the concept of NGTLDs, and their function, and has to appreciate them. The user would have to learn how to find authentic content with the help of NGTLDs (1) or navigate with the help of NGTLDs (2). Substantial marketing effort would be required to persuade the consumer of the value added by NGTLDs (5). A provider for geographic NGTLDs, for example, would invest 1MM € a year in marketing at the preregistration phase and increase these expenses to 6MM € in the future. The next major condition of success is whether NGTLDs are supported by search engines and lead to a better search engine results (4). Google Inc. has also mentioned that they will consider NGTLDs in their search algorithms, but did not clarify which impact NGTLDs will have on search results (3). The dissemination of NGTLDs also depends on their value added from other companies (2) and the prices being charged for SLDs (1). Two of the interviewees see great chances for internationalized NGTLDs being successful. Especially for regions with non-Latin characters, like China, Russia or the Middle East, there are no good alternatives today.

A major risk factor for a company is if a third party decides to register a brand or product category identical to theirs as a NGTLD (2). The trademark-related risks are increased costs for monitoring and protecting the brand in the digital environment (1). The violation of personal rights was also mentioned once. (1) ICANN could lose control and dubious providers could take advantage of the situation (1). Finally, it is not certain that the declining importance of domains can be reversed through the introduction of NGTLDs (1).

CONCLUDING COMMENTS

The goal of this paper was to test whether major branding theories are applicable to NGTLDs, to highlight the trademark-related consequences of NGTLDs and furthermore to see how European companies perceive the opportunities and risks of NGTLDs. In order to answer those research questions, we conducted 10 expert interviews, which can be defined as a systematic way of gaining access to the exclusive knowledge of experts. The required information was extracted systematically through a qualitative content analysis. Therefore, we applied the following steps for the analysis of the expert interviews: Transcription, Paraphrasing, Headings, Thematic Comparison, Conceptualization, and Generalization. In the first step, the tape recordings were transcribed. The majority of the companies seem to have registered NGTLDs in order to achieve better protection in the online world. They want to avoid negative experiences they have had with the current domain system. Furthermore, they intend to ensure that no third party that owns a similar trademark secures a brand NGTLD.

This might confuse their customers. The initiative often comes from the legal departments. Consequentially, the current focus of brand NGTLD owners is the restructuring of their domain portfolio with the help of NGTLDs. Through this, owners of brand NGTLDs can improve the perception of brand extensions. The next step will be that marketing departments start to communicate the added value of NGTLDs to their customers. Other fields of applications for NGTLDs have not been completely conceptualized.

The results indicate that NGTLDs do not impact the consumer decision process directly. They might improve the user experience and the composition or rank of the consideration set by increasing the navigation function and the findability of the website. This highly depends on whether NGTLDs can improve search engine results. But there are hints for the declining role of the domain name as a marketing tool. Interviewees argue that the automatic search in address bars of modern browsers, the rising importance of mobile applications and the voice-over technology underpin this development.

The companies in question only applied for brand NGTLDs and have not secured suitable generic NGTLDs. Unlike Google, Amazon or Microsoft, who applied for a numerous NGTLDs (Berkens, 2012), they plan to connect their brand with positive associations merely on a SLD Level. Thereby, a brand NGTLD is able to enhance the digital visibility and improve the brand knowledge of the consumer. But the interviewees also

made clear that creating positive associations through NGTLDs and securing strategic generic terms is not the main focus of brand NGTLD applicants.

The Signaling theory is able to explain the main benefit of NGTLDs. They can be seen as a signal of trust and consumer confidence, quality, security, authenticity and credibility. Therefore, brand NGTLDs act as an easily visible badge of origin through which the consumer can verify whether a company's homepage is trustworthy or not. In other words, NGTLDs allow protecting the positive impact from negative influences of third parties. A brand NGTLD owner can mark the website as a secure area by using a NGTLD, and ensure the authenticity of their homepage by excluding others from registering SLDs.

Although there are some ways to enhance the customer relationship through NGTLDs, the Brand Community Theory could not be used to explain potential benefits of NGTLDs. Owning a NGTLD alone does not change a relationship with the customer nor influence the formation and acceptance of brand communities.

From a legal perspective, NGTLDs can be seen as a name space, which enables control of its usage. If the user recognizes this function and accepts the brand NGTLD as a sign of trusted information for a particular brand, the impact of cyber- and typosquatting attacks will decline for brand NGTLD owners. Non-applicants will face an increased number of trademark infringements caused by the extension of the namespace. After discussing the major results of this study one is able to compare the opportunities and risks of NGTLDs.

One of the main advantages of Brand NGTLDs is that they can act as a badge of origin for the digital world and therefore reduce cyber- and typosquatting attacks for brand NGTLD owners. Brand NGTLDs furthermore enable increased perception of brand extensions and reduce the complexity of the current domain name portfolio. Generic NGTLDs might serve as a way to increase brand knowledge by connecting the brand to suitable generic NGTLDs, which can create positive associations. Lastly, NGTLDs can improve navigation to and findability of websites.

However, there are multiple risks. Non-Applicants will face the risk of a raising number of cyber- and typosquatting attacks. NGTLDs will also increase monitoring costs and costs for defensive registrations for trademark owners. Third parties might register an identical brand or product category as a NGTLD. The biggest risk is that Internet users might not accept NGTLDs. This would also mean that NGTLDs might not affect the search engine ranking.

This study has several limitations. The qualitative approach chosen has several disadvantages. Despite the ten respondents that were interviewed, the sample size is rather small. As a consequence, the results could more easily be influenced by outliers or extreme opinions. The findings might also be unique to the small group of experts, which was included in this study. Due the fact that the interview design was very open, the answers might be influenced by personal biases. The sample of interviewees consisted of experts from different personal backgrounds and positions. The heterogeneity of the sample might also influence the results. Because of these drawbacks, the generalizability of the results might be limited.

Further research could overcome some of the limitations mentioned. Such research could be built on findings of this study, and verify them by conducting quantitative studies. One might consider conducting a survey of all brand NGTLDs to validate the generalizability. Moreover, the interviews held indicated that the consumer adaption of NGTLDs is still largely uninvestigated. In order to clarify the impact of NGTLDs on consumers, one might administer laboratory experiments. Once the first NGTLDs are in use, one could analyze web data to make more accurate statements about the effectiveness of NGTLDs.

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