



Competitive Supplemental 1&1

Competitive Analysis: Website Product

Version 1

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Table of Contents

Pg. 2	Table of Contents
Pg. 3	Document Use Instructions
Pg. 4	Company Information & Financials
Pg. 5	Company SWOT
Pg. 6	Website Product Overview & Comparison
Pg. 7	Target/Market Opportunity
Pg. 8	Messaging Overview
Pg. 9	Voice of the Customer
Pg. 10	Positioning Approach
Pg. 11	Sales Approach
Pg. 12	References

Document Use Instructions

The purpose of this document is to give a detailed overview of main competitors in the website market space and how they position relative to our offering. The content explores many aspects of the competitor's strengths and weakness, as well as comparing features and benefits that they provide.

The content and research in this document will be consumed by internal stakeholders and will be utilized in the creation of various sales enablement tools and training materials. It should be viewed as an evolving document and will be audited and updated accordingly as the competitive landscape changes. It can be used in the creation of:

- **Competitive Battlecards**
- **Sales Enablement Tools**
- **Sales Training Materials**
- **Internal Presentations**

Important: The Competitive Supplemental Guides will be evolving documents that will give us intelligence and insight into our competition and their unique offerings. The analysis is meant to be a high-level overview of their strengths, weaknesses, product strategy and messaging to the market. It will give the reader a quick summary of the competitor and our take on how we position and differentiate against them. This information can then be used in the creation of various tools, resources and strategies for sales and other functions within the company. Product Marketing will continue to audit and update the information on this company as necessary.

Company Information & Financials

1&1

1&1 Internet, founded in 1988 is a web hosting company owned by United Internet, a German Internet company. The company offers domain registration, personal and small business websites, eCommerce, and several server solutions. In 2006, the company estimated it hosted more websites than any other company in Germany and the UK, and that it hosted the seventh-largest number of websites among web hosting companies in the United States.

Company Name	1&1 Internet
Founded	1988
Headquarters	Chesterbrook, PA/Montabour, Germany
Stock Listing (if available)	ETR XE: UTDI
Employees	6,500 (est.)
Direct Sales Markets	unknown
Customers	13,450,000 (2013 est.)
Retention Rate	unknown
Core Products	Domains, Personal and Business Websites
Additional Products	Hosting, Servers, Email, Ecommerce
Market Channels	TV, Radio, Online Banner & Display
Additional Information	Extensive 1&1 blog w/ small business advocates

Company Financials

Highlights	2012	2013	Change
Sales	€2.6B	€2.3B	-12%
EBITDA	€407MM	€325MM	-20%
Operating Cash Flow	€280MM	€450MM	60%

Company SWOT

This section gives a detailed overview of the competitor's strengths, weaknesses, opportunities and threats. The analysis is only on the company itself and not a direct product comparison.

Strengths

- 26 years of business (since 1988), debt free
- Significant growth in sales, contracts, and earnings for 1&1 MyWebsite in 2013: 110,000 new customers + 5.9MM new pre-registration for new address endings
- Competitive time-to-market advantages without reliance on third party vendors (70,000 worldwide servers)
- Successful 1&1 MyWebsite launch in the US, new tools added March 2013, and focus on new Top-Level Domains (nTLDs)

Opportunities

- View Cloud Applications & Mobile Internet sales as future potential
- Grow strategic partnerships beyond domain registrars, PayPal, and Google AdWords
- Grow new Top-Level Domain (nTLDs) without sacrificing 1&1 MyWebsite marketing dollars, as done in 2013

Weaknesses

- 90% of parent company total sales in Germany; finances dependent on continually healthy German and European Union economies/stock markets
- Had to shift ad budgets away from MyWebsite product to support nTLDs business
- Does not participate in sizable product Research & Development
- Focus on recent acquisitions to substantially boost subscriber numbers
- Increased threat of cyber-attacks/hacking of servers

Threats

- Focus on domain registration of new businesses, providing full suite of SME solutions – perceived as an “all-in-one” provider
- Industry-specific messages with strong testimonials to appeal to unique SME website goals to survive & thrive
- Also targeting website switchers via website process to make moving to 1and1 easy

Website Product Overview

This section gives the reader an overview of the competing website product (both DIY and DIFM if available). It explores the main functionalities and benefits as listed by the competitor in their literature or online.

Do it Yourself

Product Name	Price	Main Features
1&1 MyWebsite Basic	\$.99*/mo.	<ul style="list-style-type: none"> .com domain 10GB webspace up to 500 pages 200 email addresses drag & drop editor mobile optimization industry-specific images blog, Guestbook, RSS, Google Maps, web apps, social media integration, analytics
1&1 MyWebsite Plus	\$4.99*/mo.	<ul style="list-style-type: none"> Basic + pdf integration anywhere on website Event calendar + email marketing center 1&1 social media center 1&1 SEO spotlight
1&1 MyWebsite Premium	\$9.99*/mo.	<ul style="list-style-type: none"> Plus + 1&1 SEO Ready Service SEO experts will review website and make suggestions to ensure website has targeted optimization for better placement on major search engines

Do it for Me

Product Name	Price	Main Features
1&1 MyWebsite maintained by Experts Basic	\$49.99/mo+ One time setup of \$49.99	<ul style="list-style-type: none"> Hassle-free website designed by our experts "No worries" hosting and maintenance included Easy updates by 1&1 team Support for your business success Incorporate logo, your photos and stock photos Social media integration Facebook page (by request) Over 300 web & language translation apps SEO Operates on two servers to ensure availability Web experts make changes when needed Analytics and measurement Designed and ready to publish in 7-10 days after expert consultation
1&1 MyWebsite maintained by Experts Plus	Consultation Setup waived	<ul style="list-style-type: none"> Basic +
1&1 MyWebsite maintained by Experts Premium	Consultation Setuo waived	<ul style="list-style-type: none"> Premium +
Additional Items	Payable in advance No Minimum contract required	<ul style="list-style-type: none"> 30 day money back guarantee for a full refund Fees must be prepaid for the entire term and are non-refundable after 30 days of purchase

Target Market/Opportunity

The purpose of this section is to explore how this competitor would define their customer and target market. This is in contrast to the hibu target customer, where we can begin to see the differences in approach, process and strategic capability.

Market Opportunity

Evolve from a pure web hoster to a one-stop shop for eBusiness solutions by migrating customer through the lifecycle of:

- Website Design: Sector Content (Verticals), Business apps, and Mobile Conversion
- Payments: eShops, Credit Card and other payment acceptances
- Search: Display advertising and local listings process
- Email Marketing: communicate w/ existing customers and engage new customers
- SEO: Continually optimize the website for freshness & growth

Sales motion:

- Get your domain registered
- Help you discern if you need a personal, or small business website
- Position DIY packages based on Essentials, Social Media, and SEO needs
- Offer an expert sales process and professional consultation for 1&1 Website By Experts product

Our Take: The 1&1 target customer is not as focused on amazing design but is instead intrigued by the ability to use specific, non-unique sector (vertical) content to drive results. Mostly basic design and page layouts with critical contacts numbers displayed. They also will not have a high frequency of edits but do desire to have them made promptly. This customer also likes the idea of website apps to increase functionality and is very price sensitive, often being attracted to 1&1's low cost of entry.

Utilize SME direction, images and/or existing website elements to create new 1&1 website

Upsell additional products and services, including Servers, Email & Office, eCommerce

Messaging Overview

This section summarizes the competitor's main value proposition and explores their messaging pillars that are present in collateral, sales lyrics and public communications.

Company Main Value Proposition

Your website – worry-free and always up to date

DIFM Website Value Proposition

You take care of running your business. We'll take care of running your website.

Main Messaging Lyrics

- Leave the creation of your website to 1&1's experts.
- Tell us what's important to you, and we'll make it a reality online, helping to ensure your website's success
- MyWebsite is an "all inclusive" package
- Continued updates even after your site has gone live
- Your website will be tailored to your needs

- Your 1:1 website expert will coordinate with you by phone to discuss the style you envision and the content required
- In a few days, your website visitors will be thrilled with your online presence

DIY Website Value Proposition

A successful website created by YOU!

Easy. Powerful. Successful.

Main Messaging Lyrics

- A simple solution for everyone: professional websites that meet your unique business goals
- Show your customers that your website is more than just a business card
- Catalog of over 300 web apps to enhance your site
- Already have a website? We make it easy to switch!

Our Take: 1&1 prefers to take the "worry-free" and casual approach to messaging, where the SME is praised as the business owner in control of their business, while 1&1 are the website experts that will take care of everything, so the SME doesn't have to. Packages are considered all-inclusive, and experts will correspond by phone to deliver everything you need. DIY products are also messaged as easy and successful, helping to meet your goals and delivering hundreds of apps to increase the user experience.

Voice of the Customer

This section is a summary of feedback and various reviews that have been written, posted and vocalized by this competitor's customers on the Internet and other forums where they can be found. It can also feature 3rd party reviews by bloggers and writers. It contains positive, negative and neutral review summary but is meant to capture the voice of the customer and help highlight the strengths and weaknesses of this competitor and their product.

Our Take: 1&1 MyWebsite customers like the DIY builder and reliable hosting. They favor the apps provided, especially that link in social media. There's been concern of generic industry templates that may harm SEO, and billing/servicing complaints.

Positive

- Users noted that the DIY builder provides reliable hosting to help get the site live in a decent amount of time
- High-praise for the click and build web applications to enhance user experience and link social media

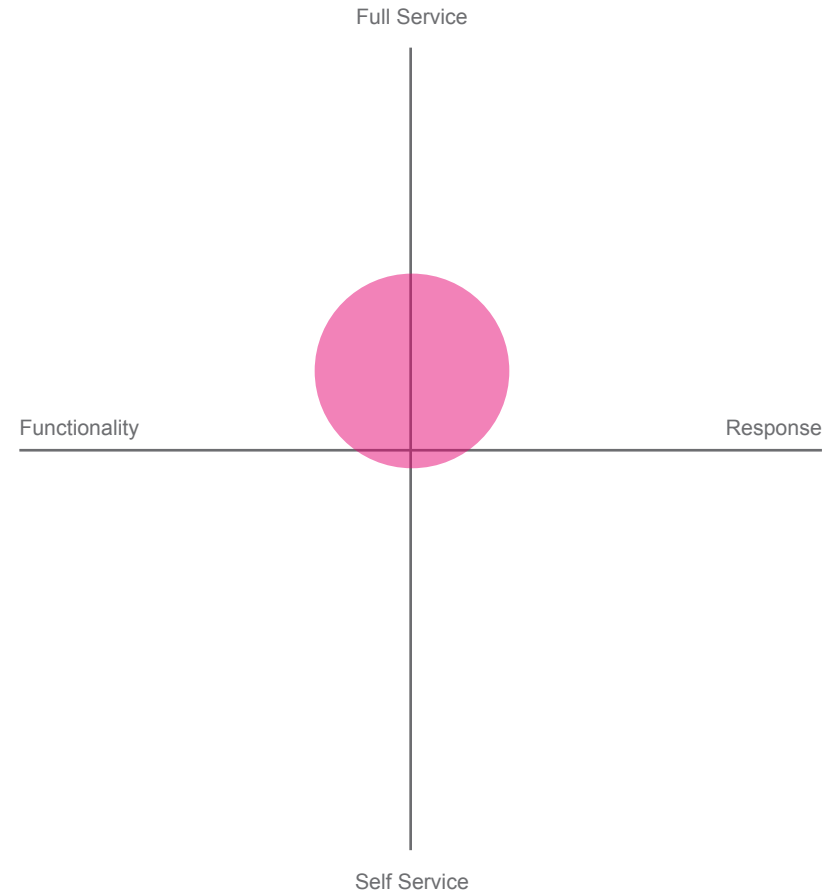
Negative

- Some users noted that the templates are generic, and don't stand out vs others in industry, and can harm SEO
- Complaints about pre-billing of domain and website fees for the year ahead, even w/ month-to-month
- Customer service regarded as "moody"
- Disputed billing can result in locked accounts
- Cancellations not always processed
- 60-day moratorium on transferring domain registration

Positioning Approach

The positioning analysis of this competitor aims to summarize the main attributes and strategy employed in the marketplace.

Promotion	<ul style="list-style-type: none"> Use direct marketing to drive website traffic & inbound call volume Strong inbound telesales performance Lead w/ domain registration – get the .com first Confident tone and delivery
Product	<ul style="list-style-type: none"> Advertisement free (all products are paid) Dial up industry-specific templates & web apps to enhance DIFM & DIY sites Quality is average (acceptable level of UX design)
Price	<ul style="list-style-type: none"> Relatively high price for DIY website (promotional pricing ends after the first year) Relatively low price for DIFM design 30-day money-back guarantee Offset no contract attrition risk w/ ask to pay for year upfront DIFM build fee not refundable Update Terms & Conditions posted on websites monthly
Process	<ul style="list-style-type: none"> Engineered for speed > quality Frequent, regular and positive communications stream post-purchase All customer engagement for DIFM products (sales & changes) by phone
Proficiency	<ul style="list-style-type: none"> Achieving 7% growth in Applications segment, which includes 1&1 MyWebsites Expect EBITDA margin to remain flat in 2014



Sales Approach

The following is Product Marketing’s take on the competitor’s main strengths and how to best position hibu websites against their offerings.

Low build fee has drawbacks

Basically 1&1 will put the customer into a generic industry template. With the hibu Design Service, you’re getting the best template, copywriting, and design that will truly enhance your online presence. You’re website is who you are online, so invest in the best: \$599.

Satisfaction Guarantee

The \$49.99 design fee is refundable within the first 30 days.

Generic templates lead to poor SEO performance

Industry specific templates can harm SEO performance of the customer’s website. Only the Plus & Premium DIY options feature SEO capabilities. With the hibu Design Service, we’ll take the time and care to consider your SEO in the discovery phase and upfront copywriting, to make sure your content will be found when customers look for you via search engines.

Changing Terms & Conditions

Terms & Conditions are subject to change at any time, and do every few months. These terms may include pricing, which may auto-increase after a year to start, and more in the future.

Phone consultation to build your site

Like many other competitors, the building of the website with - consist of a phone call where the customer must tell them what the website should say on each page. This puts the copywriting and SEO considerations on the customer.

hibu website terms and pricing are consistent for as long as you have the product you signed up for. The price only changes if you add new products to your relationship.

References

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