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AT-LARGE ADVISORY COMMITTEE

ALAC Statement on the gTLD Marketplace Health Index (Beta)

Introduction

Olivier Crépin-Leblond, Chair of the European Regional At-Large Organization (EURALO) and the ALAC Liaison to the Generic Names Supporting Organization (GNSO), developed an initial draft of the ALAC Statement on behalf of the ALAC.

On 27 August 2016, the first draft of the Statement was posted on the At-Large gTLD Marketplace Health Index (Beta) Workspace.

On that same date, Alan Greenberg, Chair of the ALAC, sent a Call for Comments on the Statement to the At-Large Community via the ALAC Announce Mailing List.

On 09 September 2016, a version incorporating the comments received was posted on the aforementioned workspace and the Chair requested that Staff open an ALAC ratification vote.

In the interest of time, the Chair requested that the Statement be transmitted to the ICANN public comment process, copying the ICANN Staff member responsible for this topic, with a note that the Statement is pending ALAC ratification.

Once ratified, this Statement will be resubmitted incorporating updated ratification information in the introduction section.

On 16 September 2016, Staff confirmed that the online vote resulted in the ALAC endorsing the Statement with 10 votes in favor, 0 vote against, and 1 abstention. You may view the result independently under: https://www.bigpulse.com/pollresults?code=59745iR8RTSWur2sySiqwyPp.

ALAC Statement on the gTLD Marketplace Health Index (Beta)

The ALAC welcomes the publication of this first set of gTLD Marketplace Health Index. This is a natural progression based on the work of ICANN Community into Competition, Consumer Trust and Consumer Confidence in new gTLDs.

The ALAC proposes a number of additions/improvements; some of these are listed already in the section on pages 14 and 15.

Robust Competition

All in all, consumers (registrants) are the factors that move the market – the ones who pay – so we should find ways to get more insight on their needs and behaviours. This should be taken into account for future developments.

<u>Geographic Diversity</u>

Both metrics presented for registrars and registries appear to be focussing specifically at the offering (how many suppliers there are), rather than the market take-up. Focussing on the offering does not allow for detection of undue market domination.

<u>Registrars</u>

The current graphs show a simple metric of geographic diversity of registrars across regions and their development against time. The metric itself shows neither a conclusive growth nor a reduction in offering. It does show an ongoing imbalance worldwide – and this is helpful.

However, this metric appears to lack differentiation among the registrars. Indeed, the Generic Top Level Domain offering varies greatly across Registrars. It is a trivial way to compile these statistics by treating a registrar that exists as a service to its own clients of other services in the same manner as a general registrar that derives most of its income from registering domains.

See under "Competition" for suggestions on more metrics.

<u>Registries</u>

The same comment can be made for registries. Again all registries are treated in the same way, whether they are catering to a community, a brand, a service, a generic name, a geographic location, etc. There needs to be more detail for this metric to be useful.

<u>Competition</u>

The metrics presented on page 4 of the report are very helpful. However, the ALAC believes that more can be done when it comes to tracking competition, especially when it comes to market influence and control.

True competition in a market is not solely a measure of the market offering but it also revolves around the share of market from the leading competitors. An example of such statistic, solely for new gTLDs is shown on https://ntldstats.com/registrar.

Large competitors have more advertising power to reach a wider audience, hence this metric would be very important. When it comes to registrars, they also have a significant say in the success of a Top Level Domain.

Looking at the overall domain name market, a metric tracking share of market, such as the one shown on http://www.domainstate.com/registrar-stats.html is much more suitable to show whether competition among registrars is being stimulated. It appears that so far the vast majority of the market is dominated by one major player. When it comes to the domain registrations on a per country basis, the statistic shown on http://www.domainstate.com/top-country-registrars.html speaks for itself.

The ALAC recommends that the trends shown on the above examples should be tracked in addition to the metrics showing the number of registrars in each country and region.

When it comes to metrics about registries, whilst there is some worth in compiling the metrics presented, a better metric would be to track the market share of gTLDs, as on http://www.domainstate.com/registrar-tld-breakup.html.

For registries, it is worth noting that like-for-like gTLDs tend to compete against each other. For example, brand gTLDs do not broaden competition. A health related gTLD does not compete with a gambling related gTLD. So the true extent of competition is really amongst the more generic gTLDs, plus those that compete on a like-for-like basis in a specific trade.

The graphic displaying the growth of the overall domain name market on page 5 is helpful in showing whether the market is healthy, as growth indicates health. It might be interesting to compare this growth with the total growth in registration of second level domain names, including those in Country Code Top Level Domains (ccTLDs). The growth in registrations under ccTLDs should be included on the same graph too.

But just counting the number of registrations in gTLDs is not enough. For instance, other metrics like "Information Density of a TLD" or "Domains with DNS" may offer a more complete view. One really needs to dig a level deeper that tracks the actual use of a TLD. How do registrants use the domains? Are they in parking, for sale, without DNS? Are they used by individuals, associations, companies, or government agencies?

The graphics showing the second level domain name additions and deletions in gTLDs on pages 6 to 9 are helpful. The ALAC proposes that a single graph should show additions and deletions using the same axis (in other words, merging Figure 11 and Figure 16).

Stats about growth and deletions on pages 6, 7, 8 and 9 have to take into account pricing and market policies. Some registries offer domains for free or a very reduced fee. This significantly affects statistics and should be stated too.

Marketplace Stability

The metric presented are very useful. However, as seen in the "Competition" section, it is not just how many new players do we have (registries and registrars) but the market share of each one, for different TLDs or families of TLDs. And symmetrically, the count of the number of TLDs should include their market share too. In addition, statistics per country/region would be welcome in Figure 19.

Trust

The metrics shown on pages 11 and 12 are useful.

Accuracy of WHOIS Records

Rather than as a pie chart, a line/bar graphic showing the ongoing accuracy on a quarter by quarter basis would be more helpful. Furthermore, it would be interesting to see WHOIS accuracy trends on a per top level domain basis.

A line/bar graph, rather than a pie chart, would be more helpful for the percentage of UDRP and URS Decisions against gTLD Registrants.

Furthermore, it would be interesting to note why registrars are, voluntarily or involuntarily, deaccredited. Was that due to high ICANN fees, noncompliance/legal issues, technical incompetence, lack of interest, etc?

The ALAC absolutely supports the further proposals of metrics on page 14 and 15 of the report.