

In 2004, Summit Strategies International (SSI) prepared a study for ICANN that analyzed the effect of the introduction of seven new gTLDs on, among other things, concentration in “the domain name market”, a market consisting of both gTLDs and ccTLDs.<sup>1</sup> It found (at 95-96) that, as of the first quarter of 2004, .com had about a 45% share, .de had about a 12% share, .uk had about an 8% share, .net had about an 8% share, .org had about a 5% share, and .info, .nl, .biz, and .it each had about a 2% share.<sup>2</sup> At that time, the combined share of new gTLDs in this market was only about 4%. When it focused on a market that consisted only of gTLDs, SSI found (at 96) that .com had a share of about 73%, .net had a share of about 12%, .org had a share of about 8%, and the combined share of the seven new gTLDs was less than 7%. Although SSI noted that the introduction of the new gTLDs had doubled their number, it also remarked (at 96) on “the relatively small impact that the new gTLDs have had on overall market share”.

In a later study that was also performed for ICANN, Katz, Rosston, and Sullivan, found that .com’s share was about 75% throughout the period from July 2001 through July 2009, about the same as SSI had found for early 2004.<sup>3</sup> In a later paper, the same authors concluded that “The finding that *undifferentiated* gTLDs introduced in the past have been unable to provide significant competition for the well-established .com is not surprising; because they are undifferentiated, these gTLDs lack unique features that offer value to users that might (a least

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<sup>1</sup> Summit Strategies International, Evaluation of the New gTLDs: Policy and Legal Issues, July 10, 2004.

<sup>2</sup> .biz was the only new gTLD among this group.

<sup>3</sup> Michael L. Katz, Gregory L. Rosston, and Theresa Sullivan, An Economic Framework for the Analysis of the Expansion of Generic Top-Level Domains, June 2010, at 47-48.

partially) offset user familiarity with and perception of .com as the primary gTLD location for commercial (and even non-commercial) websites.”<sup>4</sup>

SSI also found significant concentration among the operators of gTLDs. In particular, it found (Table 3 at 96) that gTLDs operated by VeriSign had a combined share of 85% of the gTLD market, Affilias had an 11.5% share, and NeuLevel had a 2.7% share in 2004. In another study conducted for ICANN, Rafert and Tucker, using data for November 2014, after the introduction of new gTLDs that began in late 2013, found that VeriSign’s share was 85.0%, Public Interest Registry’s share was 6.6%, Affilias’ share was 4.0%, and the share of NeuStar, Inc., which had acquired NeuLevel in 2006, was 1.6%.<sup>5</sup> Thus, although concentration among operators was somewhat lower than in 2004, a market that consisted of operators of gTLDs was still highly concentrated and VeriSign’s share was essentially unchanged.

We, together with the Analysis Group, have conducted a similar analysis of the effects of the introduction of new gTLDs in the latest round. We found that new gTLDs have acquired approximately 50 percent of the *increase* in the number of registrations in all gTLDs, 32% of the *increase* in the number of registrations in all TLDs, gTLDs and ccTLDs, and about 38% of the increase in the number of registrations in all gTLDs and all “open” ccTLDs, since the introduction of new gTLDs began in October 2013.<sup>6</sup> We also found that, as of March 2016, new

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<sup>4</sup> Michael L. Katz, Gregory L. Rosston, and Theresa Sullivan, *Economic Considerations in the Expansion of Generic Top-Level Domain Names, Phase II Report: Case Studies*, December 2010 at 7, emphasis in original.

<sup>5</sup> Greg Rafert and Catherine Tucker, *Phase I Assessment of the Competitive Effects Associated with the New gTLD Program*, Table 2 at 15.

<sup>6</sup> We excluded Brand and RLCC TLDs from the analysis. We obtained registration data for gTLDs from ICANN monthly transaction reports for October 2013 and March 2016 and employed December 2013 registration data for ccTLDs because those data were not available for October 2013. Definition of “open” ccTLDs and data source to be provided.

gTLDs accounted for about 9% of the *total* number of registrants in all gTLDs, about 5% of the *total* number of registrants in all TLDs, and about 7% of the *total* number of registrants in all gTLDs and “open” ccTLDs.

It is important to note that the share of the number of registrants accounted for by new gTLDs depends both on their share of the *increase* in the number of registrants and on the rate at which the *total* number of all registrants increased over the period. For example, given the approximately 50% share of the increase in gTLD registrants accounted for by new gTLDs, their share of total gTLD registrants would have been approximately 25% if the number of gTLD registrants had doubled since October 2013. In fact, the rate of increase was about 22%.<sup>7</sup>

It is also possible to use these results to project the share of total registrants that would be captured in the future by the new gTLDs *if* the rate of increase in the total remained unchanged at about 22% every 2 and one-half years and *if* the new gTLDs continued to capture about 50% of the increase. Under these assumptions, the share captured by the new gTLDs would be approximately 16% after 5 years and approximately 27% after 10 years.

We have also conducted a similar analysis in which have taken into account the fact that a significant proportion the of the number of registrations in new gTLDs are currently “parked” and that the rate of “parking” varies among gTLDs and between new and legacy gTLDs.<sup>8</sup>

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<sup>7</sup> Over the same period, the rate of increase of registrants in all TLDs was about 18% and the rate of increase of registrants in gTLDs and “open” ccTLDs combined was about 24%. Thus, during the period, the rate of increase in registrants in gTLDs was greater than that of all ccTLDs but smaller than that of “open” ccTLDs.

<sup>8</sup> Halvorson et al ascribe parking to: (1) speculation in order to sell the domain later at a profit; (2) plans to develop the domain at a later date; or (3) unsuccessful development. [T. Halvorson, M.F. Der, I. Foster, S. Savage, L.K. Saul, and G.M. Voelker, “From .academy to .zone: An Analysis of the New TLD Land Rush,” Proceedings of the 2015 ACM Conference on Internet Measurement Conference Metric, p. 387.] Measure of parking used to be provided here.

Because we have been unable to obtain parking data for ccTLDs, we have conducted this analysis only for gTLDs. When we take “parking” into account, we find that new gTLDs accounted for approximately X percent of the *increase* in the number of registrants in all gTLDs since their introduction and currently account for approximately Y percent of the *total* number of registrants in all gTLDs.

CONCENTRATION MEASURES TO BE PROVIDED (BY JORDYN?) HERE.