

Price Analysis

We were unable to determine whether the prices charged by legacy gTLD to registrars have declined since the introduction of new gTLDs because the legacy gTLDs are not required to provide this information under their agreements with ICANN and only two legacy gTLDs provided this information in response to our data requests.¹ Moreover, if, as seems likely, the legacy gTLDs that were subject to price caps set prices at their respective caps throughout this period, we would still not be able to observe any effect.² However, in an attempt to determine whether the new gTLDs have some provided price competition to the legacy gTLDs, we compared a weighted average of the prices charged by a sample of new gTLDs to a weighted average of the price caps, where the weights are the number of registrants served by a TLD. The results are shown in Table X below.

AWAITING SPECIFIC RESULTS OF PRICE COMPARISONS FROM AG BUT THEY HAVE INFORMED ME OF THE QUALITATIVE RESULTS.

We find that, on average, the prices charged by new gTLDs are *no lower than* the price caps of the legacy gTLDs.³ This does not necessarily mean, however, that the price caps should be retained because the presence of the new gTLDs might nonetheless provide a constraint on legacy gTLD prices, although these prices might rise from their current levels if the price caps were removed. We are unable to reach a definitive conclusion on this issue.

¹ Below, we explain why we believe that all gTLDs should be required to provide this information in their agreements with ICANN.

² If the price caps were binding throughout the period, i.e., if prices were always at the caps, we would be unable to observe the effect of new gTLD entry on the prices that legacy gTLDs *would have wanted to pay* because we would not observe those prices.

³ It is possible, although we believe it is unlikely, that legacy gTLDs reduced their prices below their respective price caps in response to new gTLD entry. However, in the absence of the necessary data, we cannot conclude that this was the case.

We should also note that prices may vary among gTLDs even if competition among them is intense. For example, if the market for gTLDs is characterized by *monopolistic competition*, a situation in which products are differentiated and consumers choose on the basis both of product characteristics and price but there is free entry of suppliers, gTLDs would earn only normal profits in the long run but prices might vary because of differences in product characteristics. For example, a gTLDs with a small number of customers but where customers have an intense demand for them might charge higher prices than one with many more customers but who regard some other gTLDs as particularly close substitutes.