

NEXT STEPS

CCT-RT DISCUSSION PAPER WORKSHEET

HIGH LEVEL QUESTION: Has the new gTLD program increased price competition?

OWNER: Waudu Siganga

SUB-QUESTIONS: Is there increased price competition among registrars within registries?

FINDINGS:

In the survey report¹ Analysis Group (AG) devoted a section to analysing price competition among registrars within registries. The objective was to establish whether price competition exists and whether it is effective in impacting registrations. AG used a sample size of 120 new gTLDs and extracted retail price information from registrar websites.

The finding by AG is that “The relationship between retail list prices and registration volume is not very strong, and is, if anything, more likely to be positive. That is, registrars with higher prices have higher registration volumes.”

CAUSES:

Various reasons could be advanced:

1. Registrars may be practising non-price competition, making the expected effect of high price to be nullified by the value of increased benefits
2. Better established or known registrars may be associated with better value and thus command high prices for the same service
3. The service may be being viewed in the same light as a Veblen good²
4. Registrants may not be having full information
5. The market is not in equilibrium

PRIORITY TO ADDRESS:

Additional research requires to be undertaken to understand if the findings persist over an extended period and the reasons thereof.

RECOMMENDATIONS: TBD

REVIEW: Future reviews may seek to re-affirm if the trend of positive correlation between price and registration volumes is persists over time

¹ Phase I Assessment of the Competitive Effects Associated with the New gTLD program, pp. 34-35

² [A Veblen Good](#) is a good where demand is often greater when the price of it is higher. A veblen good is often termed as an ostentatious good. It is a good people consume because it is seen as exclusive and therefore a symbol of social status / wealth. A reduction in the price of the good may make it less attractive because it would no longer be seen as socially exclusive and indicative of social standing.