Competition and Consumer Choice Findings

Guide

Plaintext - Factual summary of analysis.
Italics - Information included in this summary currently not reflected in projects.
Bold - Jordyn's attempt to draw subjective conclusions from the data.

Industry Structure

- The existence of registrars (as a retail channel) and backend providers (to provide most a registry's technical operations) facilitates the entry of new gTLDs into the market.
  - Although there are several hundred registrars offering new gTLDs, there are only a handful of backend providers. However, six backend providers each service at least one million second level domains (SLDs) under the gTLDs that they support.
- 90% of new gTLDs have fewer than 10,000 registrations, even excluding .BRANDs.
- *So far, only a single TLD has ceased operations. A handful of other TLDs have been sold post-launch, possibly due to an inability to sustain standalone operations.*
- **Most gTLDs have only modest numbers of registrations, raising the possibility that they may not have achieved minimum viable scale. So far, we have seen only one failure, so the structure of the industry may make it possible for many small gTLDs to continue to operate even with low registration volumes.**
  - **Recommendation: Continue to measure metrics around gTLD viability.**

gTLD Market

- New gTLDs represent about half (50%) of the increase in gTLD registrations since the end of 2013, and about a third (32%) of the increase in total domain name registrations (including ccTLDs).
- **In aggregate, new gTLDs represent a significant portion of the growth in domain names since the launch of the program, roughly equivalent to either legacy gTLDs or ccTLDs.**
- By all standard measures of market concentration, the "new gTLD market" is significantly less concentrated than the "overall gTLD market".
- **New gTLDs have decreased concentration in the gTLD market, but because the program is relatively new and the existing base of registered domains is large, the overall effect has been modest. Although many studies find a relationship between concentration and price, we are missing important data to draw strong conclusions regarding price.**
  - **Recommendation: ICANN needs to gather more data relating to price in legacy gTLDs. (This may be particularly interesting if price caps are removed from some legacy gTLDs.)**

Parking

- *A majority of new gTLD registrations (54%) are parked or unused, although there is considerable per-TLD variation.*
  - *Of those, most "parked" domains simply do not resolve or serve errors.*
- *Parking is common in legacy gTLDs as well, although we do not yet have comparable data between legacy and new gTLDs.*
- **The prevalence of parking in new gTLDs, and lack of ability to compare to legacy gTLDs, makes it harder to understand the role of new gTLDs in the marketplace.**

Backends

- [THIS SECTION IS STILL A WORK IN PROGRESS]
- The market for registry backend services (for new gTLDs) is somewhat concentrated, with an HHI of 1284 and an 8-firm concentration of .95.
- This represents significantly lower concentration than the backend market for all gTLDs (6434/.995), largely due to the fact that a single backend provider (VeriSign) provides services to the two largest gTLDs, which collectively represent XX% of total gTLD registrations.

Registrars

- Concentration among registrars within new gTLDs has declined somewhat since the introduction of new gTLDs, largely due to slightly lower concentration within the new gTLDs.
- Although there is sometimes high concentration amongst registrars *within a specific gTLD*, even in those gTLDs there are a large number of registrars.
- *There is a surprising degree of variation in retail prices between registrars for the same gTLD.*

Trademarks

- As with previous expansions of the gTLD space, some trademark holders engage in defensive registrations.
- In a sample studied by Analysis Group, 54% of trademarks registered in .com were registered in one or more of the new gTLDs.
- Most trademarks are only registered in a small number of gTLDs (median of 3), although a small number of trademarks are registered in many of gTLDs. 4% of trademarks were registered in over 100 new gTLDs, and one trademark was registered in 406 gTLDs.

- **The cost of the new gTLD program for most trademark holders has been relatively low; however, a small fraction of trademark holders are likely incurring significant costs related to direct registrations in defensive registrations.**

Choice

- In some cases (18%), users prefer to register in new gTLDs even when the SLD is available in .COM.
  - This is particularly true in IDN TLDs. In some IDN TLDs, >60% of SLDs registered are available as exact matches in .COM.
- The vast majority (92%) of new gTLD registrations could have been registered in .COM instead in the form SLDTLD.COM. (e.g., users pick BIGSHOTS.PHOTOGRAPHY even though BIGSHOTSPHOTOGRAPHY.COM was available)
  - For many gTLDs, this is true despite the fact that the retail price for the gTLD is typically higher than for .COM.
- [NEED DATA FROM REGISTRANT SURVEY]

Pricing

- **In general, we are missing important data to draw strong conclusions. In particular, we are missing transactional data from registrars, wholesale pricing from most legacy gTLDs, and data on resale prices of domain names.**
- Most of the data we do have is inconclusive.
  - On average, new gTLDs are priced no lower than the price caps for legacy gTLDs, but it is unclear what prices the legacy gTLDs would charge in the absence of the price caps.

Policies

- Most of top 30 registries (90%) have published Privacy policy.
- Two thirds of these registries would not share those data with third parties, except in cases prescribed by law and regarding to Whois policy.
  - 43% of these registries have strict obligation in their policies that they will take reasonable measures to provide the security of personal data.
- No jurisdiction requirements, except for .nyc.
- All of these registries have compliance procedure for abusive behavior or other violation of policy.
- No TLDs have policies related to "parked domain names".