A Prototype Country-Specific Analysis

The previous analyses implicitly treated the geographic market in which gTLDs compete as worldwide and did not take competition between gTLDs and ccTLDs into account. However, because competition may occur in narrower geographic markets and because the ccTLD in a particular country may compete with gTLDs for registrations in that country, the Review Team decided to undertake an analysis of market concentration within individual countries. Although our analysis was limited to a small number of countries in a particular region, we believe that ICANN can use this analysis as a prototype to carry out similar analyses for other countries and regions.

In order to carry out the analysis, we employed registration data for a number of countries in the Latin America and Caribbean region that had been developed in connection with a previous ICANN-commissioned study.[1] That study employed gTLD registrant data that were "based on analysis of WHOIS data (based on the country of registrant)".[2] We supplemented these data using ccTLD registration data that were derived from Zooknic.[3] Those data were not based on WHOIS lookups and thus may include some registrations of users located in other countries. We have asked the authors of the LAC study to provide the ccTLD registration data that they employed and will revise our analysis if those data become available. We note,

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[1] Oxford Information Labs, EURid, InterConnect Communications (22 September 2016), *Latin American and Caribbean DNS Marketplace Study* (hereafter LAC Study), accessed 28 March 2017, https://www.icann.org/en/system/files/files/lac-dns-marketplace-study-22sep16-en.pdf. We chose these countries because the LAC Study provided country-specific market shares, not because these countries were necessarily representative.

[2] Ibid., p. 82.

[3] ICANN, "Zooknic ccTLD data," accessed 28 March 2017, https://community.icann.org/download/attachments/56135378/Zooknic%20ccTLD%202016_Q4%20for%20CCT.xlsx?version=1&modificationDate=1490727004151&api=v2.

however, that those data were also based on self-reporting by ccTLDs and were not based on WHOIS lookups.

The Review Team carried out two types of analysis. First, we compared the shares of registrations held by ccTLD, legacy gTLD, and new gTLD operators, respectively, in the LAC countries that we analyzed to the worldwide shares reported by CENTR for March 2016, the same month for which the LAC data had been collected.[4] Second, we compared worldwide measures of concentration among *gTLD* registry operators to the same measures of concentration among *all* TLD operators in these countries in the same month.

ccTLD, Legacy gTLD, and New gTLD Shares Worldwide and in the LAC Region

CENTR reported that, in the first quarter of 2016, ccTLDs accounted for about 45 percent, legacy gTLDs accounted for about 50 percent, and new gTLDs accounted for about 5 percent of worldwide registrations.[5] The following table reports the same measures for each of the LAC countries that we analyzed.

LAC COUNTRY-BASED MARKET SHARES OF ccTLDs & gTLDs (legacy vs. new)						
	ARGENTINA	BRAZIL	CHILE	COSTA RICA	DOM. REP.	PERU
CcTLD	67.75%	80.85%	83.01%	93.16%	30.03%	31.74%
Legacy gTLDs	29.44%	18.41%	14.04%	0.14%	66.12%	67.22%
New gTLDs	2.80%	0.74%	2.95%	6.70%	3.85%	1.04%
All gTLDs	32.25%	19.15%	16.99%	6.84%	69.97%	68.26%

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[4] The authors of the LAC study excluded Panama and the Cayman Islands from much of their analysis because of "the high proportion of proxy registrations" in those countries (LAC Study, p. 82), and we followed that approach. In addition, we excluded Colombia from our analysis because, as its website indicates, ".CO is used all over the world, and recognized by Google as a global domain extension⋯." (http://www.go.co/about/, viewed on March 29, 2017).

[5] CENTR (2016), *DomainWire Edition 15 – Q1 2016, Global TLD Stat Report,* accessed 28 March 2017, https://www.centr.org/library/library/statistics-report/domainwire-global-tld-report-2016-1.html?filter=Statistics%20report.

Two things are notable about these results. First, the share of registrations accounted for by the ccTLD in four of the countries – Argentina, Brazil, Chile, and Costa Rica – is substantially above the share accounted for by ccTLDs worldwide. Indeed, in three of these countries the ccTLD share exceeds 80 percent and it exceeds 67 percent in Argentina, all substantially above the 45 percent ccTLD share worldwide. Second, in all but one of these countries, the share of registrations accounted for by new gTLDs is less than the share accounted for by new gTLDs worldwide.

Measures of Concentration Worldwide and in the LAC Region

In March 2016 for *all gTLD* registry operators worldwide, the 4-firm concentration ratio was 90.9 percent, the 8-firm concentration ratio was 95.7 percent, and the HHI was 6364.[6] The following table reports the same measures for each of the LAC countries that we analyzed using data for the same month for *all TLDs.*

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LAC COUNTRY-BASED CONCENTRATION RATIOS AND HHIs

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	ARGENTINA	BRAZIL	CHILE	COSTA RICA	DOM. REP.	PERU
4-firm	99.27%	99.45%	99.15%	97.30%	99.15%	99.22%
8-firm	99.75%	99.74%	99.76%	98.75%	99.76%	99.73%
HHI	5460	6845	7065	8687	7065	5104

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[6] Although the data in the draft report were for March 2016 and will be updated in the final report using December 2016 data, we employ the March 2016 data here because they are for the same time period as that covered in the LAC report.

Notes: gTLD registration totals provided by Latin American and Caribbean Marketplace Study and are as of March 2016, ccTLD registration totals provided by Zooknic and are as of March 2016, with the exceptions of Argentina and Dominican Republic (.do) which are as of December 2015. ccTLD data include all registrations whereas gTLD registration data were parsed using WHOIS records for country of registrant.

It is notable that the HHI in four of these six countries exceeds the worldwide HHI and that in three of these countries – the exception being the Dominican Republic -- the share of registrations accounted for by the ccTLD exceeds 80 percent.