



CCT Review Team

3rd Teleconference | 10 February 2016

Agenda

1. Economic study: Analysis Group (1 hour)
2. Terms of Reference working group update: Jonathan Zuck (30 minutes)
3. Work Plan working group update: Jonathan Zuck (30 minutes)
4. AOB

Phase I Summary & Phase II Overview

Assessment of the Competitive Effects Associated with ICANN's New gTLD Program

Prepared for: ICANN

February 10, 2016

Study Goals & Who We Are

- Study goals:
 - Understand competitive effects of ICANN’s New gTLD Program on the marketplace for domain names.
 - Analyze competition in the past, present, and future.
- Our team includes:
 - Catherine Tucker, Mark Hyman Jr. Career Development Professor and Associate Professor of Management Science, Sloan School of Management, Massachusetts Institute of Technology.
 - Greg Rafert, Vice President, Analysis Group, a firm specialized in economics, health care analytics, and strategy consulting for Fortune 500 companies, global health care corporations, government agencies and law firms.

Our Approach – Phase I

- Registrars and registries may compete on price and non-price factors. These non-price factors include strategies to differentiate themselves, e.g., changes in product quality, product offerings, and ancillary products.
- In Phase I, data requests were made of registries and registrars based on a carefully constructed sample of over 100 new gTLDs and 14 legacy TLDs.
 - New gTLDs chosen based on current total and recent registrations and expected customer overlap with high registration volume gTLDs.
 - Each of ICANN’s regions are represented in the set of gTLDs.

Our Approach – Available Data

- Historical data regarding registration volume were obtained from monthly transaction reports, covering all legacy TLDs and new gTLDs in our sample. These monthly transaction reports covered a period of October 2009 through April 2015.
- Historical data regarding wholesale prices were provided by registries for the majority of legacy TLDs and new gTLDs. The collected data cover a period ranging from May 2001 through April 2015.
- Registrars did not provide sufficient transaction-level data in response to our data requests (*almost no transaction-level data were received*). Thus, regarding retail prices, we relied on publically available list prices for one-year registrations and add-on offerings. These prices were collected in April 2015.

Summary of Data Collected in Phase I

		Legacy TLDs	New gTLDs	All TLDs
Total in Sample		14	109	123
Sunrise Prices	Number of TLDs with Available Data	5	82	87
	Percent of Total Registrations	0.0%	11.6%	0.3%
April 2015 Wholesale Prices	Number of TLDs with Available Data	10	78	89
	Percent of Total Registrations	99.6%	68.7%	98.9%
April 2015 Retail Prices	Number of TLDs with Available Data	14	108	122
	Average Number of Offering Registrars Across TLDs	20	22	21
	Collected Registrars' Percent of TLD Registrations	55.7%	62.8%	55.9%
Registration Volume Data	TLDs With Historical Registration Data	14	109	123

Notes:

[1] Percent of Total Registrations for Sunrise Prices reports the sunrise volume data for TLDs with pricing information in our sample as a fraction of all April registration volume for our full sample of TLDs.

[2] Percent of Total Registrations for April 2015 Wholesale Prices reports the wholesale volume data for TLDs with pricing information in our sample as a fraction of all April registration volume for our full sample of TLDs.

[3] Average Number of Offering Registrars Across TLDs reports, on average, legacy TLDs were offered by 20 registrars.

[4] Collected Registrars' Percent of TLD Registrations reports the retail volume data for TLDs with pricing information in our sample as a fraction of all April registration volume for our full sample of TLDs.

Regional Distribution of Registries – Majority Located in the EUR, NA, and AP Regions

Region	Number of Registries
Africa (AF)	2
Asia Pacific (AP)	36
Europe (EUR)	65
Latin America (LAC)	4
North America (NA)	46

Source:

[1] ICANN list of registries available at <https://www.icann.org/resources/pages/listing-2012-02-25-en>

Summary of Phase I Results

- Our principal findings in Phase I were as follows:
 - Registration shares across registries and registrars are more dispersed within new gTLD registrations compared to legacy TLD registrations.
 - New gTLD wholesale prices are, on average, higher than those for legacy TLDs.
 - New gTLDs have higher levels of both wholesale and retail price dispersion compared to legacy TLDs.
 - When add-on products offered by registrars are considered, such as email and web hosting, the cost of registering a domain name is a relatively small part of the total cost of creating a website.

Registration Shares Across Registries – Higher Dispersion Within New gTLDs

Registry	Share of All Registrations	Share of Legacy Registrations	Share of New gTLD Registrations
VeriSign	85.0%	86.9%	0.0%
Public Interest Registry	6.6%	6.8%	0.2%
Afilias	4.0%	4.1%	1.1%
NeuStar, Inc	1.6%	1.7%	0.0%
Donuts	0.7%	0.0%	30.0%
XYZ.COM, LLC	0.5%	0.0%	21.3%
DotAsia Organisation	0.2%	0.2%	0.0%
Uniregistry, Corp.	0.1%	0.0%	4.7%
dotBERLIN GmbH & Co. KG	0.1%	0.0%	4.5%
.Club Domains	0.1%	0.0%	4.2%
Telnic	0.1%	0.1%	0.0%
Registry Services Corporation dba RegistryPro	0.1%	0.1%	0.0%
Rightside	0.1%	0.0%	3.6%
TLD Registry Limited	0.1%	0.0%	3.2%
China Internet Network Information Center	0.1%	0.0%	3.0%
All Others	0.7%	0.2%	24.1%

Notes:

- [1] Registration volumes are collected from monthly transaction reports provided to ICANN by operating registries.
- [2] Each TLD's registration volume was assigned to a registry operator as specified in the registry agreement with ICANN.
- [3] Each TLD was then linked to a parent company registry, the total domains for each of its associated TLDs was summed, and registration shares were calculated based on these sums for all registries.
- [4] Registries shown are the top 15 as ranked by share of all registrations.

Registration Shares Across Registrars – Higher Dispersion Within New gTLDs

Registrar	Share of All Registrations	Share of Legacy Registrations	Share of New gTLD Registrations
Go Daddy, LLC	31.9%	32.3%	14.6%
eNom Inc	7.4%	7.5%	5.9%
Tucows	5.3%	5.4%	2.1%
Network Solutions	5.0%	4.8%	12.0%
1&1 Internet AG	3.8%	3.8%	4.3%
Public Domain Registry	3.0%	3.0%	0.9%
Wild West Domains	2.4%	2.4%	0.4%
GMO Internet, Inc.	2.4%	2.3%	5.1%
Register.com	1.8%	1.8%	0.3%
HiChina Zhicheng Technology Limited	1.6%	1.6%	0.4%
FastDomain	1.5%	1.6%	0.0%
Melbourne IT Ltd	1.5%	1.5%	0.1%
Domain.com, LLC	1.3%	1.4%	0.0%
Xin Net Technology Corporation	1.3%	1.2%	6.0%
OVH	1.2%	1.2%	1.9%
All Others	28.6%	28.2%	46.1%

Notes:

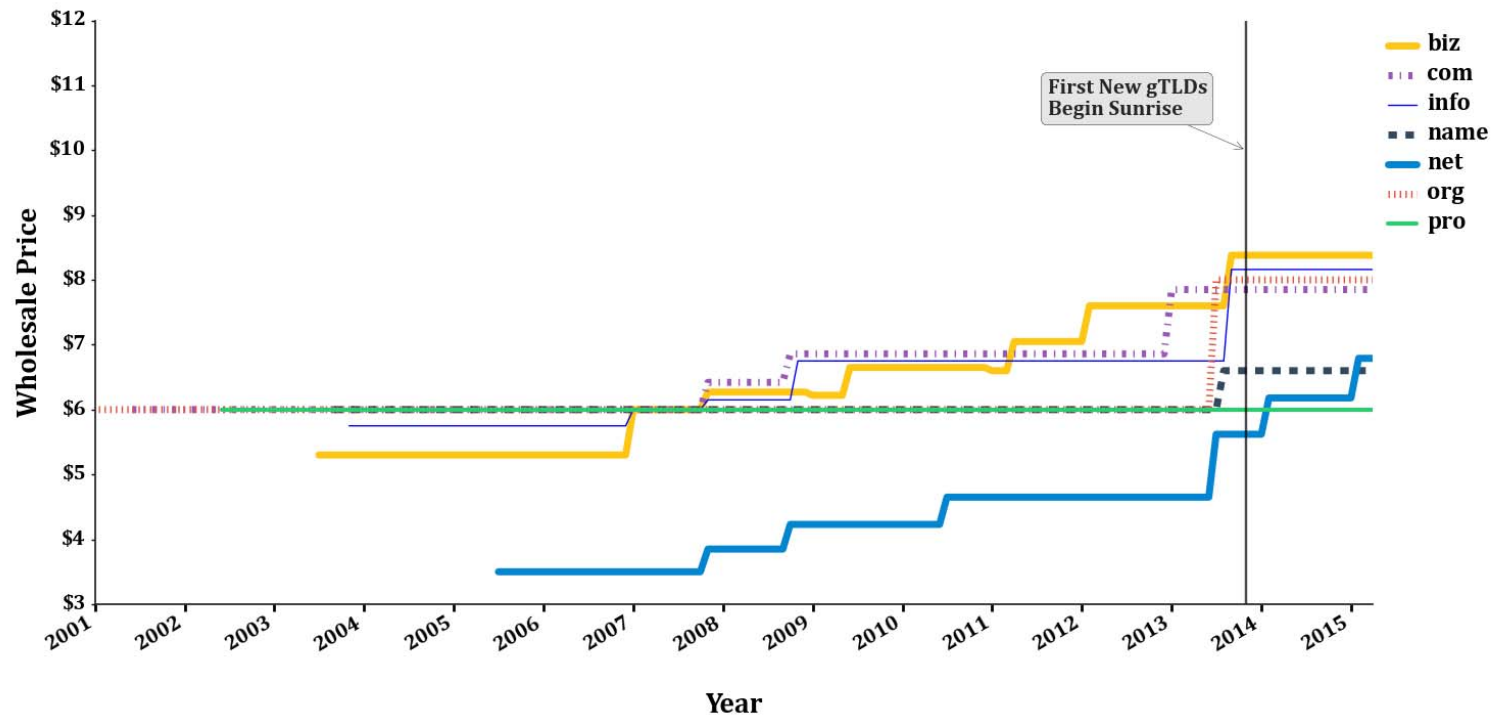
[1] Registration volumes are collected from monthly transaction reports provided to ICANN by operating registries

[2] Within a TLD, registration volumes were assigned to distinct registrars. Reported registrar names vary across TLDs in the monthly transaction reports due to differences in spelling and abbreviations and we manually linked each reported registrar to a standardized registrar name.

[3] Registration volumes within a registrar were then summed, and registration shares were calculated based on these sums for all registrars.

[4] Registrars shown are the top 15 as ranked by share of all registrations.

Minor wholesale price differentiation among most legacy TLDs over the last 15 years



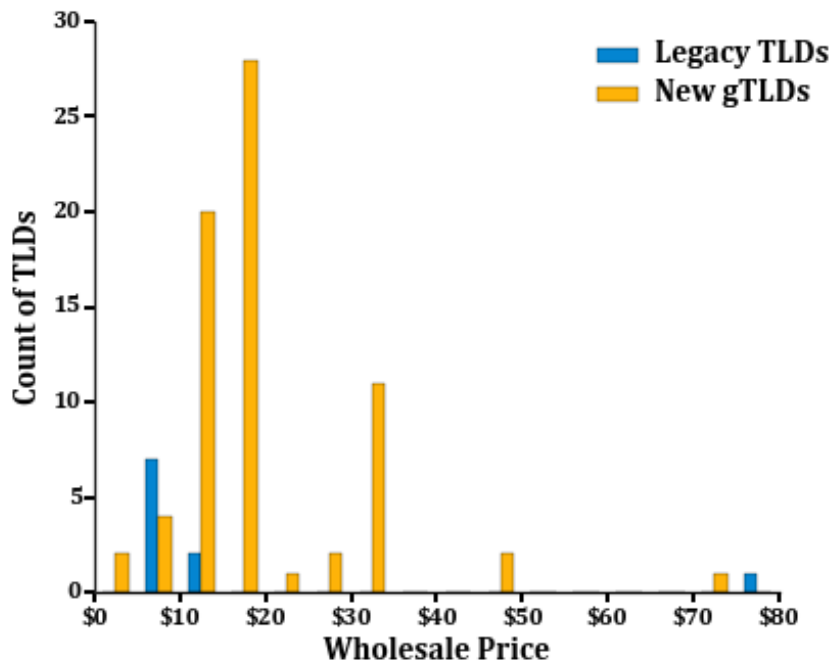
Notes:

[1] .travel is omitted as an outlier.

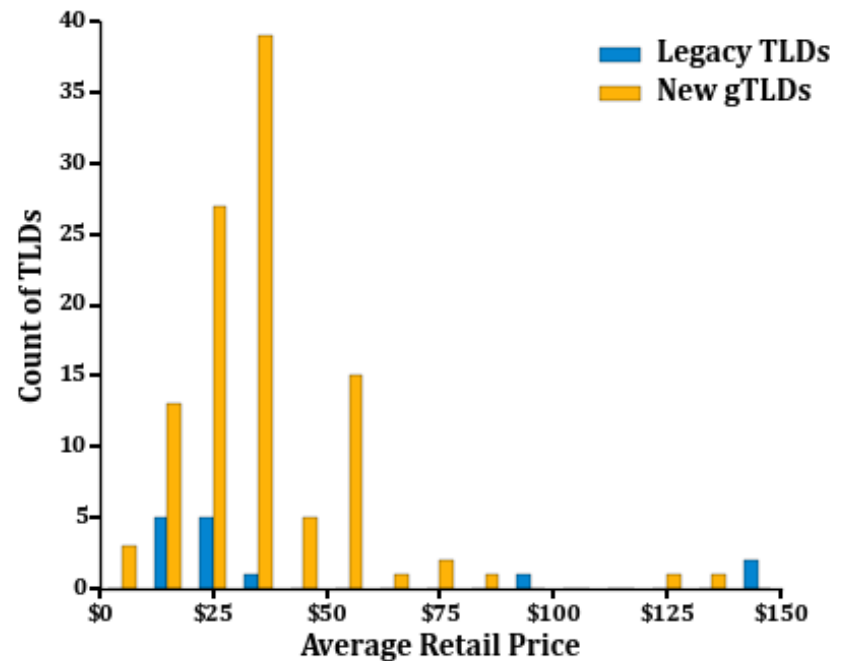
[2] Available data from price change correspondences indicates that the wholesale price for .travel is \$80, and has never changed.

[3] Sufficient price information for other legacy TLDs is unavailable.

Wholesale and Retail Prices (April 2015) – More Price Dispersion Within New gTLDs



Note:
Wholesale prices are as of April 2015.



Note:
Wholesale prices are as of April 2015.

Distribution of Add-on Features

Add-On Category	Observations	Mean	Median	Minimum	Maximum
Server	18	\$1,311.47	\$674.11	\$14.95	\$8,154.60
Email	26	\$264.29	\$112.32	\$0.00	\$1,943.23
Hosting	31	\$265.13	\$188.04	\$12.00	\$1,650.94
eCommerce	6	\$265.15	\$194.30	\$103.56	\$494.88
SSL	16	\$223.32	\$206.21	\$16.99	\$553.67
Website Builder	13	\$171.15	\$123.88	\$0.00	\$637.80
DNS	7	\$44.95	\$5.00	\$0.00	\$246.76
Privacy	16	\$51.81	\$23.24	\$0.00	\$299.98
Forwarding	4	\$1.63	\$0.00	\$0.00	\$6.51

Notes:

[1] Price data are as of April 2015 and reflect the cost of one-year of service.

[2] Add-on prices were manually searched on registrar websites and grouped into categories based on frequent website headings for add-on services. For example, the category server includes services such as: Virtual Server, Server Rent, Linux Servers, and Cloud Server.

Phase II Analysis

- Phase II will build on the results in Phase I by revisiting the original analyses a full year later and by including additional analyses which address public comments provided on our Phase I work.
- In particular:
 - For all new gTLDs in our sample, we will once again request retail pricing data from registrars and wholesale pricing data from registries. If insufficient retail data are provided, we will once again collect list-price information from a sample of registrar websites. This will allow us to see how the distribution of prices and registration volumes have changed over time.
 - If sufficient data from Sedo are available, we will examine differences in secondary market transaction prices and volumes across TLDs in our sample.

Phase II Analysis – Continued

- Given that a year’s time has passed, and many more new gTLDs are available, we will add 25 new gTLDs to our original sample.
- We will request premium domain name lists and wholesale prices from registries. Then, using WhoIs data, we will examine the extent to which these strings are registered in each of the TLDs in our sample.
- Using WhoIs information, we will examine the extent to which registrations made in certain geographic regions have changed over time for each TLD in our sample. (This analysis is included in response to several of the public comments.)

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Terms of Reference working group update

Remaining questions for discussion

- Should competition analysis be restricted to registry service operators? (per D. Taylor)
- Does the market definition need to be explicit now about sector and regional breakdowns?
- Relevant Market is new. Is it sufficient?

NOTE: Please see the document shared by Jonathan

Work plan working group update

- ⦿ Divide work into three streams of analysis:
 - ⦿ Application and evaluation process: Full CCTRT will discuss
 - ⦿ Safeguards & consumer trust sub team
 - ⦿ Competition & consumer choice sub team
- ⦿ Sub teams will pick leads, set timelines and report back on findings and recommendations

NOTE: Please see the Google doc at

https://docs.google.com/document/d/1JE3dQmtLysvRwhk41LJTs6NPuE_GoGAOAz3iQGeu62k/edit?usp=sharing