

MOSCOW OSAKA BOSTON SCOT
NAGOYA BAYERN HAMBURG ABUDHABI RYUKYU
RIO KYOTO COLOGNE 深圳 阿布 ظبي QUEBEC
NRW BARCELONA ALSACE 佛山 FRL MIAMI
JOBURG MOCKBA CATALONIA TOKYO
SYDNEY DUBAI VEGAS AFRICA YOKOHAMA ROMA
LONDON TIROL CAPETOWN BAR AQUITAINE
OKINAWA CYMRU BERLIN ZULU NYC
STOCKHOLM IST DOHA 广东 TAIPEI WALES SAARLAND
MADRID GENT BRUSSELS AMSTERDAM KOELN
MELBOURNE BUDAPEST HELSINKI ZUERICH ISTANBUL

New gTLD Market Evolution

Simulations for gTLD Market Competition

Kenny Huang, Ph.D.
Executive Council, APNIC
Board Director, TWNIC
New gTLD Review Group
huangksh@gmail.com

Value of gTLD

Google search results for "wine". The search bar shows "wine" and the search button is a blue magnifying glass. Below the search bar, there are tabs for "Web", "Images", "Maps", "News", "More", and "Search tools". The results show "About 501,000,000 results (0.22 seconds)". The first result is "Wine" from winehq.org, followed by "Wine - Wikipedia, the free encyclopedia", "Wine (software) - Wikipedia, the free encyclopedia", and "Wine Spectator Home | Wine Spectator". The fifth result, "Wine, Wine Gifts, Buy and Order Wine Online, Wine Gift Baskets ...", is highlighted with a red box.

Wine, Wine Gifts, Buy and Order Wine Online, Wine Gift Baskets ...
www.wine.com/ - Cached
Buy wine, wine gifts, and baskets at Wine.com, the #1 rated online wine store. Free shipping available for all orders.

No. 5

Google search results for "business". The search bar shows "business" and the search button is a blue magnifying glass. Below the search bar, there are tabs for "Web", "Images", "Maps", "Books", "More", and "Search tools". The results show "About 25,270,000,000 results (0.23 seconds)". The first result is "Business - Wikipedia, the free encyclopedia", followed by "Forbes - Business Information and Business News - Forbes.com", "Business" from mashable.com, "Businessweek - Business News, Stock market & Financial Advice", "Business Insider", and "Business.com - Find, Compare & Research B2B Vendors". The last result, "Business.com - Find, Compare & Research B2B Vendors", is highlighted with a red box.

Business.com - Find, Compare & Research B2B Vendors
www.business.com/ - Cached
Online purchasing resource for businesses of all sizes. Find, Compare & Research products and services you need to run and grow your business. Over 50000+ ...

No. 6

High ROI

- ✓ Top search engine rankings of the domain name
- ✓ Thereby to a high number of visitors
- ✓ Count as significant traffic

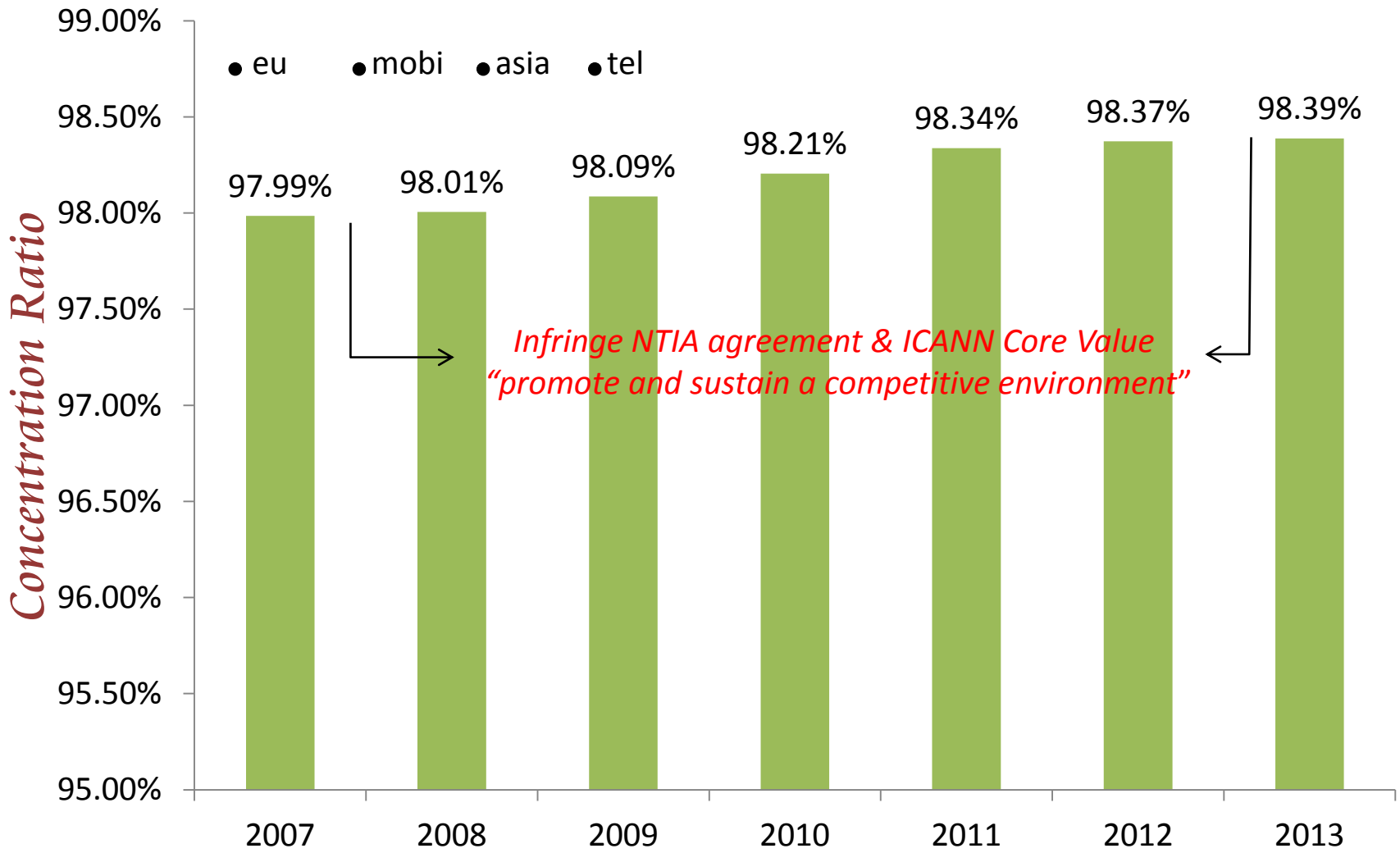
Concentration Ratio

Concentration Ratio $CR_m = \sum_{i=1}^m S_i$

CR4 : Four-Firm Concentration Ratio measures the total market share of the four largest firms in an industry

CR4 Concentration Ratio	Market Competition
CR4=0 %	Perfect competition
CR4=100%	Monopoly
80% < CR4 < 100%	From oligopoly to monopoly
50% < CR4 < 80%	Oligopoly
0% < CR4 < 50%	From perfect competition to oligopoly

Legitimate gTLD CR4 com/net/org/info



Concentration Ratio $CR_m = \sum_{i=1}^m S_i$

CR4 : Four-Firm Concentration Ratio measures the total market share of the four largest firms in an industry

ICANN New gTLD Updated



applications

1930



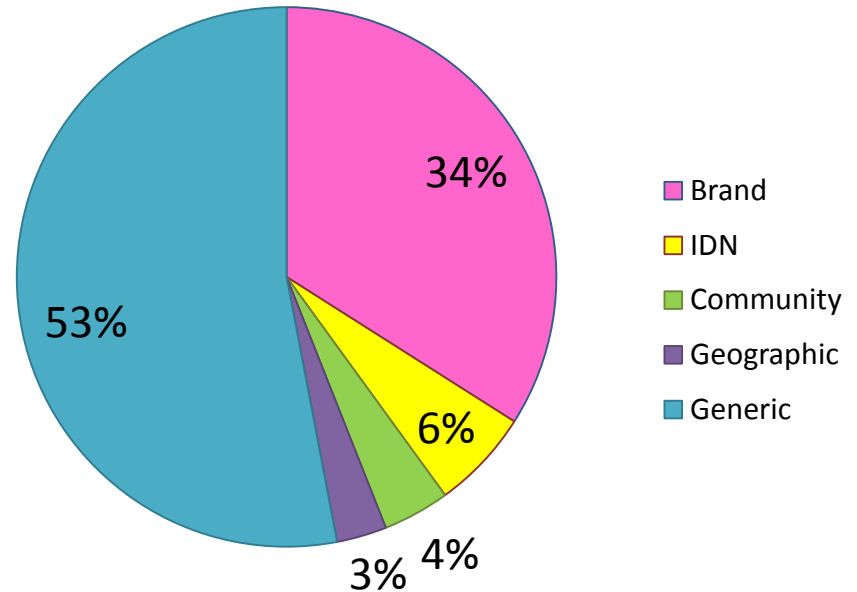
gTLD names

1409



applicants

1155



How does competition affect the market? given that 1409 gTLDs successfully delegated

Design Assumption:

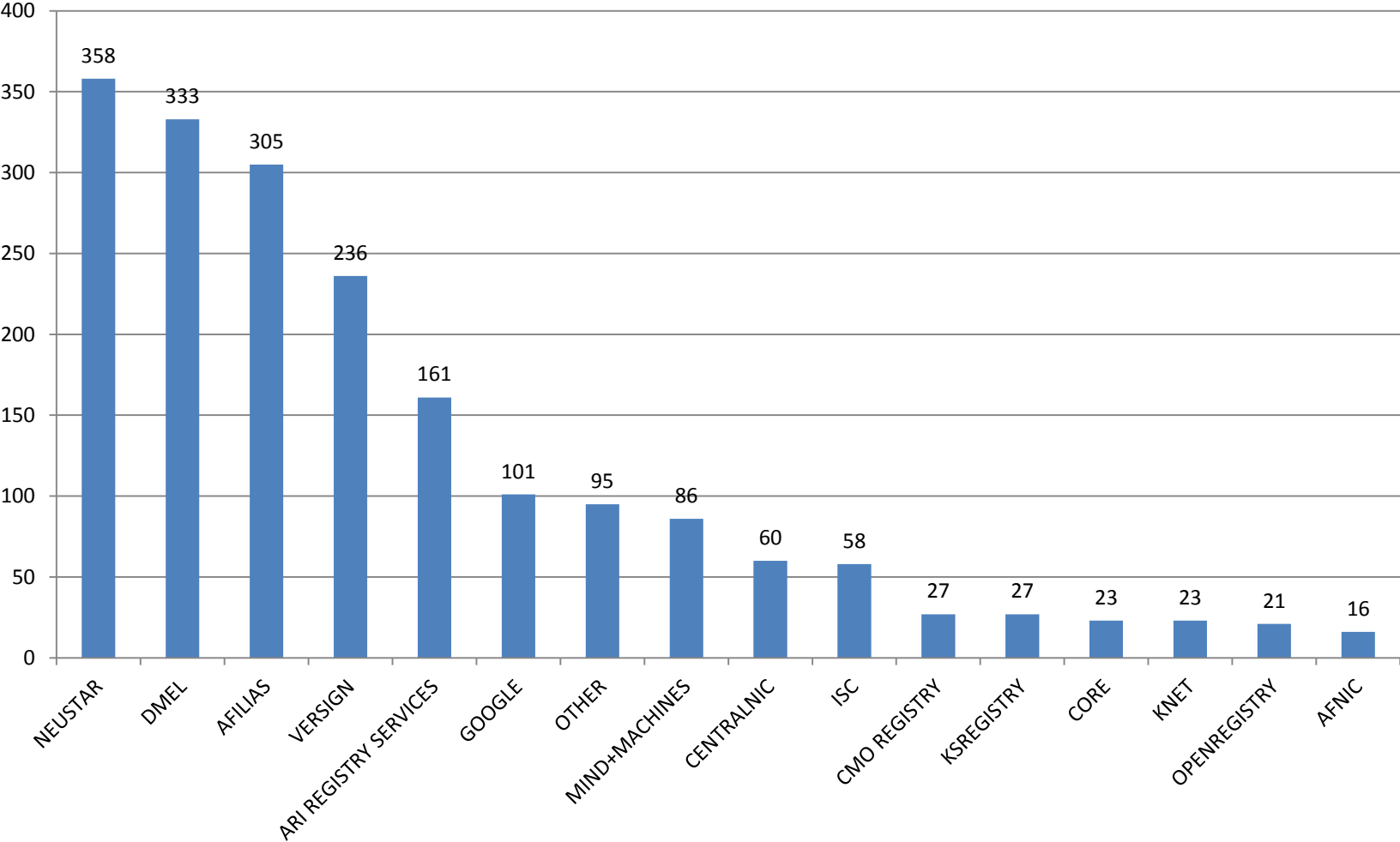
Total gTLD domains : 140,667,491 (2013 Jan)

Previous gTLD penetration : 250K – 750K DUM (Domain Under Management) in the 1st year

New gTLD names : 1409

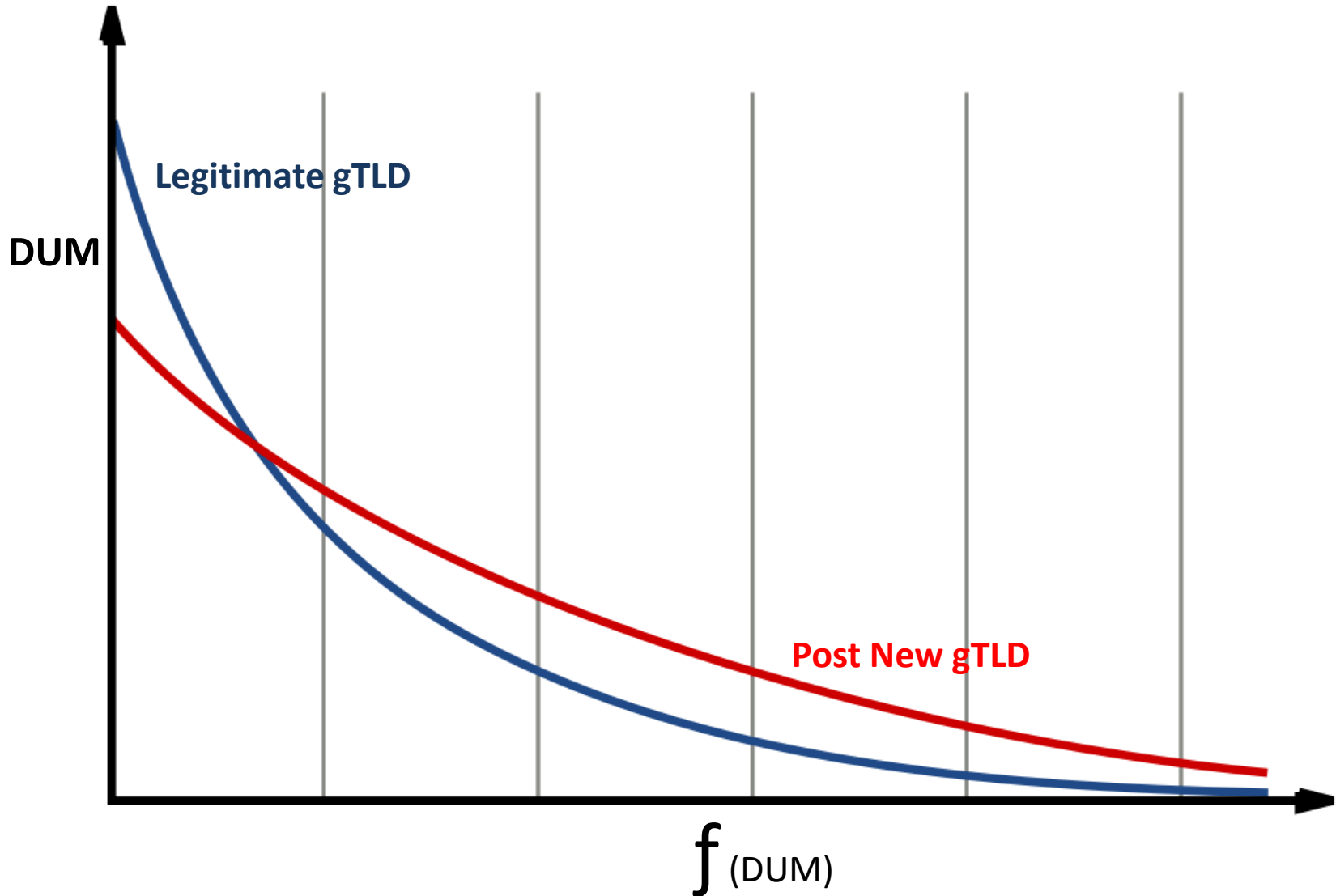
New gTLD DUM : designed by probability distribution

Back-End Suppliers



CR4=63.83%

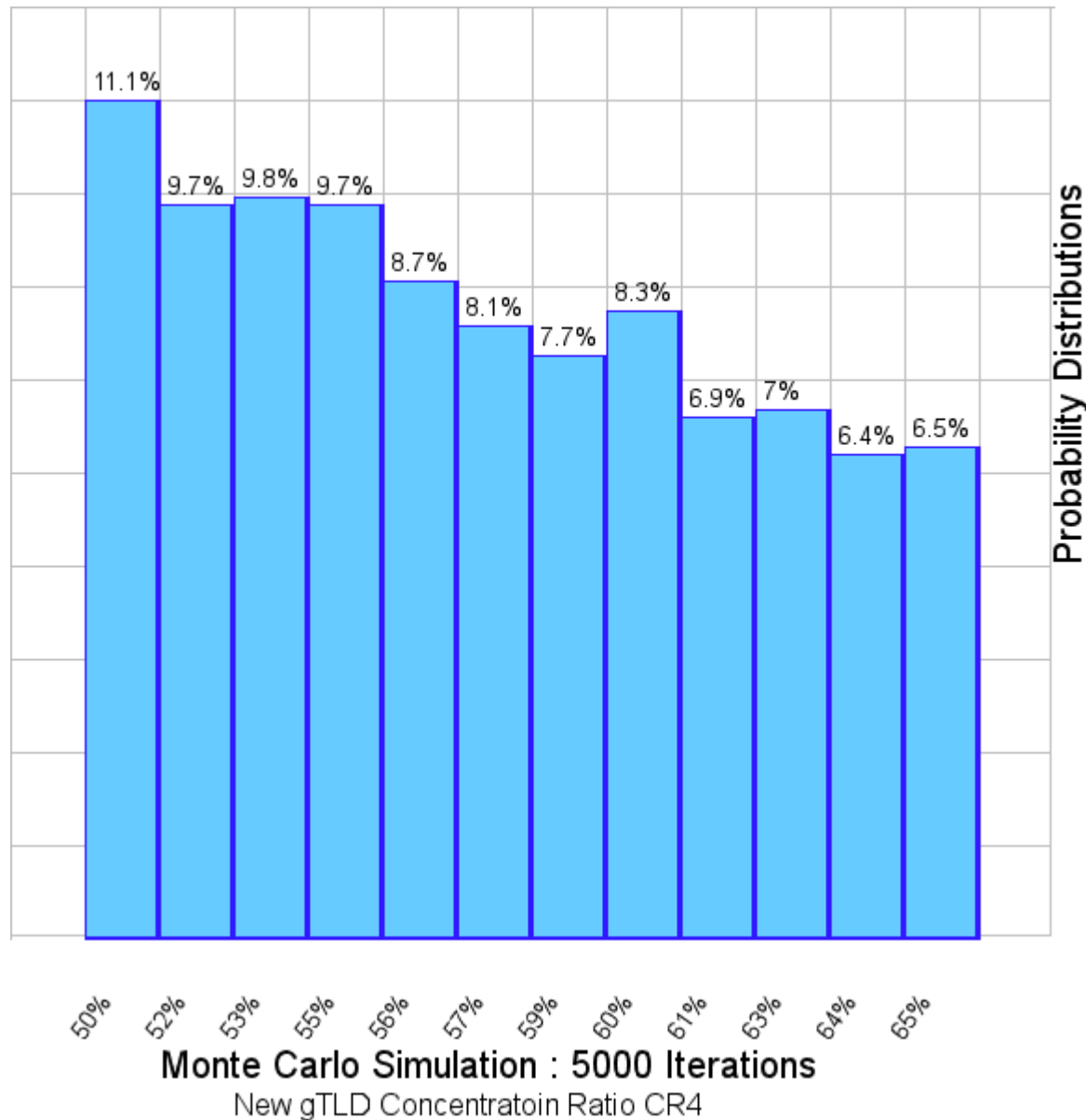
Perceived New gTLD Evolution



Monte Carlo Simulation A:

50% < CR4 < 65%

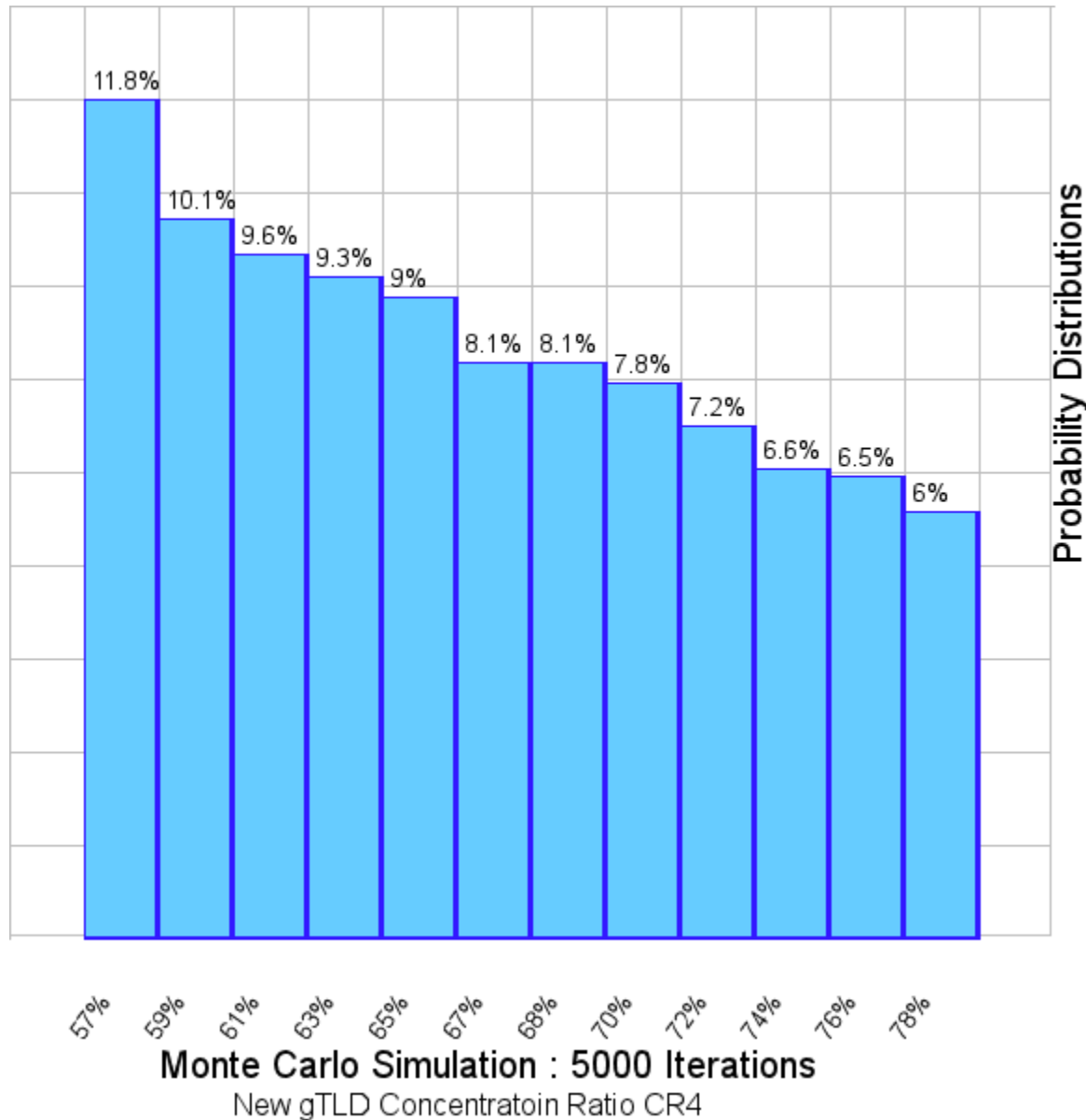
New gTLD Market Penetration Scenario
20% High Penetration : 250K-750K DUM/gTLD
80% Low Penetration : 5K-250K DUM/gTLD



Monte Carlo Simulation **B**:

57% < CR4 < 78%

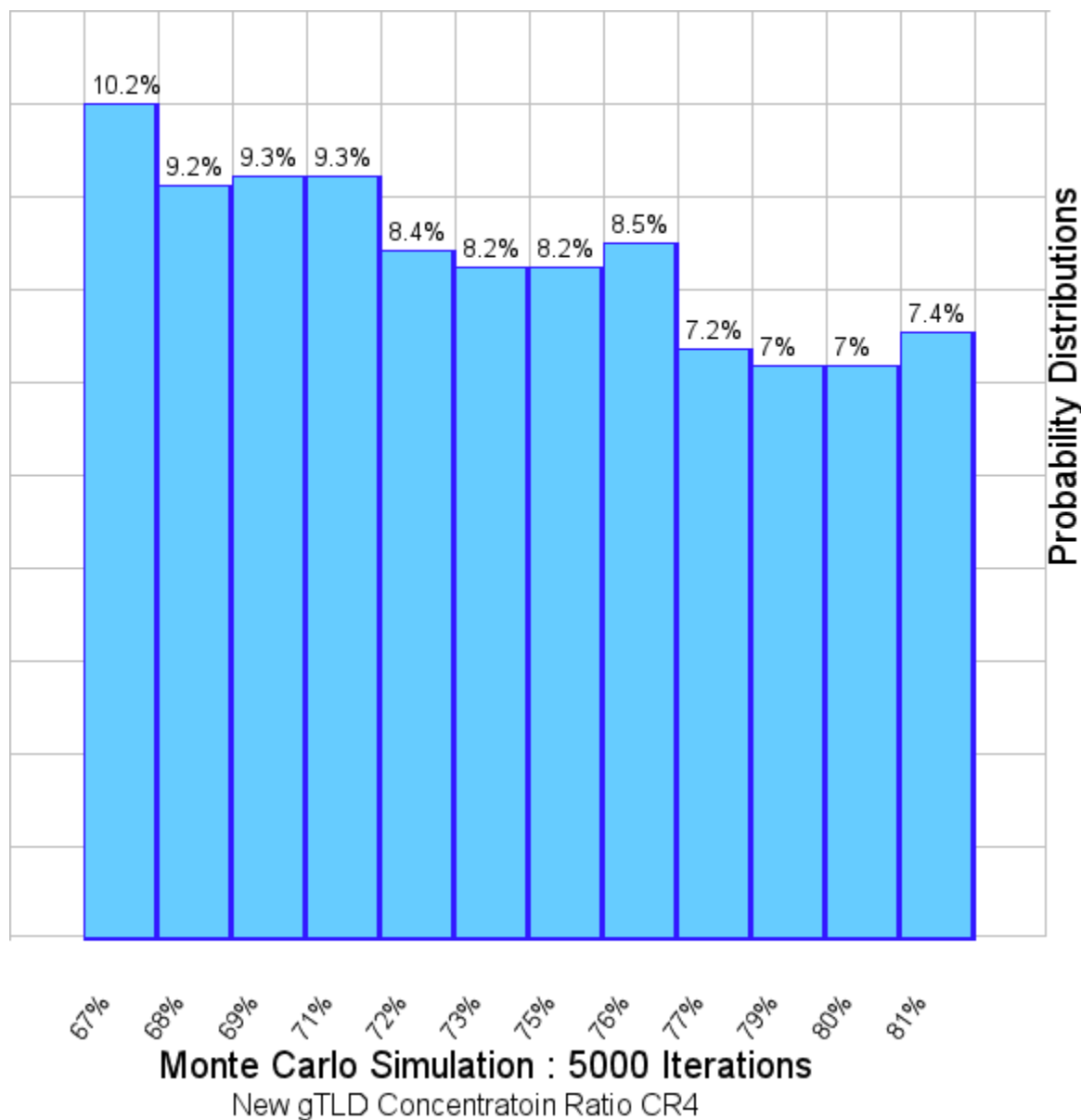
New gTLD Market Penetration Scenario
10% High Penetration : 250K-750K DUM/gTLD
90% Low Penetration : 5K-250K DUM/gTLD



Monte Carlo Simulation C:

67% < CR4 < 81%

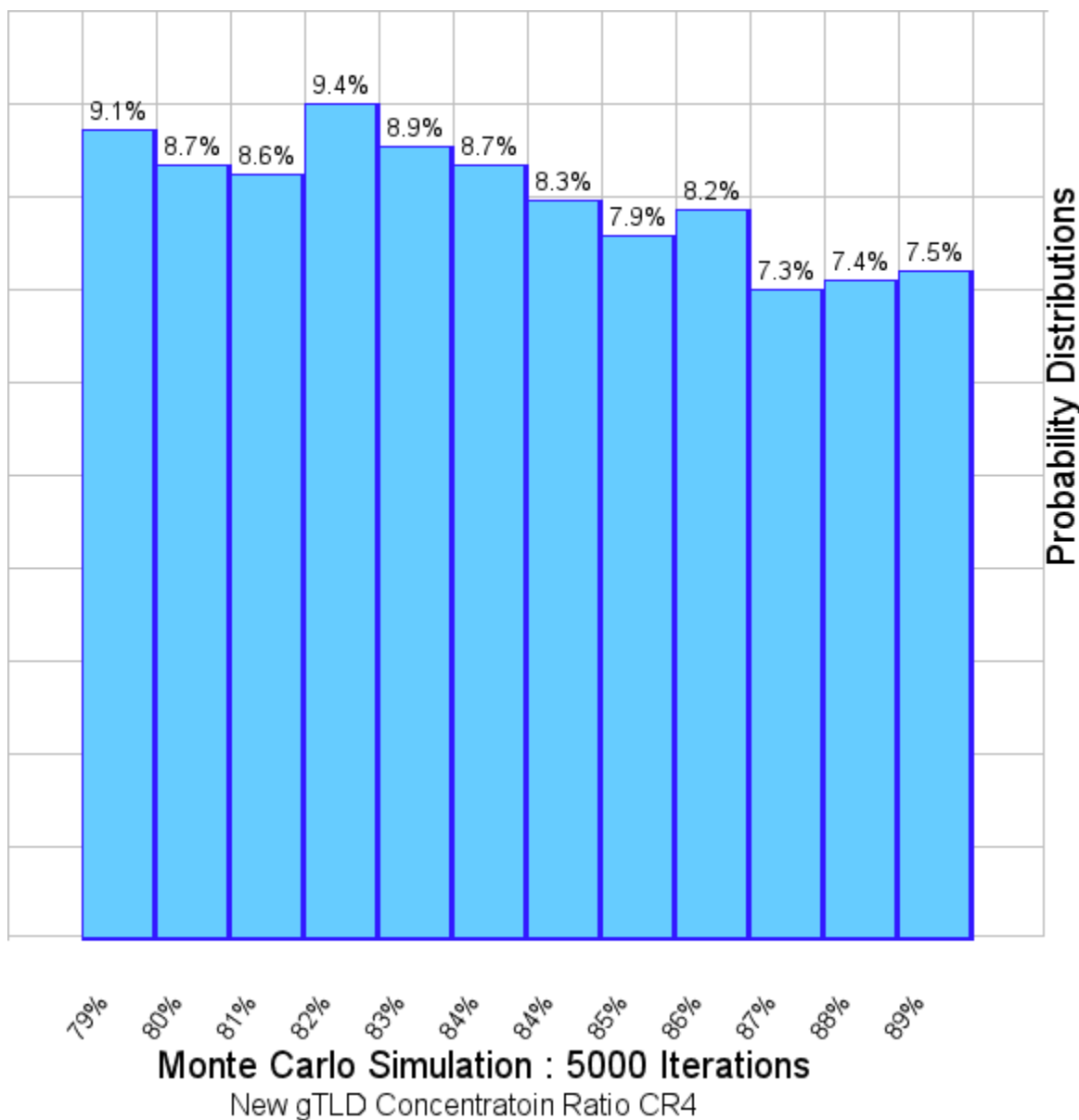
New gTLD Market Penetration Scenario
20% High Penetration : 100K-250K DUM/gTLD
80% Low Penetration : 5K-100K DUM/gTLD



Monte Carlo Simulation D:

79% < CR4 < 89%

New gTLD Market Penetration Scenario
10% High Penetration : 100K-250K DUM/gTLD
90% Low Penetration : 5K-100K DUM/gTLD



Implications

- Market competition
 - gTLD market will likely be in oligopoly competition after new gTLDs enter the market
- Name space expansion
 - Magnitude of growth of total name space proven not to exist
 - Name space maintains incremental growth pace.
- Registry business
 - Majority of new gTLD registries will inevitably deal with cash flow shortfalls.
 - Exit plans may be exercised ahead of time for some registries.
- Large back-end suppliers are major beneficiaries from the new gTLD policy