

# Some Benefits to Consumers of Cross Ownership in new TLDs

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## Cross Ownership Will Bring Multiple Benefits

- Consumers will receive *lower pricing*
- Consumers will have *guaranteed access* to TLDs
- Consumers will benefit from *more innovation*

# Consumers Will Receive Lower Pricing

With no cross ownership, Registries (suppliers) of domain names cannot sell directly to Registrants and consumer pricing is wholly determined by Registrars. This artificial separation leads to multiple problems:

- Registries have almost NO control how their product is priced
- Registries can lower/maintain prices and this may never be passed to end users by Registrars (.BIZ example)

With cross ownership, even the threat of an integrated RR would be able to ensure prices are lower, even if the RR did not actually offer lower pricing

- Low pricing and promotions would be passed on to consumers by registrars, otherwise the RR could directly sell to consumers at lower prices
- Equally likely, an integrated RR sets higher prices (ex: Sony stores) and registrars will compete on price & service

# Store Brands are Real World Examples

The store brand has been great for the consumer in many ways and is only available in a world with Cross Ownership

- The store brand product is usually offered at a lower price to consumers
- The store brand may not be identical to the brand product but gives the consumer a choice
- Because the store is the supplier & the retailer there are efficiencies and the store can pass the savings to the consumer, resulting in the lower price
- Branded products compete by either *lowering prices* or *innovating* with a premium product

**In both cases the consumer wins and this is only possible because of Cross Ownership**

## Without Cross Ownership consumers may never have access to innovative new TLDs

In a world with 100s of new TLDs, many TLDs will not find a place on the shelves of Registrars

- There may not be enough shelf space for all the TLDs
- A TLD may be operated by a new Registry, requiring additional implementation work by Registrars to offer the TLD
- A TLD may be operated by an incumbent Registry, but require additional technical implementation to support the “idea” behind the TLD
- Or simply, Registrars may not like the “idea” behind a particular TLD

What will happen to these TLDs?

- Will they be Dead On Arrival ?
- Will competition and choice disappear?
- Will consumers miss out on innovative ideas?

## Cross Ownership Guarantees Consumers will have access to new TLDs

- Integrated RR will have guaranteed distribution of its TLD in the event other registrars choose to not offer it
- TLD owners will have increased incentive to develop innovative products, as they know they will have an avenue to sell their product
- Consumers will have access to all new TLDs, not just TLDs that registrars deem “good ideas” or TLDs that spend more marketing dollars to buy shelf space
- Consumers will determine which TLDs are successful, not registrars

# The Amazon Kindle is a real world example

The Kindle would never have been created without integration between the supplier and retailer

- Legacy book publishers had no incentive to create the Kindle because they were protecting their existing business
- Traditional merchants would not have sold the Kindle as there was almost no existing consumer demand and they were protecting their existing business
- eBook readers had been attempted, unsuccessfully, many times by suppliers that did not also control their distribution

Amazon was able to create the Kindle's success because it handled the product from end to end and sold directly to the consumer. The result:

- An amazing consumer product
- Consumer costs have come down for books
- Consumers have more choice in books and how to consume books
- Other innovative competitive products (like the iPad) are now emerging