

ICANN's Tasting Solution a Partial Success

ICANN Solution to Domain Tasting is a Half Measure that Will do Little to Eliminate Tasting or Offer Protections to Internet Users

WASHINGTON, June 27, 2008 – The Coalition Against Domain Name Abuse (CADNA), a coalition comprised of 11 globally recognized brand-name companies, would like to recognize ICANN's solution to the problem of “tasting” as a partial success.

ICANN recently put forth a proposal to address tasting due in large part to CADNA's championing of this issue and because of objective research and analysis of the proposed solutions conducted by the coalition. Unfortunately, it is unlikely that the proposed solution will adequately address domain name tasting.

Domain name “tasting” is the process by which registrants obtain a domain name and track its traffic over the course of the five-day Add Grace Period (AGP). If it does not yield enough traffic to make it immediately profitable, the registrant drops the domain name within five days in order to get a refund of the 20-cent registration fee.

In January, the ICANN board approved a measure to make the 20-cent registration fee non-refundable. In June, ICANN voted on a further measure that would only allow registrars refunds up to 10 percent of net new registrations or fifty domain names, whichever is greater. The combined impact is that registrars will only be accountable for the non-refundable 20 cents on deletes beyond the 10 percent threshold.

Since 2006, CADNA has been the galvanizing voice on the issue of tasting. CADNA has worked tirelessly to raise awareness about tasting as the newest form of domain name monetization and has rallied support among businesses, lawmakers, and members of the media to pressure ICANN into taking more immediate action.

According to VeriSign's June 2007 Domain Industry Brief, \$1.46 was the average amount paid per advertising click for the first quarter of 2007. Domain name speculators that place sponsored ads on their Web sites typically earn half of this amount per click.

CADNA's 2007 drop-catching study uncovered that 6.6 percent of dot-COM domains were registered immediately after post-expiration deletion and kept throughout the timeframe of the study. In other words, 6.6 percent of names were quickly deemed worthy of registration and development. By the end of the study, the percentage of names that were ultimately kept climbed to 25 percent, but that took sifting into account as some names were kited – the practice of repeatedly tasting a domain. The 6.6 percent of the sample is the subset of names that immediately proved their value.

According to the results of the CADNA study, a registrant that registers 100,000 domain names would keep 6,600 of them on average. At \$6.20 each, the cost of these domain names would be \$40,920. Paired with the 20-cent ICANN fee for each of the 93,400 domains that were not kept, the total cost of the domains would be \$59,600. In other words, the taster would have spent \$9 per profitable domain name that was identified via tasting and kept beyond the Add Grace Period (AGP).

The 20 cents that the registrant wasted on the names that were not worth keeping would be easily covered by the ample profit from the good names they identified through tasting. The additional new cost per domain name would be \$2.80. Since each click is worth 73 cents on average to a “traffic-squatter,” each domain name would need to receive just an additional 3.8 clicks in year one in order to make up the difference from the “inconvenient” ICANN fee.



Before the proposed ICANN tariff on all added domains, a name needed to demonstrate that it could deliver 8.5 clicks/year (.02 clicks/day). With the ICANN fee, a name needs to demonstrate that it can deliver 12.3 clicks/year (.03 clicks/day) in year one. With so few paid-search ad clicks needed to break even either before or after ICANN's 20-cent solution, the effect of the non-refundable fee is negligible from the domain taster's perspective.

While it might become unprofitable for registrants to kite domains and constantly pay registration "add fees," tasting domains can remain a relatively risk-free and low-cost practice. Unfortunately, it is therefore unlikely that ICANN's new registration fee policy will completely eliminate the problem of domain tasting.

ICANN has been only partially successful in responding to the threat of domain name tasting because of pressure exerted by CADNA and other organizations that have stepped up to answer CADNA's call to action. Unfortunately, the ICANN process continues to be highly influenced by the needs of groups that profit from domain registration and related activities rather than by the needs of the user community. As a result, it is difficult to achieve much needed policy reform.

The Coalition Against Domain Name Abuse (CADNA) is a 501(c)(6) non-profit organization dedicated to ending the systemic domain name abuses that plague the Internet today. Its members include the following global corporations: American International Group, Inc.; Bacardi & Company Limited; Compagnie Financière Richemont SA; Dell Inc.; DIRECTV, Inc.; Eli Lilly and Company; Hilton Hotels Corporation; HSBC Holdings plc; Marriott International, Inc.; Verizon Communications Inc.; and Wyndham Worldwide Corporation. For more information, please visit www.cadna.org.

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