

Developing a Policy on Registrar Parking

PAB discussion paper

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1. Introduction

This discussion paper has been produced for the PAB's consideration. The purpose of the paper is to explain the practice, examine the prevalence of registrar parking and to suggest a range of best practice guidelines for registrars who choose to generate ancillary revenue in this way.

The objective of the paper is to put forward a number of practical and scaleable suggestions for use as Nominet "best practice" guidelines that registrars who decide in favour of registrar parking can follow. The aim of the best practice guide is to equip registrars and registrants with information to ensure they are informed of the benefits and risks of registrar parking and a brief set of recommendations to help them implement mass monetization in a responsible way should they choose to.

2. What is registrar parking?

Registrar parking is a form of mass traffic monetization, where otherwise unused traffic is monetized with advertising media using automated technology. Mass monetization is conducted by thousands of registrars globally as a means to generate ancillary revenue by monetizing the traffic of otherwise unused domain names. Examples of this can be found on 404 error pages, Under Construction pages, on unused registrants' names etc. Registrars earn a percentage of the revenue generated when users click through the links. Registrars can acquire advertising through a variety of sources – by advertising their own products and services or those of another company in the organizational group, by utilizing the synergies of a sister/parent company relationship to acquire advertising, or alternatively by acquiring online advertising via an advertising provider such as Google /Yahoo or through a consolidation service such as Sedo or DomainSponsor.

In the same way that banks use money deposited by clients to fund other areas of business development by a strategy of investment and risk management, registrars use clients' otherwise unused traffic to generate revenue and cashflow. It is worth noting that while a domain name is monetized by a registrar using registrar parking, the domain registrant has the same access to/control of the domain as he otherwise would have and can deactivate the advertising links on his/her page at any time by redirecting the name elsewhere, using the name, changing the DNS, parking the name him/herself, etc.

3. Points to consider

There are a number of issues for consideration associated with the practice of registrar parking. Many registrars are unaware how to monetize traffic in this way, how to do so effectively or how accepted the practice is. There are questions on how best to manage registrants' opt out/opt in requests. Liability may also be an issue to consider.

During the June PAB's discussion, it became apparent that opinion on mass monetization was divided and there were also those who were unfamiliar with this form of domain parking. Some recognized that the domain registration business model exists in a hypercompetitive and internationalized environment where registrar parking is widely practiced and accepted alongside many other forms of revenue generation that complement the primary business focus of domain registration. As such, it was noted that domain registrars are required to squeeze margin from a diversified market offering in order to remain competitive in the face of registrar consolidation and aggressive pricing strategies by large MNC operations. Registrar parking should be regarded as one factor in a range of revenue generating activities undertaken by registrars in a global context. The nature of the registrar business means that there is an international choice of registrars and competition between them is not limited by national boundaries, nor is registrar parking the only option open to registrars in keeping registration costs low and ensuring they remain competitive. Many UK registrars operate internationally and therefore compete with other ICANN accredited providers, all of whom agree to ICANN's Registrar Accreditation Agreement, which permits a range of activity outside the immediate registration model.

Others pointed out that aside from the operational benefits and strategic lead that registrar parking can offer, risks may also be associated with the practice in the form of potential for IP rights infringement. There was some concern that registrar parking may present a policy question in terms of Nominet's DRS and one PAB member drew a distinction between the advertisement of a registrar's own webhosting/registration products and the use of auto-generated advertising on unused domain names. This was followed by an assertion by another member that the responsibility for the content of a website rests with the registrant and that in the case of a potential DRS, the registrant would be liable for any potential IP infringement. It was then noted by another member that the registrar could be seen to be using clients' traffic without their consent. However, in most cases, the registrant would have agreed to the registrar's terms and conditions on registering the domain name and market conditions

allow him/her to freely move the domain name to an alternative provider at any time, if (s)he disagrees with the monetisation practices at his current provider. The registrant typically also retains full access to the name during its registration period and can change its use at any time.

One member suggested that the practice be banned but the majority opposed this view, while recognizing that some best practice guidelines would be helpful. Ultimately, the majority view seemed to think that domain registrars are required to respond to market conditions in order to remain competitive. Drawing much-needed margin and cashflow into the business through the monetization of otherwise unused traffic forms a part of this and if handled well, may be acceptable. It was suggested that there should be a requirement for the registrar to have the written consent of the registrant and very clear procedures for opting out or in. However, there is some question of whether this should be prescribed by the registry – no other registry does so and it is the view of most that this is not a registry policy issue but a question for each registrar to address individually, based on its registrant demographics.

The PAB agreed that separate discussion may be useful, in order to establish the potential IP issues associated with mass monetization. However, this discussion paper will be limited to the submission of best practice guidelines which member registrars may find helpful should they opt to consider mass monetization as a form of ancillary revenue generation.

4. Best Practice Suggestions

Taking the issues above into account, the following best practice guidelines form a suggested range of recommendations that registrars could use to inform their registrar parking decision-making and to implement a responsible domain monetization strategy should they choose to do so. The practicality or effectiveness of these guidelines will differ according to the registrar and its business model and is a point for discussion. However, business differentiation through choice of/application of monetization strategy may prove a selling point for many as ancillary-revenue generation increasingly becomes a competitive concern for registrars.

4.1 Relevance

- a) The consumer experience should be the primary consideration for registrars considering forms of mass monetization. If the pages are irrelevant, the traffic will not convert and the service will not be viable. In addition, the associated CI of the registrar is likely to suffer if the pages fail to provide a positive experience for web users. Mass monetization can be a very profitable revenue generating activity if registrars ensure that the domain advertising appearing on domains is both relevant and useful. This can be measured by regular monitoring of the traffic's click-through-rate (CTR).
- b) Domain holding pages should be usable, easy to navigate and recognizable as domain holding pages for a registrar, while ensuring the domain advertising displayed forms a useful navigational tool for users.

4.2 Attractive Pages

- a) The domain holding pages should be attractive and should not detract from the registrar's brand, its product/service offering or the domain name's own inherent value.
- b) It may be advantageous to brand the holding pages in order to promote the registrar's CI and to ensure they are recognizable as holding pages of that provider.

4.3 Registrant Information

- a) Registrars should ensure that the use of registrar parking as an ancillary revenue generating activity is included in their terms and conditions/that registrants are informed about the use of mass monetization at their provider. Ideally, there should be clear information for domain registrants regarding registrar parking, its purpose and how it can be deactivated.
- b) Registrars may wish to consider informing webusers/ registrants via on-domain links about the registrar's use of the domain name, why advertising links are shown and how to use their domain in an alternative way.
- c) Support staff at the registrar should be informed about the practice, versed in the terms and conditions associated with it and equipped to answer questions regarding the use of registrar parking as well as to advise registrants how they can remove advertising links from their domains.

4.4 Formal Complaint Management system

- a) Registrars should be aware of Intellectual property law and should endeavour to ensure that their mass monetization solution complies with it. They should take necessary action to ensure that their traffic monetization solutions do not infringe on the rights of others.
- b) A formal complaint management system should be considered as part of planning/implementing a domain monetization solution. Complaints about the use of domain names can range from potential IP rights infringement, to ownership complaints, to failure-to-renew issues. Complaints could effectively be logged and managed via an online system where complainants are informed about the procedure and can submit their feedback in a structured format. An example of such a complaint system in place is Sedo's Rights Protection Programme: http://www.sedo.co.uk/about/policy.php?page=rights_protection. In addition, registrars could furnish each domain name with a contact link, e.g. "If you have concerns about the content of this page, please click here", to link back to the complaint management system.

4.5 Education of Domain Owners

- a) Registrars can encourage domain registrants to use their domains – options such as redirecting to a main site, using domains as campaign sites, harnessing type-in traffic from "unused" domains to build traffic elsewhere and independent parking, in addition to the use of web-hosting packages could be available to registrants.
- b) Central to this is likely to be the provision of information to registrants on how to access their domains, how to perform basic functions such as changing the DNS, updating the WHOIS, etc.
- c) Promote own content building/management facilities
 - i. Domain parking pages can be customized to feature frames/banners/sections where the registrar's own product palette is advertised.
- d) The registry could also contribute to domain owner awareness in the form of campaigns such as "keepyour.co.uk" – eg. Howtouseyour.co.uk.
- e) Domain registrants should be made aware are ultimately responsible for their digital assets and appreciate that it is a matter of choice if they allow them to lie unused/allow others to generate revenue with their traffic.

5. Conclusion

I would welcome a discussion at the PAB to identify if Nominet should provide a best practice guide for registrars and if so, in what form. It would be very useful to identify the proposed guidelines that the PAB finds most practical and useful.