Domain name appraisal methodology for .RU/.РФ

APTLD 77 Meeting
Melbourne, February, 21 2020
Why do we need the methodology?

- large secondary domain market of .RU and .РФ domains
- absence of any standard to estimate the price of RU/.РФ domain names
- demand from market participants and registrants
Steps of the project

1. Analysis of domain’s offers for sale
   - About 100 000 offers for sale from open sources
   - Factors affecting domain price identified

2. Analysis of real sales
   - About 20 000 real sales were analyzed
   - Affecting factors were refined
   - Models of appraising domain name were determined

3. Methodology development
   - Describing the models and affecting factors
   - Forming the domain name appraisal methodology
## Factors affecting domain price

<table>
<thead>
<tr>
<th>Semantic parameters</th>
<th>Technical parameters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meaning (whether the domain name matches an existing word in Russian or in English or transliterated word)</td>
<td>Top-level domain (.RU vs .ΡΦ)</td>
</tr>
<tr>
<td></td>
<td>Number of symbols</td>
</tr>
<tr>
<td>Additions (other symbols in addition to main meaning)</td>
<td>Percentage of digits in domain name</td>
</tr>
<tr>
<td></td>
<td>Percentage of vowels in domain name</td>
</tr>
<tr>
<td>Trademark matching</td>
<td>Hyphen(s) in domain name</td>
</tr>
<tr>
<td>Population &amp; income level (for geographical names)</td>
<td>Quantity of search queries that match domain name in both Russian and English in search engine</td>
</tr>
<tr>
<td></td>
<td>Exposition period (i.e. time period since the domain name was put up for sale)</td>
</tr>
</tbody>
</table>
Factors not affecting domain price*:

- Domain age since its initial registration (domain history)
- Traffic to the web-site hosted on domain
- Search ranking of domain
- Active site hosted on domain
- Domain presence in spam lists

* The effect of these factors on the domain price was not proven by statistics.
Appraisal models

Matching existing word (semantic component)

Domain name with a semantic component

1 semantic component
- semantic component with additions (1SC model)
  - myshop.ru
- additional word doesn’t change meaning of main word (SCA model)
  - shop-buy.ru
- matching a trademark (TM model)
  - lastochka.ru

2 or more semantic components
- several (2 or more) semantic components (2SC model)
  - cosmetic-shop.ru
- including a geographical name (GEO model)
  - shop-moscow.ru

Domain name without a semantic component

- short domains (SHORT model)
  - abc.ru
- domains including only digits (NUM model)
  - 1234567.ru
- other domains (OTHER model)
  - lalalolo.ru
Appraisal algorithm

1. Analyze the composition of domain name
   - semantic component (existing word) ?
   - Additions ?

2. Select the appropriate appraisal model

3. Calculate the price using appropriate appraisal model
Appraisal algorithm

Model selection

- Domain name includes semantic component(s)
  - YES
    - Domain name matches a trademark
      - NO
        - Domain includes a geographical name
          - NO
            - ONE
              - How many semantic components?
                - NO
                  - ONE
                    - SCA model
                - 2 OR MORE
                  - 2SC model
          - YES
            - 2 OR MORE
              - GEO model
            - not applicable*
              - TM model
    - NO
      - 3 OR LESS
        - Amount of symbols in domain name
          - NO
            - Domain name includes digits only
              - NO
                - SHORT model
              - YES
                - OTHER model
          - 4 OR MORE
            - NUM model

* TM model is not applicable to domain names matching well-known trademarks or brands.
Example 1: Model with 1 semantic component

Correcting coefficients

<table>
<thead>
<tr>
<th>Num. \ Denomin.</th>
<th>Clear</th>
<th>Error</th>
<th>Good Addition</th>
<th>Addition</th>
<th>2Addition</th>
<th>3Addition</th>
<th>2Num</th>
<th>2Dash</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clear</td>
<td>1</td>
<td>2.53</td>
<td>1.87</td>
<td>2.35</td>
<td>2.62</td>
<td>2.66</td>
<td>5.78</td>
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<tr>
<td>Error</td>
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<td>1</td>
<td>0.74</td>
<td>0.93</td>
<td>1.04</td>
<td>1.05</td>
<td>2.28</td>
<td>1.67</td>
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<tr>
<td>Good Addition</td>
<td>0.53</td>
<td>1.35</td>
<td>1</td>
<td>1.26</td>
<td>1.40</td>
<td>1.42</td>
<td>3.08</td>
<td>2.26</td>
</tr>
<tr>
<td>Addition</td>
<td>0.42</td>
<td>1.08</td>
<td>0.80</td>
<td>1</td>
<td>1.11</td>
<td>1.13</td>
<td>2.46</td>
<td>1.80</td>
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<tr>
<td>2Addition</td>
<td>0.38</td>
<td>0.96</td>
<td>0.71</td>
<td>0.90</td>
<td>1</td>
<td>1.02</td>
<td>2.20</td>
<td>1.61</td>
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<tr>
<td>3Addition</td>
<td>0.38</td>
<td>0.95</td>
<td>0.70</td>
<td>0.88</td>
<td>0.99</td>
<td>1</td>
<td>2.17</td>
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<tr>
<td>2Num</td>
<td>0.17</td>
<td>0.44</td>
<td>0.32</td>
<td>0.41</td>
<td>0.45</td>
<td>0.46</td>
<td>1</td>
<td>0.73</td>
</tr>
<tr>
<td>2Dash</td>
<td>0.24</td>
<td>0.60</td>
<td>0.44</td>
<td>0.56</td>
<td>0.62</td>
<td>0.63</td>
<td>1.36</td>
<td>1</td>
</tr>
</tbody>
</table>

Addition = 0.42 * Clear
Example 2: short domain

Tree algorithm

Wordstat_total – quantity of search queries matching domain name in both Russian and English, search engine, last month

Wordstat_eng - quantity of search queries matching domain name in English, search engine, last month

Numshare - percentage of digits in domain name

Value – forecasted market price of domain name (rubles)
Next steps

Awareness campaign

1. Publish Appraisal Methodology on the public site
2. Workshops/webinars for registrars and appraisers

Standard for appraising .RU/.РФ domain names

1. For convenience and a unified approach to appraisal of domain names on secondary market
Thank you!

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