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### **Second Level .au Domain Names**

Dear Ms Lim,

The following submission is being provided by the Australian Retailers Association, whose membership comprises over 11,000 retail businesses transacting an estimated \$105 billion pa (75% of the nation's retail sales) and employing approximately three quarters of the retail workforce. The Association is grateful for the opportunity to comment on this issue.

ARA members operate about 40,000 retail outlets across the nation. Approximately 10,000, or around 95%, of the Association's members are small businesses (i.e. employ less than 20 staff) operating only in one state, while the balance are either retailers larger than that but still operating in one state or 'national retailers' which are defined as retailers operating in two or more states. Some 140 members of ARA fall into the 'national retailer' category. It is estimated that these 'national retailers' transact close to 50% of Australia's retail sales.

ARA's membership profile and numbers make it one of the largest and most comprehensively representative industry associations in the nation. Importantly, the ARA's membership profile generally reflects the profile of the retail industry.

### **Introduction of new 2<sup>nd</sup> level .au domains.**

The Association sees the development of the domain name space in Australia as moving in the right direction. The opening up of domain to competition in July (which should see prices of .com.au domains drop to below \$100) is a positive step for small businesses in Australia, who are still largely unexposed to domain registration or even if they do have a domain name themselves, have little understanding of it.

The proliferation of third party "domain management" companies, sending unsolicited faxes, mailing and emails to SME's encouraging them to allow delegation / registration of their domains has, in our view, further confused the SME marketplace and caused many to simply opt out until the smoke clears, or until a trusted party (such as their association) advises them otherwise. While this is certainly not true of all SME's, this office regular inquiries from members about these issues.

The ARA recognises that it has a role in educating its members about domain names, and believes that a clear and transparent message regarding costs and processes must be delivered to the SME in order to facilitate significant uptake.

One way of achieving this is to allow associations and other member based organisations to create and manage their own second level domains. There are several arguments which support this:-

- Domains would allow easy recognition of peers within the group.
- Creates a sense of community.
- Allows flexibility of management not impacting upon other domains.
- Adds value to member organisations.
- Allows branding opportunities.

On the downside, new 2<sup>nd</sup> level names can:-

- Add to the confusion (eg which one should I register?)
- Increase the potential for cyber squatting across similar domains (eg name.com.au, similarname.com)
- Place pressure on SME's to register multiple names across domains (similar to the pressure being exerted by the .biz domain).
- Add to the overall cost of doing business on line (due to multiple registration costs and management with multiple registrars).
- Low public recognition of unusual domain names (eg anything not .com.au, .net.au, .gov.au, .org.au).

It can be argued that while the confusion and dilution factors are compelling for SME's, the situation already exists with the current number of primary and sub domains (eg the blurring of .com with .com.au, the introduction of .biz). Therefore a recognisable, more finite group of registrations may come as a breath of fresh air to an SME trying to decide what to register and how much it's going to cost.

For this primary reason, and given the trust relationship which associations bring to their members and communities of interest, it is our recommendation that the ability for associations and similar groups to create their own closed 2<sup>nd</sup> level domains be granted.

The Australian Retailers Association, if granted this ability, would immediately investigate the creation of a closed **.retail.au** domain space for retailers. This domain would be provided on a fair commercial basis to the retail industry and allow the ARA, in its function as the peak retail body, to adequately offer domain registrations to its industry in a transparent and effective manner. We believe the trust relationship developed over many years with retailers would provide them with a measure of certainty of service, and the Association would work to reduce the confusion created by the existing domains.

Other derivatives / suggestions for this domain are re.au, ret.au, shop.au, ara.au, buy.au, store.au.

Selection criteria would be applied to retailer registrants, following the best practice guidelines issued by the auDA panel in its review of the .com.au .net.au domain space.

The ARA wishes to encourage SME's to take up electronic commerce and technology in the enhancement of their businesses, and sees its role moving towards active facilitation in this area. This has been brought about by feedback from members, the need to de-mystify market offerings and the desire to create a trusted channel for technology solutions.