

At-Large Workspace: Competition, Consumer Trust and Consumer Choice Review Team Draft Report of Recommendations for New gTLDs

Public Comment Close	Statement Name	Status	Assignee (s)	Call for Comments Open	Call for Comments Close	Vote Open	Vote Close	Date of Submission	Staff Contact and Email	Statement Number
19 May 2017	Competition, Consumer Trust and Consumer Choice Review Team Draft Report of Recommendations for New gTLDs	<div>ADOPTED</div> 14Y, 0N, 0A	Holly Raiche	06 April 2017	10 May 2017	18 May 2017	24 May 2017	18 May 2017	Margie Milam margie.milam@icann.org	AL-ALAC-ST-0517-03-01-EN

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Brief Overview

Purpose: In its Draft Report, the Competition, Consumer Trust and Consumer Choice Review Team (CCTRT) assesses the New Generic Top-Level Domain (New gTLD) Program in three areas: competition, consumer trust and consumer choice, as well as the effectiveness of safeguards put in place to mitigate issues arising from the introduction of new gTLDs and the Program's application and evaluation process. The review examines the degree to which the process of implementing the New gTLD Program was successful in producing desired results and achieving the stated objectives. The CCTRT is analyzing both quantitative and qualitative data to produce recommendations for the ICANN Board to consider and adopt.

This public comment proceeding aims at gathering community input on the CCT Review Team's proposed draft findings and recommendations before publishing its Final Report in Q3 2017.

Current Status: The CCTRT began its analysis of the New gTLD Program's impact on the domain name marketplace in 2016, and is now publishing its Draft Report for public comment to solicit the community's input on its assessment of the New gTLD Program's implementation.

The CCTRT Draft Report is posted for public comment for the ICANN community's review and consideration. To facilitate the review and analysis of all comments, we request that commenters clearly indicate to which section(s) of the report, or which numbered recommendations, their comments relate.

Next Steps: Following the review of public comments received on this report, ICANN will prepare a public comment summary report. The CCTRT will consider these comments to shape its recommendations for inclusion in its Final Report.

Section I: Description, Explanation, and Purpose

The CCTRT is seeking input on its Draft Report, which assesses whether the introduction or expansion of gTLDs has promoted competition, consumer trust and consumer choice in the DNS, as well as effectiveness of (a) the application and evaluation process, and (b) safeguards put in place to mitigate issues involved in the introduction or expansion.

The following topics are covered in the Draft Report:

- New gTLD Program history
- Competition in the DNS Marketplace
- Consumer Choice
- Consumer Trust
- DNS Abuse
- Safeguards
- Public Interest Commitments
- Right Protection Mechanisms
- Application and Evaluation

The Draft Report describes 50 recommendations, including several that are considered by the Review Team to be prerequisites to the opening of the next application period for new gTLDs. This public comment proceeding is intended to solicit the public's input on the CCTRT's findings and recommendations, as well as evaluate its analysis of the New gTLD Program's impact on the domain name marketplace.

All comments will be reviewed and summarized in the report of public comments, which will be included as a supplement to the Final Report.

To provide consistency and to facilitate the discussion, ICANN requests that commenters clearly indicate the relevant sections of the Draft Report, or numbered recommendations, within their comments.

Section II: Background

Convened in 2016, the CCTRT is being conducted under the Bylaws adopted as part of the IANA Stewardship Transition that incorporated the former Affirmation of Commitment reviews as "Specific Reviews." Bylaws Section 4.6 describes the scope of this review as:

"The review team for the CCT Review will examine (A) the extent to which the expansion of gTLDs has promoted competition, consumer trust and consumer choice and (B) the effectiveness of the New gTLD Round's application and evaluation process and safeguards put in place to mitigate issues arising from the New gTLD Round."

The Bylaws also specify that, for each of its recommendations, the CCT Review Team should indicate whether the recommendation, if accepted by the Board, must be implemented before opening subsequent rounds of new generic top-level domain applications periods. The recommendations contained within the Draft Report identify those that should be prerequisites to future application periods for new gTLDs.

Producing recommendations that are as data- and fact-driven as possible is a fundamental priority of the Review Team. The CCTRT has constructed its report to have findings supported by data received prior to and throughout the review process.

ICANN commissioned two major research initiatives from Nielsen in 2015 in anticipation of the Review Team's work: a global consumer end-user and registrant survey and an economic study of the Program's competitive effects. These surveys were repeated in 2016 to measure updates as more new gTLDs came into operation, and took into consideration, where applicable, additional questions and requirements raised by the CCTRT.

The CCTRT, comprised of 17 community representatives and volunteer subject matter experts, divided the evaluation of the New gTLD program in three subteams:

1. Competition and Consumer Choice: This subteam examined the effects of the entry of new gTLDs on price and non-price competition in the expanded domain name marketplace, as well as whether consumer choice in the marketplace was effectively enhanced with the introduction of new gTLDs.
2. Consumer Trust and Safeguards: This subteam focused on the extent to which the expansion of new gTLDs has promoted consumer trust and the impact of the safeguards that had been adopted to mitigate any problems that might have arose as a result of the Program.
3. Application and Evaluation Process: The Review Team explored issues related to the effectiveness of the application process, with a particular focus on the applicant experience, the paucity of applications from underserved regions, and the objection processes.

Section III: Relevant Resources

[Competition, Consumer Trust and Consumer Choice Review Team Draft Report](#) [PDF, 3.91 MB]

[Executive Summary](#) [PDF, 71 KB]

[Summary of Recommendations](#) [PDF, 1.34 MB]

Analysis Group Economic Studies:

- [Analysis Group, Phase I Assessment of the Competitive Effects Associated with the New gTLD Program](#) (September 2015)
- [Analysis Group, Phase II Assessment of the Competitive Effects Associated with the New gTLD Program](#) (October 2016),

Nielsen Consumer End-user Surveys:

- [Nielsen, ICANN Global Consumer Research](#) (April 2015)
- [Nielsen, ICANN Global Consumer Research Wave 2](#) (June 2016)

Nielsen Registrant Surveys:

1. [Nielsen, ICANN Global Registrant Survey](#) (September 2015)
2. [Nielsen, ICANN Global Registrant Survey Wave 2](#) (August 2016)

[Nielsen, ICANN Application Process Survey](#) [PDF, 892 KB] (December 2016)

[AM Global Consulting, New gTLDs and the Global South: Understanding Limited Global South Demand in the Most Recent New gTLD Round and Options Going Forward](#) [DOCX, 4.09 MB] (October 2016)

Section IV: Additional Information

[Competition, Consumer Trust and Consumer Choice Review Team](#)

Section V: Reports

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FINAL VERSION TO BE SUBMITTED IF RATIFIED

The final version to be submitted, if the draft is ratified, will be placed here by upon completion of the vote.



AL-ALAC-ST-0517-03-01-EN.pdf

FINAL DRAFT VERSION TO BE VOTED UPON BY THE ALAC

The final draft version to be voted upon by the ALAC will be placed here before the vote is to begin.

The ALAC appreciates the considerable amount of effort that has clearly gone into the Competition, Consumer Trust and Consumer Choice Review Team (CCT-RT)'s analysis and Draft Report (the report). It provides important information on outcomes of the first round of new gTLDs.

The ALAC comments on the report are focussed on the interests of end users of the Internet. Specifically, while increased competition may be considered as an important outcome of the new TLDs, the ALAC is focussed on whether the introduction of new gTLDs has resulted in increased consumer trust and increased consumer choice.

The Draft Report makes it clear that a significant amount of further information is necessary before it is possible to say that the introduction of new gTLD has increased either consumer trust or consumer choice. The ALAC, therefore, endorses the Report's pre-requisite recommendation for more and better data before it is possible to state that the objectives of the program have achieved. At this point, therefore, the ALAC does not support any new round of new gTLDs.

From the ALAC perspective, perhaps the most glaring gap is any information on consumer trust. As the Report reported:

However, the Review Team noted that the surveys did not define consumer trust (and other key terms) and contained few questions that explored the objective behavior of the survey respondents that could serve as a proxy for consumer trust. Moreover, certain responses that identified factors relevant to consumer trust -- such as reputation and familiarity -- were broad concepts that did not lend themselves to providing precise guidance for either future applicants, ICANN, or other community stakeholders. (P. 28)

The report went on to discuss both reputation and familiarity, as proxies for trust, (pp 63-67) finding that there was greater public trust in the legacy gTLDs than new gTLDs, but that one factor that could contribute to trust was that certain restrictions be placed on who can become a registrant and on how the new name is used.

In discussions ALAC has held on gTLDs over time, we recognise the reluctance of some registrars in holding names that require additional steps to their registration processes. However, processes must be found for those registries that want to improve their trust levels such that they are not unduly inhibited from doing so.

Another important area for further analysis is the high level (63%) of new gTLDs that are 'parked'. (p. 33) This begs the questions as to whether and/or how they are being used now and the future; can they be counted as contributing to consumer choice. As academic studies have shown, many of those parked domains are used for purposes that harm consumer interests. Importantly, therefore, can they be counted as contributing to consumer choice?

An added difficulty is that the report defines a 'parked' domain as one that 'redirects to another domain in a different TLD.' That means the term includes registrations that can be either defensive or a means to reach more users - pages that redirect to the owners prime web site. That differs from domains that are simply monetized or unused, and should be accounted for differently.

One of the areas of most concern for ALAC is end users and their reactions to new gTLDs. Again, there is a real lack of data on customer confusions. Quoting again from the report:

Although there was some data available about the benefits of the expansion for consumer end users and registrants, we lacked specific data about the risks of confusion. As a result, our analysis on this topic is incomplete. (p. 57)

An important related issue is what is clearly a failure in dealing with confusing strings. Table 17 of the Report (p. 120) lists the single and plural strings delegated, where in some cases, both the singular and plural strings were allowed; in other cases not. There must be a clear policy and enforcement of this issue to avoid further end user confusion.

Another area for further data is the question on the extent to which end users use domain names at all. According to the Report over half of the end users search for sites using search engines rather than specific gTLDs. (p. 58)

However, the Report does suggest that end users have some expectation that there will be a connection between the specific gTLD and the website. (p. 64) Indeed, their expectations are that there will be restrictions on registrations to reflect that connection. (p. 67) This strengthens the ALAC view that all applications for new gTLDs should contain a commitment that details how the name will relate to the registrars and their registrant's use of the new gTLD. In the last round, such commitments could be in the form of Public Interest Commitments (PIC - Registry agreement Specification 11) for regular TLDs and Registration policies for Community TLDs (Specification 12)

The Report gives special attention to concerns with sensitive and regulated strings. These are the strings identified by both the GAC and the ALAC as of particular concern as their use can be misleading in sensitive areas such as health, the law, etc. And again, the complaints data available is not sufficiently clear to identify whether or not additional recommendations are needed. (pp 83-4)

Another important issue for the ALAC is the small number of successful applicants from the 'Global South'. The Report's focus on this area has been, in its words, the 'inequities' in the process: the application process itself, the cost, the available support. We would also suggest further investigation into why there were so few applications; were there factors other than cost or difficulty in application process that played a part. While we do support the Report's recommendations on outreach, application simplification (pp 110-11), we propose further investigation into possible other factors that may have contributed to the small number of successful applications from the Global South.

The Report notes that two major studies are being undertaken – on DNS Abuse and a survey by trademark owners – to help address the information gap. Another major gap is sufficiently disaggregated and analysed data from the Contractual Compliance area.

The ALAC believes that more research is needed, particularly in areas dealing with consumer trust and consumer choice, before any further round of new gTLDs. Such research can be expensive, but the ALAC believes that it is absolutely mandatory that we carry it out, and notes that there are significant unspent funds in the New gTLD Program that can reasonably be used to gather this crucial information

Specifically the ALAC particularly supports the following report recommendations:

- Recommendation 5 – on 'parked' domains, with research disaggregating the data to indicate why it is being parked
- Recommendations 11-12 – for further information on consumer choice
- Recommendations 13-16 on consumer trust
- Recommendations 37-38 on public interest commitments.

FIRST DRAFT SUBMITTED

The first draft submitted will be placed here before the call for comments begins.

Holly Raiche - Author's note: This is my proposed First draft. At this stage, I have not made any recommendations. Clearly, we support most of them. My focus has on those issues impacting end users rather than the issues concerning registries/registrars. Happy to consider if others think we should say something on that as well.

The ALAC would not support proceeding with a second round of new gTLD auctions at this stage. The Draft Report makes it clear that a significant amount of further information is necessary before it is possible to say that the introduction of new gTLDs has increased competition, consumer trust and consumer choice.

The Report notes that two major studies are being undertaken - on DNS Abuse and a survey by trademark owners – to help address the information gap. Another major gap is sufficiently disaggregated and analysed data from the Contractual Compliance area. From the ALAC perspective, perhaps the most glaring gap is any information on consumer trust. As the Report reported:

However, the Review Team noted that the surveys did not define consumer trust (and other key terms) and contained few questions that explored the objective behavior of the survey respondents that could serve as a proxy for consumer trust. Moreover, certain responses that identified factors relevant to consumer trust -- such as reputation and familiarity -- were broad concepts that did not lend themselves to providing precise guidance for either future applicants, ICANN, or other community stakeholders. (P. 28)

Another important area for further analysis is the high level (63%) of new gTLDs that are 'parked'. (p. 33) How are they being used, or likely to be used now and the future. More importantly, can they be counted as contributing to consumer choice.

One of the areas of most concern for ALAC are about end users and their reactions to new gTLDs. Again, there is a real lack of data on customer confusions. Quoting again from the report:

Although there was some data available about the benefits of the expansion for consumer end users and registrants, we lacked specific data about the risks of confusion. As a result, our analysis on this topic is incomplete. (p. 57)

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