

4 March 2014

To: Mr. Steve Crocker  
Chair - ICANN Board

Re: Interim Recommendations from the Implementation Advisory Group for Competition,  
Consumer Trust and Consumer Choice (IAG-CCT)

Dear Steve,

This letter is in response to the Board's resolution in Durban (Resolutions [2013.07.18.06](#) and [2013.07.18.07](#)) calling for the convening of a volunteer group (the IAG-CCT) to provide recommendations for the collection of metrics in advance of a future AoC Competition, Consumer Trust and Consumer Choice Review Team. Reflected below are the interim recommendations from the IAG-CCT for the immediate collection of certain time-sensitive data elements to establish a benchmark of the current state of the generic domain name sector prior to the widespread adoption and use of new gTLDs.

## **Background**

In December, 2010, the Board requested advice from the ALAC, GAC, GNSO, and ccNSO on establishing the definition, measures, and three year targets for competition, consumer trust, and consumer choice in the context of the domain name system (<http://www.icann.org/en/groups/board/documents/resolutions-10dec10-en.htm#6>). This advice was requested to support ICANN's obligations under the AoC to review the extent to

which the introduction or expansion of gTLDs has promoted competition, consumer trust, and consumer choice.<sup>1</sup>

In 2013, the Board (Resolutions [2013.07.18.06](#) and [2013.07.18.07](#)) called for the convening of a volunteer group to advance the work on the set of proposed metrics provided by the [GNSO](#) and [ALAC](#). Specifically, the IAG-CCT was tasked with:

- (i) Evaluating and reporting to the Board on the feasibility, utility and cost-effectiveness of adopting the recommendations of the GNSO Council and the ALAC;
- (ii) Evaluating other inputs, including historical data regarding metrics used to evaluate earlier rounds of New gTLDs (2000, 2004);
- (iii) Engaging with the GNSO, ALAC and staff in an effort to reach agreement on the metrics; and
- (iv) Proposing a set of metrics to be compiled by ICANN for use in the future AoC Review of the New gTLD Program.

The IAG-CCT was convened in late 2013 and has commenced its consideration on the feasibility, utility and cost-effectiveness of adopting the recommendations of the GNSO Council and the ALAC, as well as analyzing other potential metrics to be made available for the future CCT review under the AOC.

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<sup>1</sup> 9.3 Promoting competition, consumer trust, and consumer choice: ICANN will ensure that as it contemplates expanding the top-level domain space, the various issues that are involved (including competition, consumer protection, security, stability and resiliency, malicious abuse issues, sovereignty concerns, and rights protection) will be adequately addressed prior to implementation. If and when new gTLDs (whether in ASCII or other language character sets) have been in operation for one year, ICANN will organize a review that will examine the extent to which the introduction or expansion of gTLDs has promoted competition, consumer trust and consumer choice, 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. ICANN will organize a further review of its execution of the above commitments two years after the first review, and then no less frequently than every four years. The reviews will be performed by volunteer community members and the review team will be constituted and published for public comment, and will include the following (or their designated nominees): the Chair of the GAC, the CEO of ICANN, representatives of the relevant Advisory Committees and Supporting Organizations, and independent experts. Composition of the review team will be agreed jointly by the Chair of the GAC (in consultation with GAC members) and the CEO of ICANN. Resulting recommendations of the reviews will be provided to the Board and posted for public comment. The Board will take action within six months of receipt of the recommendations.

## Interim Recommendations

In its deliberations, the IAG-CCT has reached consensus on a number of recommended metrics for which baseline data (i.e., an assessment of a particular metric as new gTLDs are beginning to enter the space) is needed to make a meaningful assessment of the program. The group believes there is a sense of urgency to initiate work on the subset of metrics where historical data may be lost or become infeasible to obtain if data collection activities do not begin now.

Accordingly, the IAG-CCT is providing to the Board a set of Interim Recommendations in advance of its full report on all metrics developed by the GNSO and ALAC. The proposal calls for the immediate collection of certain metrics to establish a benchmark of the current state of the generic domain name sector prior to the widespread adoption and use of new gTLDs. These recommendations cover the following two areas:

1. A consumer survey conducted immediately to gather baseline measurements in the areas of consumer trust and consumer choice. As these are complex areas for which it is difficult to develop measurable data, a number of approaches have been considered. While not an exclusive element of assessing the New gTLD Program's impact, the survey ensures that data from a key stakeholder group (Internet end-users) can be factored directly into the analysis. As consumer attitudes and usage of the DNS may change, the group believes that a baseline is not attainable any other way. Consultations with survey experts indicate that later surveys using a retroactive approach will be less effective. Accordingly, the group recommends that the Board authorize funding up to the amount of \$900,000 to generate and conduct a baseline survey in the short term, and direct staff to secure qualified providers for design and execution of the survey. This consumer survey methodology would be repeated in at a later point to examine the differences in consumer perspectives. Any consumer survey would first require a thorough scoping exercise to define sampling methods to ensure a global reach, including the number and types of countries to be sampled, languages in which the survey would be conducted, types of respondents necessary for a valid sample; and definition of major terms, such as consumer, trust, choice, end users and potential end users, registrants and potential registrants. The noted estimated cost of such an exercise is substantial but representative of the scope of work necessary to obtain statistically relevant and meaningful data.
2. An economic study to take into account the impact of new gTLDs on competition and consumer choice in the DNS ecosystem, including consideration of relevant pricing data. This will be an important element for consideration by the Review Team, and the group believes that data may be difficult to obtain retroactively. The economic study would take into account the wholesale and retail prices (including aftermarket and premium domain prices) for domain names now and at a later point, along with any relevant services associated with the domain names offered by a registry; take into account the

pricing structures from TLD startup and launch phases to general availability and beyond; and include an analysis of the findings in light of the conditions of the domain name sector. The terms of the study would require strict confidentiality and use of data only in aggregate form. Accordingly, the group recommends that the Board authorize funding up to \$750,000 to generate and conduct an economic study in the short term, and direct staff to secure qualified providers for design and execution of this study.

## **Rationale**

Although the group's work is still ongoing, these proposed surveys are viewed as necessary to be conducted immediately, while the New gTLD program is still in an early stage, as the data is not likely to be available in the future if not explicitly collected by ICANN. The group recognizes that these are significant investments and supports careful scoping and design phases to ensure that these activities support the important goal of analyzing competition, consumer choice, and consumer trust.

Given that the New gTLD Program is now operational, it is critical to capture this baseline data soon so as not to miss a window of public opinion. Further, the group strongly believes that public opinion data on issues of consumer trust is a data set that ICANN has long lacked and long needed to analyze its work. This baseline detail would serve to satisfy not only the Affirmation of Commitments review, but also benefit other community work, as a data set that could be applicable in a number of areas relating to consumer trust of the DNS.

As noted above, these recommendations are intended to ensure that relevant data is available to the future Review Team, as well as the broader community, to support the future examination of the New gTLD Program that will occur under the AoC. The data to be collected from these surveys is critical to supporting an accurate examination of the extent to which the introduction of gTLDs has promoted competition, consumer trust, and consumer choice.

Sincerely,

A handwritten signature in black ink that reads "Jonathan Zuck". The signature is written in a cursive, slightly slanted style.

Jonathan Zuck  
Chair  
Implementation Advisory Group for Competition, Consumer Trust and Consumer Choice