

4.2.3 Competition, Consumer Trust and Consumer Choice

- 4.2.3.1 Explanation of Subject

The intent to increase competition, consumer trust, and consumer choice within the DNS was a driving rationale in developing and launching the New gTLD Program. The community, prior to the launch of the New gTLD Program, was constrained to 22 gTLDs in an ever expanding Internet user base. As noted above, expanding the DNS is consistent with ICANN's Mission and Core Values, in particular Article 1, Section 2,6 of the ICANN Bylaws:

Introducing and promoting competition in the registration of domain names where practicable and beneficial in the public interest.

Increasing competition and participation in the DNS environment was in fact a principal reason for the original privatization of ICANN. In a Statement of Policy issued in 1998 by the United States Department of Commerce¹, it noted that the "...widespread dissatisfaction about the absence of competition in domain name registration" was a key reason for seeking the change in the DNS management structure.

As noted in above sections, the ICANN community began the process of expanding the DNS by conducting two "proof of concept" rounds, which allowed a limited number of new gTLDs in 2000 and 2003-2005. At this stage, while there was already significant competition at the registrar level, competition could still be perceived as lacking in the registry field. The 2007 Final Report delivered by the GNSO sought to address this issue by recommending that ICANN allow for the expansion in the number of gTLDs, with far less restrictions as imposed on the "proof of concept" rounds. Specifically, Principle C states:

The reasons for introducing new top-level domains include that there is demand from potential applicants for new top-level domains in both ASCII and IDN formats. In addition the introduction of new top-level domain application process has the potential to promote competition in the provision of registry services, to add to consumer choice, market differentiation and geographical and service-provider diversity.

The decision to expand the DNS was supported in part by a series of economic studies that attempted to examine the impacts, benefits, and costs of adding new gTLDs, to parties directly involved in the program, as well as third parties who may be indirectly affected. The economic studies that ultimately led the ICANN Board to determine that no further studies would be commissioned were delivered in two parts:

¹ The Statement of Policy from the United States NTIA can be read here: <http://www.ntia.doc.gov/federal-register-notice/1998/statement-policy-management-internet-names-and-addresses>

- 1) Part one of the study was delivered on 16 June 2010²
- 2) Part two was delivered on 3 December 2010³.

The Board determined that, “all economic studies have confirmed the overall benefits of continuing to open the domain name space, in terms of enabling innovation, increasing choice and fostering a healthier competitive environment” in resolving that no further economic studies were needed to better inform the Board’s decision⁴.

And finally, in the Preamble to the AGB, it notes that:

New gTLDs have been in the forefront of ICANN’s agenda since its creation. The new gTLD program will open up the top level of the Internet’s namespace to foster diversity, encourage competition, and enhance the utility of the DNS.

- 4.2.3.2 Questions and Concerns Related to Subject

Many members of the DG felt that the 2012 New gTLD round lacked diversity in regards to the types of applicants that applied. From the New gTLD statistics page, one can view the presented numbers and reach conclusions about the diversity, or lack thereof, within the program. However, the 2007 GNSO Final Report did not appear to attempt to establish metrics by which diversity, competition, consumer choice, and other aims of the program could be measured against to determine the level of success. While the statistics page only presents a limited set of numbers that could be examined, they may present some evidence of lack of diversity. For instance, looking at the geographic spread of applications in the ICANN regions, about 1% of applications were received from South America and less than 1% were received from Africa.⁵

Total Applications Received - 1930		
Region	Number	Percentage
North America	911	47%
Europe	675	35%
Asia Pacific	303	15.5%
South America	24	1%
Africa	17	<1%

² Part one of the economic study is available here: <https://archive.icann.org/en/topics/new-gtlds/economic-analysis-of-new-gtlds-16jun10-en.pdf>

³ Part two of the economic study is available here: <https://www.icann.org/en/topics/new-gtlds/phase-two-economic-considerations-03dec10-en.pdf>

⁴ The ICANN Board Resolution is available here: <https://community.icann.org/pages/viewpage.action?pageId=31173197>

⁵ Current 2012 New gTLD Program round statistics can be found here: <http://newgtlds.icann.org/en/program-status/statistics>

As noted, there was no target number to achieve, but this may be considered an area for improvement.

As for application types, the majority of the 1930 applications received would be considered standard, with 84 identifying as community, 66 as geographic, and 116 as IDNs, with some overlap of these three types amongst that collection of applications. The WG that developed the 2007 Final Report considered the definition of types and specific requirements and needs for each type to be too difficult to accurately predict. The AGB followed suit by only allowing for two types, standard and community. For further detail on application types, see section 4.2.15 on Different TLD Types.

There are many other statistics that could be measured, such as geographic spread of back-end providers, diversity of business plans, types of organizations applying, etc. What may be useful is establishing metrics for success, although it must be noted that the Implementation Advisory Group for Competition, Consumer Trust & Consumer Choice (IAG-CCT) has already identified 66 metrics⁶ that it recommends ICANN begin collecting in preparation for future New gTLD reviews, in particular the Affirmation of Commitments (AoC)⁷ review for section 9.3, which states:

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.

A potential PDP-WG on New gTLD Subsequent Procedures considering this subject should take into account the metrics identified by the IAG-CCT and the findings of the AoC reviews. The PDP-WG could consider discussing this subject prior to other efforts concluding, alerting relevant teams to such work, as indeed, its findings may influence the AoC review. However, the PDP-WG may find it beneficial to fully consider the findings from the AoC review prior to reaching final conclusions and/or recommendations, or perhaps even prior to initiating discussions around this subject.

- 4.2.3.3 *Relevant Guidance*
 - ICANN’s Mission and Core Values, in particular Article 1, Section 2,6 of the ICANN Bylaws:
 - Principle C
 - IAG-CCT Metrics -
<https://community.icann.org/display/IAG/Report+of+All+Consumer+Metrics>

⁶ Implementation Advisory Group for Competition, Consumer Trust & Consumer Choice (IAG-CCT) recommendations: <https://newgtlds.icann.org/en/reviews/cct/iag-metrics-final-recs-26sep14-en.pdf>

⁷ Affirmation of Commitments review for section 9.3: <https://www.icann.org/resources/pages/affirmation-of-commitments-2009-09-30-en>

- ICANN staff Competition, Consumer Choice & Consumer Trust Reviews - <https://newgtlds.icann.org/en/reviews/cct>
- Affirmation of Commitments - <https://www.icann.org/resources/pages/affirmation-of-commitments-2009-09-30-en>

- *4.2.3.4 Rationale for Policy Development*

In regards to the issues identified by the DG regarding competition, consumer trust & consumer trust, the DG did not anticipate any changes to or the development of new policy. However, the existing principle in the 2007 Final Report is vague in terms of what determines success and the identification of success criteria could be considered. In doing so, the work of the IAG-CCT, the outcome of the AoC reviews, and the ICANN staff led reviews of Competition, Consumer Choice & Consumer Trust (i.e., Rights Protection Reviews, Program Implementation Reviews, Security & Stability Reviews, and Competition, Consumer Trust, and Consumer Choice Data & Review) should be taken into account in reaching any conclusions.

While a PDP-WG may determine that in fact, specific policy development is needed regarding this subject, it can be envisioned at this stage that the findings from this subject may at a minimum, influence outcomes regarding other subjects (e.g., Cancelling Subsequent Procedures, Second-level, Rights Protection Mechanisms, Registrant Protections, Communications, etc.).