

## CCT-RT DISCUSSION PAPER WORKSHEET

### HIGH LEVEL QUESTION: Benefits versus confusion to end-users

**OWNER:** *Megan Richards*

#### SUB-QUESTIONS:

**a)** *What benefits do end-users (consumers) gain in having a broader and more diverse source of domain names to access? What benefits do registrants gain in having a broader and more diverse source of domain names for registration (geographic, new scripts, new service models)?*

**b)** *Does an increased number and type of gTLDs (geographic, new scripts) create confusion for end-users (consumers)?*

*Does an increase in confusion for end-users/consumers (if it exists) reduce the value to registrants of the new type and number of gTLDs?*

#### **FINDINGS:** *[a list of relevant findings and supporting data; the presentation of the findings needs to correspond to the numbered subquestions]*

**a)** Benefits to end-users (consumers) include greater choice given the increase in number of domain names (from some 16 in 2013 to over 1000 in 2016), which includes greater "specificity" of identification regarding the domain names (from brand.com to XX.brand, from berlin.com to XX.berlin and from bank.com to XX.bank), as well as increased availability of IDNs.<sup>1</sup>

When comparing the 2013 environment to 2016 registrants have benefited from a broader and more diverse source of domain names for registration (geographic, new scripts).<sup>2</sup> Registrants indicated that having an extension that was relevant to their needs was one of the most important factors in determining which gTLD to purchase compared to previous interest in price.<sup>3</sup>

There has been a clear increase in the number of jurisdictions with at least one gTLD registry operator between 2013 and 2015<sup>4</sup>, although the number of registrars has not increased at the same pace. And there has been an increase in the total number of second level registrations in Internationalised gTLDs (IDNs) in the same period.<sup>5</sup>

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<sup>1</sup> Nielsen survey (2016) – see in particular pp.7, 8, 9, 33, 35. While awareness and visitation of new gTLDs has not increased at the rate of the legacy TLDs the rise has been greatest in Africa, Asia/Pacific and Latin America (see p.7, 8). It is also clear that trust in new gTLDs is high for IDNs and that expectations on restrictions on same add to consumer confidence (idem p.9). See also the results of the 2016 Registrant survey which seem to indicate that awareness of new gTLDs is increasing compared to relative stagnation or decrease in legacy gTLDs.

<sup>2</sup> Nielsen survey (2016) – pp.7, 8, 9. ICANN gTLD marketplace health index (pp. 5, 7) whereas more information is needed on whether and how new service models have been of use to registrants.

<sup>3</sup> Nielsen survey (2016) – see pp.33

<sup>4</sup> P.3 ICANN gTLD marketplace health index (from 6-47)

<sup>5</sup> P.5 ICANN gTLD marketplace health index (from 19-530,831)

**b)** There is no evidence from the consumer survey that an increased number and type of gTLDs (geographic, new scripts) creates confusion for end-users (consumers) however this question has not been asked specifically. There is some evidence that over half of end-users search for websites via search engines<sup>6</sup> rather than via specific names of gTLDs, which may mean that confusion as to specific searches is limited due to the sophistication of the search engine (thus eliminating potential confusion).

As there is no evidence of increase in confusion for end-users/consumers, there is also no evidence of reduced value to registrants of the new type and number of gTLDs<sup>7</sup>. On the other hand, some greater awareness of the new gTLDs compared to the legacy gTLDs seems to have been identified from the surveys conducted both for consumers and for registrants.

#### **CAUSES:**

Greater specificity and "sectoralisation" of the new gTLDs has permitted consumers to have greater choice in narrowing down the areas in which they wish to find goods and services. This increased specificity is also reflected in the greater number of geographic gTLDs, permitting even further narrowing down of interests and search parameters at second level (i.e. previously only XX.berlin.com was available whereas now it is possible to use AA.XX.berlin). The expansion of availability of IDNs has also increased consumer choice, although we do not yet have sufficient evidence of whether increased confusion has arisen as a result. Again if search engines are a primary source for finding domain names, the use of non-Latin script would help to narrow the search and in theory reduce confusion but there is no clear data on that aspect from the current surveys<sup>8</sup>.

#### **PRIORITY TO ADDRESS: [ex. Prior to Subsequent Procedures, Mid-term, Long-term This is an important area for community input]**

**a)** A further study on the benefits of the expanded number, availability, and specificity of new gTLDs for end-users (consumers) should be conducted either in anticipation of the next CCT review or on a regular basis as new gTLDs come onto the market and become more common to users. In particular relative weighting of the advantages to consumer choice with respect to geographic name gTLDs, specific sector gTLDs, and IDN gTLDs should help to determine whether there is clear preference for consumers for different types of gTLDs and whether there are regional differences or similarities.

As indicated in the ICANN gTLD Marketplace Health Index (Beta) report of July 2016 (see page 14), it will be important to gather further data on services provided by registrars to

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<sup>6</sup> The 2016 Nielsen registrants survey (p.102) shows that 59% of respondents (in both 2016 and 2015) indicated that using a search engine is their preferred method for finding a website. Second to search engines was typing the domain name directly into the browser – 22% in 2016 of respondents indicated they did this, down very slightly from 23% from 2015.

<sup>7</sup> The 2016 Nielsen registrants survey (p. 13) indicates that some 60% could find the domain name they wanted.

<sup>8</sup> The 2016 Nielsen registrants survey (p.46) identifies recognition of at least two IDN gTLDs but nothing related to search for them.

registrants, in particular in relation to the geographic distribution of gTLD registrants, and data on languages offered and locations beyond primary offices.

**b)** The next consumer and registrant survey should include further question(s) about whether confusion has been created for consumers in expanding the number and type of gTLDs and on how consumers search for websites and if the nature and manner of search has an impact on confusion (positive, negative or indifferent).

**RECOMMENDATIONS: [recommendations to ICANN. For each, specify: 1. Target of recommendation (i.e. Staff, Board, SubProc PDP); 2. Nature of recommendation; 3. Implementation details, exceptional costs, etc.]**

**a)** A further study on the benefits to consumer choice of the expanded number, availability, and specificity of new gTLDs should be conducted, either in anticipation of the subsequent CCT review or on a regular basis as new gTLDs come onto the market and become more common to users. In particular relative weighting of the advantages to consumer choice with respect to geographic name gTLDs, specific sector gTLDs, and IDN gTLDs should help to determine whether there is clear preference for consumers for different types of gTLDs and whether there are regional differences or similarities.

For registrants, it will be important to gather further data on the geographic distribution of gTLD registrants and to gather data on services provided by registrars, particularly in different regions, including languages offered and locations beyond primary offices.

**b)** The next consumer and registrant surveys should include further question(s) about whether confusion has been created for consumers in expanding the number and type of gTLDs and on how consumers search for websites and if the nature and manner of search has an impact on confusion (positive, negative or indifferent). Registrants should also be queried as to whether their potential customers seem to have arrived at the right domain name or whether they have any evidence of confusion amongst consumers.

While there is no evidence of consumer confusion that identified possible limitations to any expansion in the number of gTLDs, it is recommended that this be thoroughly reviewed at the next stage of CCT review and/or on as part of the regular review of the TLD marketplace health in order to ensure that any possible constraints or confusions are also identified and, if found, addressed.

Irrespective of the above, the GNSO PDP development regarding future "rounds" or expansion of the new gTLD space should take into consideration possible preventive measures in the delegation of new gTLDs that would help to limit or avoid consumer confusion while increasing choice and availability<sup>9</sup>.

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<sup>9</sup> For example, plural and singular versions of the same TLD were estimated to create confusion amongst consumers however there is no data available yet about whether the extant plural and singular versions have indeed created any confusion.

9 September 2016 and amended 30 September 2016

**REVIEW: *[how the effectiveness of these recommendations will be reviewed; e.g. data source recommended for review and recommended timeframe for review]***

The next CCT review would be expected to assess in more detail these aspects, by which time there should be more data and a longer history of experience with the new gTLDs, and in particular with those in languages other than English and using non-Latin scripts.

Date Sources:

Nielsen consumer survey 2016, Nielsen registrant survey 2016

ICANN gTLD Marketplace Health Index (Beta) July 2016