Consumer Choice point 12. Benefits vs Confusion to end-users

The CCT review team looked at whether the new gTLD programme benefitted end-users (consumers). In this context end-users are broken down into two categories, consumers and registrants. In the case of consumers, we examined benefits from increased choice and variety and compared that to an assessment of whether the expanded number of gTLDs might have created confusion for them in searching for domain names. In particular we looked at the benefits consumers would gain in having a broader and more diverse source of domain names to access, and the benefits for registrants in having a broader and more diverse source of domain names for registration (for both types of end-users this includes geographic TLD, TLDs using non-Latin scripts and written in languages other than English, and for registrants: new service models).

Benefits to consumers include greater choice in number of generic top level domain names (given the increase from some 22 in 2013 to over 1000 in 2016, which does not include the country code top level domain names (ccTLD)[1]. This includes greater "specificity" of identification regarding the domain names (that is 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 Internationalised Domain Names (IDNs)[2].

 When comparing the 2013 environment to that of 2016, registrants have benefited from a broader and more diverse source of domain names for registration (e.g. geographic TLDs, new scripts)[3]. 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, which centered on price[4]. There has been a clear increase in the number of jurisdictions for registration with at least one gTLD registry operator <mark>per XX</mark> between 2013 and 2015[5], although the number of registrars has not increased at the same pace. There has been an increase in the total number of second level registrations in IDNs in the same period.[6]

We also looked at the Nielsen surveys carried out to see if there was any evidence that an

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[1] At the time the new gTLD programme was launched there were 22 gTLDs as well as over 250 ccTLDs that could be used.

[2] Nielsen consumer 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).

[3] See the 2016 Nielsen registrant survey, which seem to indicate that awareness of new gTLDs is increasing compared to relative stagnation or decrease in legacy gTLDs. See also the ICANN gTLD marketplace health index (pp. 5, 7).

[4] The Nielsen consumer survey on p.33 indicates that: "Having a well-known extension and one that seems most relevant are the main factors across the board in determining **which gTLD to purchase"** (emphasis added), which must be a reference to registrants as they are the only ones purchasing gTLD domain names.

[5] P.3 ICANN gTLD marketplace health index (from 6-47)

[6] P.5 ICANN gTLD marketplace health index (from 19-530,831)

increased number and type of gTLDs (geographic, new internationalized scripts) might create confusion for consumers and if it existed whether that would reduce the value to registrants of the new type and number of gTLDs. There is no evidence from the consumer survey that an increased number and type of gTLDs (geographic, new scripts) creates confusion for consumers. (However this specific question was not asked specifically in the consumer survey.)

There is evidence from the Nielsen surveys that over half of end-users search for websites via search engines[7] 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). There is no evidence from the data available of an increase in confusion for consumers.

There is also no evidence that registrants have been "confused" by the increased in the type and number of gTLDs[8]. 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.[9]

Greater specificity and "sectoralisation" of the new gTLDs has permitted consumers to have greater choice in identifying the domains from 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 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 any 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[10].

Recommendation: In the next consumers' survey to be carried out additional information on benefits of the expanded number, availability, and specificity of new gTLDs should be included. The same could be included in the next registrants' survey.

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[7] 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. The 2016 Nielsen consumer survey (p.22) indicates that over 70% of consumers use search engines to find information about domain name extensions. This may mean that the specific names themselves are less relevant to consumers (and to a certain extent registrants) when searching for a domain so long as they arrive at the gTLD(s) or the content that they are searching for.

[8] The 2016 Nielsen registrants survey (p. 13) indicates that some 60% could find the domain name they wanted.

[9] See p.39 2016 Nielsen registrants survey and p.xx 2016 Nielsen consumers survey

[10] The 2016 Nielsen registrants survey (p.46) identifies recognition of at least two IDN gTLDs but nothing related to search for them.

In particular for any future consumers' survey, a relative weightings of the positive contributions to consumer choice with respect to geographic name gTLDs, specific sector gTLDs, and IDN gTLDs should help determine whether there is clear preference by consumers for different types of gTLDs and whether there are regional differences or similarities.

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

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

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[11].

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.

As indicated in the ICANN gTLD Marketplace Health Index (Beta) report of July 2016 (see page 14 of that report), it will be important to gather further data on services provided by registrars to registrants, particularly in relation to the geographic distribution of gTLD registrants, and data on languages offered and their locations beyond primary offices.

Rationale/Related findings: While there was no evidence from the surveys or from other data of consumer confusion that would invoke limitations to any expansion in the number of gTLDs, the absence of data means that it is difficult to determine whether consumer confusion arises as a result of the sheer number and variety of TLDs available. In the absence of information if such questions are included at the next stage of the CCT review (or on as part of the regular review of the TLD marketplace health) this will help to ensure that nothing has been missed and that if any possible constraints or confusions exist that they can be addressed in the future.

To: Next CCT Review/ICANN staff
Must be completed prior to subsequent rounds: no
Consensus within team: to be determined

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[11] For example, there was an a priori assumption that plural and singular versions of the same TLD would create confusion amongst consumers however there is no data available yet about whether the extant plural and singular versions have indeed created any confusion.

Data Sources:

Nielsen consumer survey 2016, Nielsen registrant survey 2016

ICANN gTLD Marketplace Health Index (Beta) July 2016