

New gTLD Impact Study for CCT-RT Status Report to RPM Review PDP

Wednesday, August 30th 2017

Snap Shot of Who Answered

- **Opened: January 9, 2017**
- **Closed: February 28, 2017**
- **Data broken down on Report Slide 3**
- **Sent to 1096 INTA regular members (large corporate, small and emerging, not profits)**
- **Questions (based on CCT-RT input) and Worksheet**
- **33 Responses – 32 For Profit/1 Nonprofit**
- **Data has been analyzed and reported with a copy forwarded to CCT-RT and RPM Review PDP**

A Note on Reading this report

Respondents who completed this survey reported that compiling the data necessary to properly respond to the survey was a significant task. The response rate for the survey is actually above the norm for a similar sample and when considering this level of required effort.

However, the sample size of completed interviews is still small from a statistical standpoint and requires some cautions, including:

- Analysis of sub-samples less than 30 are subject to high variability—caution is advised when interpreting them. This is noted on the relevant slides.
- Additionally, with a small sample size like this, percentages will not always add to exactly 100% due to rounding error. The decision was made to display whole numbers and accept this rounding error rather than displaying numbers with decimal points which are visually more cumbersome
- Lastly, some members occasionally reported that they were engaged in certain activities, but listed the costs as \$1. This could indicate that the costs were zero (the survey did not allow \$0 as a cost for activities they said they were engaged in) or that the costs could not be captured or were contained in some other costs they entered. We do not know the actual intent, but the \$1 responses do not have a material effect on the averages shown. If anything, they would suggest that the costs may be understated.

Challenges with Completion

- 93 entered the survey
- 33 completed
- 48 suspended
- 9 did not qualify
- 3 were in the survey when it closed and unable to complete (we were strict on time due to extension)

Challenges with Completion

- Too long/time consuming (5-10 hrs.)
- Some staff given strict time allocations for response
- We don't keep numbers this way
- Information is too confidential to share even with NDA/3rd party provider
- Information dispersed throughout company
- Worksheet did not correspond to all of the questions that required data
 - *in response to this point INTA plans to update the worksheet and provide it as tool for its members. This should help in follow-up studies.*

Members who participated

No. of Employees	Total (n=33)
Less than 500	12%
500-4999	9%
5000-24,999	39%
25,000 or more	39%

Total Annual Revenue	Total (n=33)
Less than \$10M	3%
\$10M to less than \$250M	3%
\$250M to less than \$1B	6%
\$1B to less than \$5B	27%
\$5B or more	52%
Not sure	9%



Region Conduct Business	Total (n=33)
Europe: European Union	82%
Europe: Non-European Union	73%
Europe: Russia & CIS	70%
North American (US & Canada)	100%
Latin America, Caribbean, or Mexico	82%
East Asia & Pacific	79%
South Asia	76%
Middle East & North Africa	76%
Sub-Saharan Africa	61%



Region of Origin	Total (n=33)
Europe: European Union	21%
Europe: non-European Union	3%
North America (US & Can)	67%
Latin America & Caribbean	6%
East Asia & Pacific	3%

- The members who participated in the research represent a broad range of company sizes but tend to be larger.
- They conduct business in a range of geographies, but two-thirds are based in North America.

Making Meaning of the Data

1. Given the response rate, we would say that results are an *indicator of a trend* and not the trend itself
2. This is a new endeavor for INTA and given that the survey was an onerous one in terms of data extraction, we are pleased with the participation of our members
3. We aim to continue to review the gTLD issues more thoroughly and the starting point is the refinement of the survey worksheet as a tool for data collection that reflects real world practice and satisfies the need for information at outlined by the CCT-RT

Breakdown of Report

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Registrations of New TLD's are Overwhelmingly Defensive

Registrations of new TLDs were overwhelmingly made for defensive purposes—to prevent someone else from registering. As such, few (10%) of the respondents felt there were alternative domains to consider—whether registering a New, Legacy or ccTLD.

Study Slide 9

Trademark Defense Costs Have Increased

The New gTLD program has increased the overall costs of trademark defense with internet monitoring and diversion actions as the largest line items.

Average costs for all TLDs for 2 years = \$228,000

For new TLDs for 2 years = \$40,528 (Approx. 14%)

Study Slide 27

New gTLDs are Parked

Domain names registered by brand owners in new gTLDs are commonly parked and not creating value other than preventing unauthorized use by others.

Study slide 9

Company Size Does Not correlate to Company Spend

- Brand activity appears to be the driving factor for costs not company size.
 - *Brand activity refers to the number of trademarks and how much activity is around trying to protect or expand them. A big company with one brand in a not very dynamic market would spend less than a smaller firm with multiple brands in dynamic markets. Or two similarly sized companies could still vary internet expense costs based on number of brands and the nature of their brand strategy.*

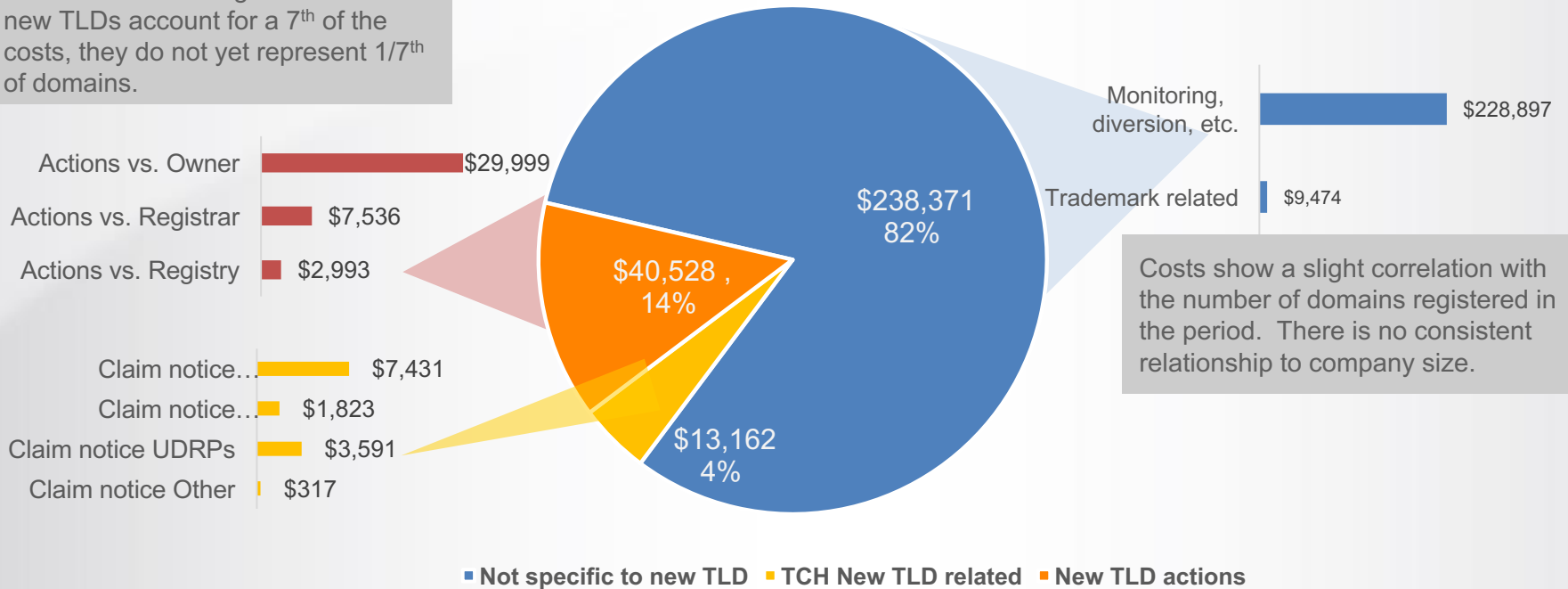
Study Slide 56

Average total defense costs per company

On average, INTA members spend \$150,000 per year on defensive actions with internet monitoring and diversion actions the largest line item. Costs specific to new TLDs comprise about a seventh of the total.

Since these costs were for the early years of the new TLD program, it is reasonable to expect the proportion specific to new TLDs to rise in future. It is also worth noting that while the new TLDs account for a 7th of the costs, they do not yet represent 1/7th of domains.

Average 2yr Costs 2015-2016 (n=33)



Costs show a slight correlation with the number of domains registered in the period. There is no consistent relationship to company size.

RPM's are Helpful

Two-thirds of the respondents surveyed feel that UDRPs and required sunrise periods have helped mitigate risks to a major/moderate extent. Of those who think that RPMs are effective the ranking is as follows:

UDRP 67%

Sunrise 64%

Claims 36%

URS 27%

PDDRP/RRDRP/PICDRP 15%

Study Slides 15 and 51

TMCH Registrations Are Used by Majority of Respondents

The majority of respondents (~9 in 10) registered at least 1 trademark in the TMCH, with 6 in 10 registering 1-10. Costs run the gamut, ranging anywhere from \$1 to \$48,000.

Average Number: 15

Median: 7

Range: 0 – 148

Average Cost: \$7,773

Median: \$4,038

Range: \$1 - \$48,000

Some Sunrise Period Takeaways

64% of respondents feel that Sunrise periods have helped mitigate risks to a major or moderate extent. (18% major/45% moderate)

90% of respondents who registered new TLD's registered during a Sunrise period.

Study Slides 51 and 11

Premium Pricing

Three-quarters of the respondents evaluate premium pricing for domain names on a case-by-case basis.

Two-thirds of their domain name registration decisions have been affected by premium pricing with .sucks being mentioned the most as a TLD that they did pay premium pricing for.

15% of respondents refuse to pay premium pricing at all

Study Slide 48

Defense Not Choice is Driving Purchases

- While the goal of the new gTLD program is to increase choice, for brand owners, choice does not seem to be the prime consideration.
- The new gTLD program does appear to have increased the overall costs of trademark defense.
- Cost has impacted small companies and big companies alike with the most relevant cost-driving factor being the number of brands.

Study Slide 56

Status within CCT-RT

- Full Report Presented to CCT-RT.
- CCT-RT is reviewing and may post for further comment.
- Follow-up meeting was held with Nielsen to clarify questions regarding how costs were calculated.
- INTA to develop tool for continuous tracking of costs.

Points for RPM Review to Consider

- Purpose of study was to assess cost not effectiveness of RPMs.
- CCT-RT evaluation criteria are different from RPM evaluation criteria but there could be overlaps.
- Given the limited scope and purpose of the data – which parts of the analysis are useful for RPM review?
- If it is determined that the report may be useful, then perhaps the sub teams can evaluate based on the relevant slides given the size of the report.

Questions?

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