HELSINKI – Competition, Consumer Trust and Consumer Choice (CCT) Review Team
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CHAIR SCHNEIDER:　　　　Hello.  Please take your seats.  Thank you.

Okay.  Thank you all for taking your seats.  This is the first afternoon session on the CCT, the consumer choice review team, competition trust and consumer choice review team, which has been formed by the end of last year.  And we are happy to have the chairman of this review team with us.  It is Jonathan sitting next to me for those who don't know him.  And he will start giving us some insight about how far they have come.  So far it's like the midterm of that review.  Supposed to be completed by the end of the year, if I'm not mistaken.  You are not 100% convinced but not saying anything about the deadline.

So the floor is yours.  Thank you, Jonathan.


JONATHAN ZUCK:　　　　Thank you, Thomas.  Thanks for having me here.  And thanks to the GAC for paying attention to what we're doing at the CCT review.  I'm joined here by Megan and Laureen with whom you are very familiar that are part of the review team and also Jordyn Buchanan and David Taylor in the room.  So lots of people to ask questions of after we have had a chance to go over

the basics of the review. This particular review is somewhat unique in that work actually began with a board resolution in Cartagena, Colombia some five years ago when a board resolution was passed to begin to develop metrics that could be used for the review team to do its work and to begin to collect data.

So there was a working group followed by an implementation group that directed the staff to begin to collect various metrics that would be relevant to the review.

And then another significant thing that came out of that preparatory process was a pair of economic studies and surveys.

And so there was a lot of interest by the initial working group in having some analysis done of pricing in the new gTLD space. And so there was a pricing study that's been performed by Analysis Group. So there was -- the idea was to create one study that would happen before the program began, which was almost the case -- it happened very early in the program -- and then another one a year later to see if there was some kind of a delta between the two versions of the study.

And there was a survey -- sort of two surveys, one of end users and one of registrants, in looking at the issues of consumer trust that was done in the same way, you know, a year ago and now again a year later.

So where we are with those, I'll mention it briefly in the presentation, is that we've gotten the second -- the first version of all of them and we've gotten the second version of the end user survey.  And we're now waiting on the second versions of the economic study and the registrant surveys.

So those are sort of the things that were happening up -- before the team was even convened, which, as Thomas mentioned, happened in December.  And so that's where our story begins, if you will.

So I guess someone's on the slides and I can just say "next slide."  Is that right?  I wasn't handed a clicker, so it's the assumption I'm going on.  All right.

UNKNOWN SPEAKER:    (off microphone).

[ Laughter ]

JONATHAN ZUCK:    Exactly.

So the review is referred to as the CCT review.  And so we mostly talk about this notion of consumer choice, consumer trust, and competition in the DNS space.  But there are additional aspects to the review as well.  One is to evaluate the effectiveness of the

application and evaluation process. And as is the case in many reviews, the notion of effectiveness kind of goes undefined. And so the teams have to come up with their own definition, which we'll discuss. And the other is to evaluate the effectiveness of the safeguards. So this is sort of the broad scope of the review, if you will.

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So one of the things that we had that were relatively new, I think, in the world of reviews and perhaps the world of ICANN is to employ a bit of rigger when it came to our findings and wherever possible make them quantitative and evidence-based findings, less anecdotal, less sort of guessing and more about forming hypotheses and then trying to prove them with quantitative evidence, wherever possible. That's not always possible, but that's what we're trying to do.

And one of the things that that facilitates then is making recommendations that can have measurable success metrics associated with them. So then the review of -- the next review of these things can look back at the metrics that were used in the findings to see if there's a change to them to see if there was some effectiveness to the recommendations that were made. So that's a challenge in and of itself and getting the data, et cetera. But that's one of the things that this team is trying to do.

And then, finally, something else that's new with this is that the team is going to stay together after the presentation of its recommendations in order to provide a kind of advisory role during implementation.

One of the issues that's come up during the ATRT recommendation implementation periods is that the team disbands and then later sort of piecemeal comes back to staff and says, "That's not what we meant when things get implemented." So the idea is for the team to sort of remain in an advisory role to staff when things are being implemented.

So all those things aren't always possible, but those are the objectives -- the procedural objectives of this team.

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We divided into three subteams in order to divide up the work a little bit for the review. One is a competition and consumer choice subteam, which is chaired by Jordyn Buchanan. One is a safeguards and trust team chaired by Laureen Kapin here. And then there is an application and evaluation process subteam which is sort of funny because it's more like a work stream because everybody's in it. And I have taken on the role of trying to shepherd that part of the review. So those are the three teams.

And what we did at our first face-to-face in Los Angeles early in the year was try to define our own scope. So that becomes the responsibility of every review team, is to not to try to boil the ocean, if you will, but instead to figure out what areas there are of highest import and focus on those issues for the course of the review. So next slide.

For example, the competition and consumer choice team boiled it down to these questions. Has the expansion of new gTLDs been effective at promoting price competition between TLD operators? Has the expansion been effective at promoting non-price competition between TLD operators? What's the nature of competition between registrars and resellers? Is segmentation/regulation valuable to consumers? In other words, is making the difference between -- you know, like .BANK or something like that, something that's valuable to consumers.

Have the benefits exceeded the costs?

And, finally, do consumers have expanded choice in regions and languages? So those were the issues that the competition and consumer choice subteam decided to focus on.

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In the safeguards and trust team, there was a number of issues as well. One is around DNS abuse. Is it more or less prevalent in the new gTLDs? This is a hot topic.

What do DNS abuse policies look like?

What enforcement mechanisms are in place?

What role has compliance has been playing since the new gTLDs have been allocated? And what kind of abuse complaints have existed?

The impact of safeguards and public interest commitments. In other words, you know, how is GAC advice brought in? What sort of right protection mechanisms? And, you know, how effective were those safeguards?

Consumer and end user behavior, so this is one of the more complicated things. When we were asked to evaluate consumer trust, the wording is, Was consumer trust enhanced, right? And there's a lot of ways of looking at that.

So the Implementation Advisory Group thought that the only way to measure consumer trust would be to ask consumers. Hence, the survey that Nielsen performed before and after of consumers sort of asking them, basically, straight out: Do you trust the new gTLDs relative to the legacy TLDs, et cetera? And that's a complicated issue because there's a lot of things built

into that about whether they're even aware of it yet. And there's a higher trust for .EMAIL, for example, than there is for the other new gTLDs. And most of you know that .EMAIL didn't happen. So there's always some potential for error in the way that consumers look at these issues.

But we do have two sets of studies. There are some interesting findings associated with it that suggest that there's a high level of trust of the DNS industry, which we will regard as a good thing and that trust at least has not been eroded.

But in lieu of finding some significant delta, positive or negative, associated with consumer trust, what we also are trying to do is look at proxies for trust. And so you might think of it instead of consumer trust, consumer trust worthiness, right? Was the new gTLD program worthy of end user trust? And so trying to look at some of the things like DNS abuse, et cetera, to see if consumers should trust the new gTLDs more or less than the legacy ones. So there's going to be some discussion of both of those that takes place in the safeguards and trust team.

Then there's, finally, this issue of effectiveness and procedures to enforce safeguards, what ICANN's role is, and the dispute resolution process. As you can see, that's a pretty big chunk of topics that Laureen's group has agreed to take on.

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And in the application/evaluation process, again, this became very clarifying in its scope vis-a-vis the PDP on subsequent procedures which was launched at relatively the same time. Because the number of things that you can look at, and in general should look at, in terms of the application evaluation process is quite broad. And the PDP process is going to look at every little mechanical implementation, improvements to the guidebook, et cetera.

And so what we were able to do was kind of prioritize topics that the review team would look at and the PDP process will take as inputs from us as they begin to adopt new policy with regard to any subsequent procedures.

And so as you'll see here, this list is smaller than the overall list might be in terms of the looking at the application and evaluation process.

One of the things that came up most frequently in the brainstorming process was who got left out of the application process. So underserved areas and markets, people that were outsiders to the ICANN community that weren't -- that weren't aware either that it was going on; or if they were aware it was going on, didn't really understand the politics of ICANN, didn't have a good consultant to guide them through the process of

applying, et cetera.  So trying to find the people that were left out of the process.

And then the other issues, preventing the delegation of TLDs that would be confusing or harmful, singulars, plurals, things like that that have been hotly discussed.

Another area that came up -- thanks again to your representative on the review team Laureen and Megan -- was a discussion about GAC advice and how that advice came on board, how it was ingested, and how it was ultimately implemented during the application process.

Then there's IDNs and how effective they were, string contention.  And then the very notion of rounds itself is a hotly debated issue.  In other words, can we lay at the feet of rounds most of what went wrong with the first set of new gTLDs?  And are we better off with the process of continuous applications that come in more slowly?  So those are some of the issues being evaluated by the application and evaluation subteam.

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So what we found is that for a lot of these questions, we're going to actually talk to applicants about them because there's few things of data sources that we can get to that are third-party

sources and we need to go right to the source and ask those questions.

And so you can kind of divide the applicants into three categories: Successful applicants, those that have delegated TLDs; unsuccessful applicants that withdrew -- and by "unsuccessful," those are generally applicants that withdrew all of the applications that they had, not the ones that succeeded with some and decided for reasons we don't know to withdraw others -- and then, finally, the exciting category, the unicorn, which is the missing applicant, right? People that didn't engage in the process at all.

 So if we look at successful applicants, we are going to kind of ask what kind of challenges they faced. What sort of help did they receive from consultants and others in guiding them through the process so that we gain an understanding of what it meant to be a successful applicant. And, also, if and how they were affected by GAC early warnings and advice.

Unsuccessful applicants, what happened? What type of help did you have? What were the reasons that you left the program so we can gain an understanding of what it was that motivated people to withdraw their application.

And so we have those people. We know who they are. And so we're going to engage Nielsen to get them on the phone and ask these questions.

The third category is a little trickier. This is -- this is the people that didn't apply. And, yet, they seem particularly important to speak to -- particularly in the global south and developing world to try and understand why there wasn't more participation from certain regions of the world in the new gTLD application process. And so we want to ask questions like: Why didn't you apply? What would you have needed to be different in order to have participated in the program?

So what we've done is engaged an outside firm in a very interesting exercise, which is to analyze the people that did apply and divide them into categories of companies and entities and then go out and research what the analogs or cohorts of those applicants would be in the developing world. So the idea is to try to figure out who would have applied but for some change in the system.

There are many theories about this that include that they didn't know about it; they knew about it but the application process seemed to onerous; they knew about it, they weren't worried about the application process, they were worried about the $2 million that it took to actually run a TLD. And then, finally,

there's even a theory that they knew about it, could afford it but didn't actually think that there was a market for them to address, which would be sort of the most innocuous answer we might get from those cohorts.

And so when we get this list of companies and the right people in them to talk to, we'll, once again, engage with them and try to ask these questions about why didn't you apply.  And I'm very excited to have those conversation and see what kinds of answers we get back because those will really make a difference in what kind of recommendations that we make.  And to be honest right now, we have no idea.  Everyone has a theory, but ideally we would ask the people themselves.

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So as I mentioned earlier, these are the surveys and studies.  The consumer survey, both phase 1 and 2 are available up on the Wiki.  There's a shorthand for our Wiki, which is just cct.wiki.  We're trying to -- as we say in America -- eat our own dogfood by using new gTLDs.  So you can go to cct.wiki and see all that we're doing.  And you can see both sets of consumer surveys.

Again, there wasn't a very big delta between -- in the issues related to consumer trust.  So some of that maybe there just hasn't been enough time that's passed.  Some of it may be there just wasn't an impact.  I think our findings are going to be

inconclusive about actual consumer reaction to the new gTLD program.

But it at the same time didn't look like there was any kind of erosion of trust among consumers, and a very high degree of trust in the DNS market and the providers, the registries and registrars that serve consumers.

You can see the registrant survey results from September. That's -- the second half of that's about to be fielded. And the economic study results from before the program, and that second half of that is now in process as well.

And then as you -- as I said, the gTLD applicant survey is something that we'll be doing very shortly.

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So time line. As Thomas noted, I'm a little bit reticent about the time line just because there's a very big research effort associated with this and when you're dealing with a group of volunteers, sometimes speed is not at a premium, but we were scheduled to try and complete the review in a year and we are going to do everything we can to have a draft report by the end of the year out for public comment.

So the idea would be around Hyderabad to be talking kind of explicitly about our findings and recommendations, put out a

report in December-January that can -- that's a formal one for public comment, and then sometime in April release a final set of findings and recommendations for board review. All right?

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So we are an open process. It's not open in the same way that work groups are where everyone can participate directly, but everyone -- there is a sort of shadow Adobe Connect room for every one of our calls so that you can observe and listen in on the call. And then presumably you have some kind of representative. In particular, this is the GAC so you have two very qualified representatives within the group, and that you can channel your input through them or you can reach out directly to the whole group through input to cctrc@icann.org.

So you have those options for input. It's just not live during the calls.

Obviously the transcripts and recordings of all the calls are available after the fact as well.

So we do welcome your input. If you see that a topic that's of great interest to you is not being covered, then please let us know. If you think that we're missing some way in the way that we're looking at a topic, please let us know as well. We're trying to do the best review we can to meet the objectives of the

community in having the ongoing new gTLD program be as effective as possible.

So with that, I and Megan and Laureen and even David and Jordyn are happy to take any questions and have any discussion about the review.

CHAIR SCHNEIDER: Thank you. Megan or Laureen, is there something that you would like to add? Yes.

MEGAN RICHARDS: Could I just add one thing?

I mean, Jonathan's given a really wonderful and thorough overview of everything, but I think for this group, there are a couple of things that I think are perhaps useful.

One is with respect to the studies and the surveys and the data that we're gathering, and maybe I wasn't listening sufficiently carefully, Jonathan, but one thing that I think is important to mention for you too is, to the extent possible -- and I underline "to the extent possible" -- we're comparing also the results and the impact on the new gTLDs with the legacy gTLDs and the ccTLD markets, to see if there's a difference in how that's been compared.

But again, to the extent possible. It's not always very easy. That's one thing I wanted to add for you.

And then the other aspect, just so you understand even better what Jonathan has already very clearly and well explained is that for the developing countries and for the cohort, as he explained, of those who did not apply for the new gTLD round, two other aspects that are encompassed in the part that he mentioned already relate to the cost of the application.

He mentioned also, of course, the cost of running the new gTLD and also the language aspect.

So I just wanted to add those minor aspects to what was really a very thorough and excellent presentation by Jonathan.

JONATHAN ZUCK:          Thanks, Megan. I guess I'll add that the actual process for these cohorts is that we'll probably reach out to a few of them to ask questions in a kind of a blind way to understand what questions we should ask the others, so I think we'll come up with kind of categories through a sort of focus group and then reach out to the broader group that we get, which is likely to be about 200 companies, and we'll know more about what questions we need to ask when we've asked a few questions, if that makes sense.

CHAIR SCHNEIDER:   Thank you.  So I think we can give us five more minutes for some questions.  Try to be brief.

I see Spain, Denmark, and the U.K., so Spain, please.

SPAIN:   Thank you for the presentation.  I wanted to ask about one of those surveys.  I received a message last week, an ICANN news alert message, about the publication of a survey conducted by Neilsen on behalf of the CCT.  The outcome -- or the findings of this survey is that there is awareness about new gTLDs and increased trust in the domain name system, which is a very surprising outcome for me.

But when I go down, I see that the questions have been posed to individuals based on the number of hours they spend on the Internet, so I guess that Neilsen has asked people who are very familiar with the Internet.

I think that the survey would be more loyal or more representative of what the average Internet user thinks of the domain name system if it has been done with users that are not so familiar with the Internet, who are the ones who are more prone to be cheated on the Internet or be victims of fraud.

Even though there is a conclusion here saying that more than 70% of respondents favored some level of registration

restrictions on both legacy and new gTLDs, this is an increase from 2015, so this is an important result to take into account, even though I think that maybe the scope of the survey would have been -- should have been broader.

CHAIRMAN SCHNEIDER:     Thank you.  I think we take the other questions in quickly and then give you a -- so Denmark, please.

DENMARK:     Thank you.  And thank you to Jonathan for a very good and comprehensive presentation.

I have one question.  I don't know whether you touch upon it, but in the economical study, is there any indication what the new gTLD rounds have -- have cost on the part of the industry in the form of defensive registration?  Will that be part of the survey and the report?

CHAIRMAN SCHNEIDER:     U.K.?

UNITED KINGDOM:     Yes.  Thank you, Chair, and thank you, Jonathan, Megan, for giving a comprehensive account of the progress with the review.  And my -- I had two questions.  My first question was very much

in the similar lines to Denmark's with regard to the economic study. I think there will be a lot of interest in that. I seem to recall back in 2008-2009, it was a real struggle to get any real economic analysis out, and the cost/benefits and so on, so really look forward to the study.

And my question really relating to that was: Will it -- will the review look at the opportunities for small and medium-size enterprises? If the costs of application will come down, as many predicted at the time, from $185,000, will there be an opportunity for small and medium-size enterprises in -- across the world, you know -- and I'm thinking also of businesses in developing countries and so on -- through the creation and having their own domain names?

So that's my particular focus of interest. Thank you.

JONATHAN ZUCK: Thank you for all your questions. I'll just go in order.

The question about how long people spent on line was not a filtering question but just a question that could be used to create cross-tabulation and correlations of results.

So in other words, it's not that they stopped the whole survey if people didn't spend any time online, but I -- and I think your

other observations were good about -- about the increase in trust.

But it felt to me, at least, and everyone is going to have to make their own assessment, and Laureen's team still has yet to make their assessment, but my first blush is that none of it was statistically significant, the differences between the two surveys in terms of making a real conclusion about an increase in trust, either of the industry or the new gTLDs.

But as you say, there was something like 70% that thought there ought to be some kind of restrictions that agreed with things like .BANK, et cetera, that would allow for greater predictability of the segmentation of some of the domain names. And so I think those are significant results in and of themselves, even though they don't represent a delta, necessarily, from the first survey.

On your second question, it's a very good one. It didn't even occur to me to mention, but the -- we did talk about the cost/benefit analysis, and that is going to be part of the job of the competition and choice team. And so the cost part of that very often is going to be in the form of defensive registrations. And one of the things that was interesting is that the work group and implementation advisory groups both struggle with the notion of how to measure things like defensive registrations, and again came up with proxies for them. Like, for example, are

the new domains just pointers to old ones, for example. Is that an indicator, potentially, of a defensive registration.

It's not necessarily an exact measure because there's other reasons you might have a pointer.

And so one of the things we're going to do as well is conduct a study of brand owners, probably through the INTA organization to get an understanding of what some of the costs have been associated with the new gTLD program.

I mean, part of it is the old strategy of straight defensive registrations has not been economically viable because there's so many of them, and some of the TLDs have offered alternatives to defensive registration in the forms of blocking and things like that. So those costs are coming in different ways than they have in the past. So we are going to try to do an analysis through a survey into INTA members to try and gain an understanding of what some of the monies that have been spent for defensive purposes.

And then finally, Great Britain, for your last -- your last question about the cost of applications. One of the things we'll be asking applicants is the degree to which the cost was a barrier to entry.

There was something called the Applicant Support Program which was incredibly underused; right? There were very, very

few applicants and only one that I think actually received the support.

So it could very well be that the answer will come back that the intimidating thing was not the application but the idea of running the TLD in the first place that's actually the cost that caused the most apprehension among potential applicants, or it could be that there wasn't sufficient awareness of the applicant support, and that discussion has been held, you know, down to very finite detail, like should they have used radio advertising instead of online advertising in Africa, for example.

So those conversations are definitely part of what we're trying to evaluate, and we will make recommendations based on whatever findings we come up with talking to the applicants.

CHAIR SCHNEIDER:    Thank you, Jonathan.  I think we need to stop here and move to the next session.  I would like to conclude by thanking you.

And so just that we get it right.

So the first text that we are going to see is not before the end -- or is towards the end of the year.  All the rest will be internal cuisine, if I may say so.  And so the good thing is that, however, people can listen in to your meetings.  So please continue to -- as did you for the meeting, for instance, in early June, to alert the

GAC when the next meeting is going to be held, and also to provide for something -- that is two representatives, provide for some short summary reports after a meeting, like, this is what we discussed, whatever you think is of interest to the GAC, highlighting that maybe something is controversial or there's a new finding. To the extent that you can, give this output since these meetings are not confidential in that sense, I think we would benefit from getting a little bit more substance before the end of the year, because that's going to be very late given that some people in other constituencies in ICANN are rushing ahead with preparing the second round. And this is fundamental to learning lessons for the next round.

JONATHAN ZUCK:     Let me say one more thing on that, I guess, on that. A number of things will come out along the way, one of which will be the second economic study that will help a lot. And there is a finer level of detail that's available now. For example, the competition and consumer choice team has gone through and actually looked at every single hypothesis that they're going to test. And so you can get a more finite version of the questions than were presented here. And the team as a whole will probably reach -- create a document that we'll roughly call "findings" which will become available prior to the document that contains recommendations as well.

So we'll make those things available in stages as well.


CHAIR SCHNEIDER:          Thank you.

Switzerland, 30 seconds, and then we will stop and move on.


SWITZERLAND:              Thank you very much, and thank you for the presentation.

Just very shortly, how or how well are you coordinating with the PDP on subsequent procedures?


CHAIR SCHNEIDER:          Before you answer the question, I have Paraguay again, and then we really need --


PARAGUAY:                 Thank you, Mr. Chair.  Very shortly.  When is the economic study or analysis going to be available?

Thank you.


JONATHAN ZUCK:           The study should come out in the fall.  So fairly soon.  We've been in long discussions with them about what to do.  And there was a lot of difficulty finding data.

The registrars were not very forthcoming with data, so we're having to find some outside sources for data.

The registries are required by contract to provide data, but the registrars are not, unfortunately.

As far as the PDP on subsequent procedures, we have two members that are on both. Carlos and Carlton are on both the review team and in the PDP on subsequent procedures, so they're acting as liaisons between the two groups. And we have regular calls every other week, leadership calls between us and the PDP group. And as I said, we went through a fairly rigorous process of going through all the universe of topics that the PDP will be examining, and we kind of claimed some, if you will, that were the ones that you saw here today as being the high-priority topics for the review team. And the PDP are kind of waiting to dive into those until they hear results from us.

So a fairly good level of coordination I think is happening between the two teams.

CHAIR SCHNEIDER: Thank you very much, Jonathan and Megan and Laureen.

This is the end of this session, and we will immediately jump into the other one, because Markus and Manal are patiently waiting. Sorry for that delay.

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