
ICANN|57
HYDERABAD

CCT Review Research Results

Eleeza Agopian | Operations & Policy Research | 5 November 2016

Agenda

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Eleeza Agopian

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Jonathan Zuck

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Nielsen

Key Research Inputs

Implementation Advisory Group on CCT Metrics

- Joint GNSO-ALAC Working Group recommended 66 metrics for consideration: https://www.icann.org/resources/reviews/cct/metrics
- Included recommendations for:
  - Two consumer and registrant surveys
  - Two economic studies

CCT Review Team Requests

- **Application and evaluation process:**
  - **Study of organizations from developing world**
  - **Survey of all new gTLD applicants**
- **Safeguards and consumer trust:**
  - **Study of abusive and malicious behavior**

CCT Review Team Engagement

Jonathan Zuck, CCT Review Team Chair

ICANN

Economic Studies

Catherine Tucker, MIT Sloan School of Management

Greg Rafert, Analysis Group

ICANN

Analysis Group Study of the Competitive Effects of the New gTLD Program: Phase II Results

Prepared for: ICANN 57

November 5, 2016

Who We Are

- Our team includes:
  - Catherine Tucker, Professor of Marketing, MIT Sloan School of Management.
  - Greg Rafert, Vice President, Analysis Group, a firm specialized in economics and strategy consulting for Fortune 500 companies, government agencies, and law firms.

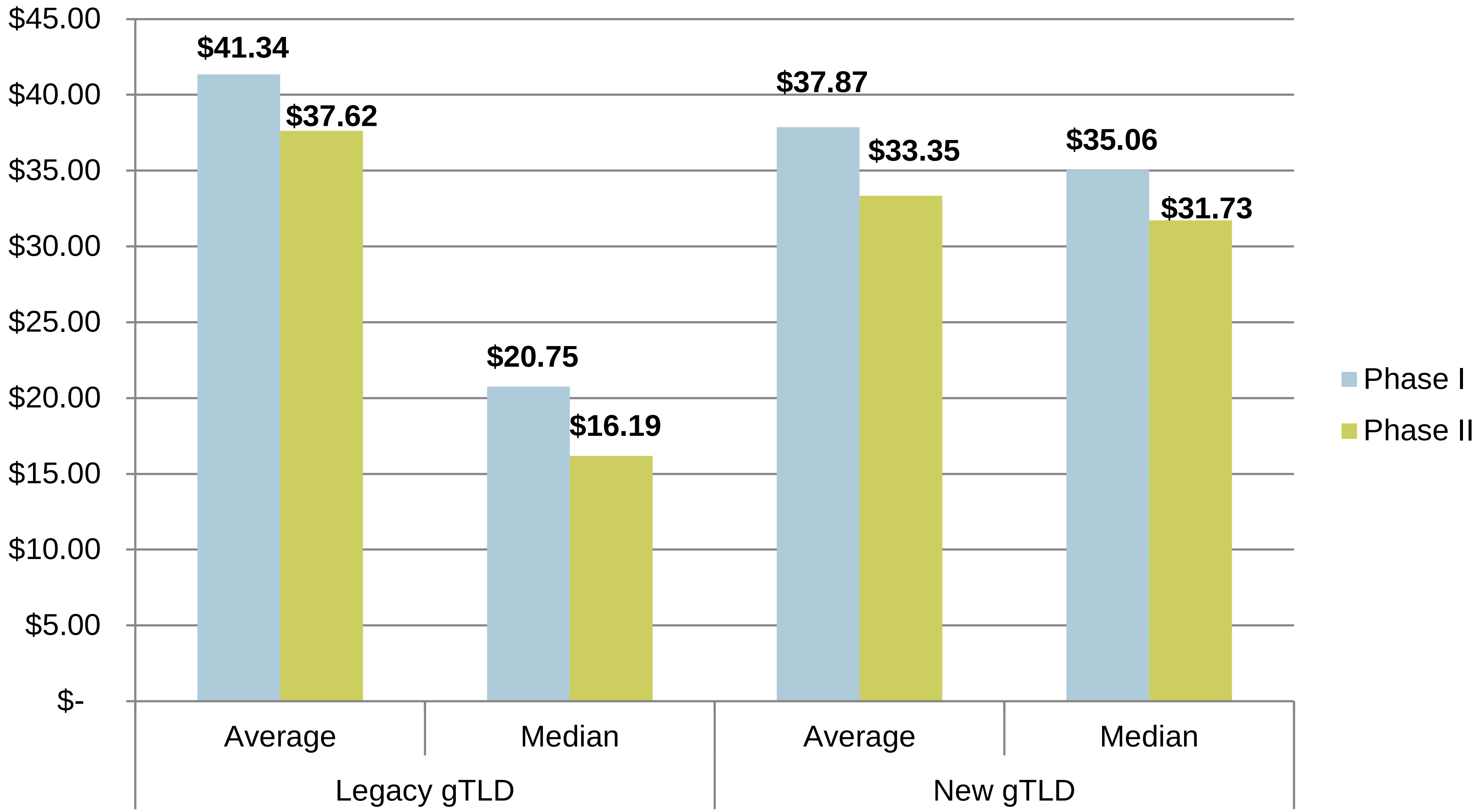
Overview of Our New gTLD Program Study

- Evaluates the effect of the release of new gTLDs on competition in the domain name marketplace.
- The study consists of two phases:
  - The Phase I report - Sept. 28, 2015.
  - The Phase II report - October 11, 2016.
- Phase II data: 14 legacy TLDs and 139 new gTLDs.
  - Results reported where we have data for both Phase I and II.

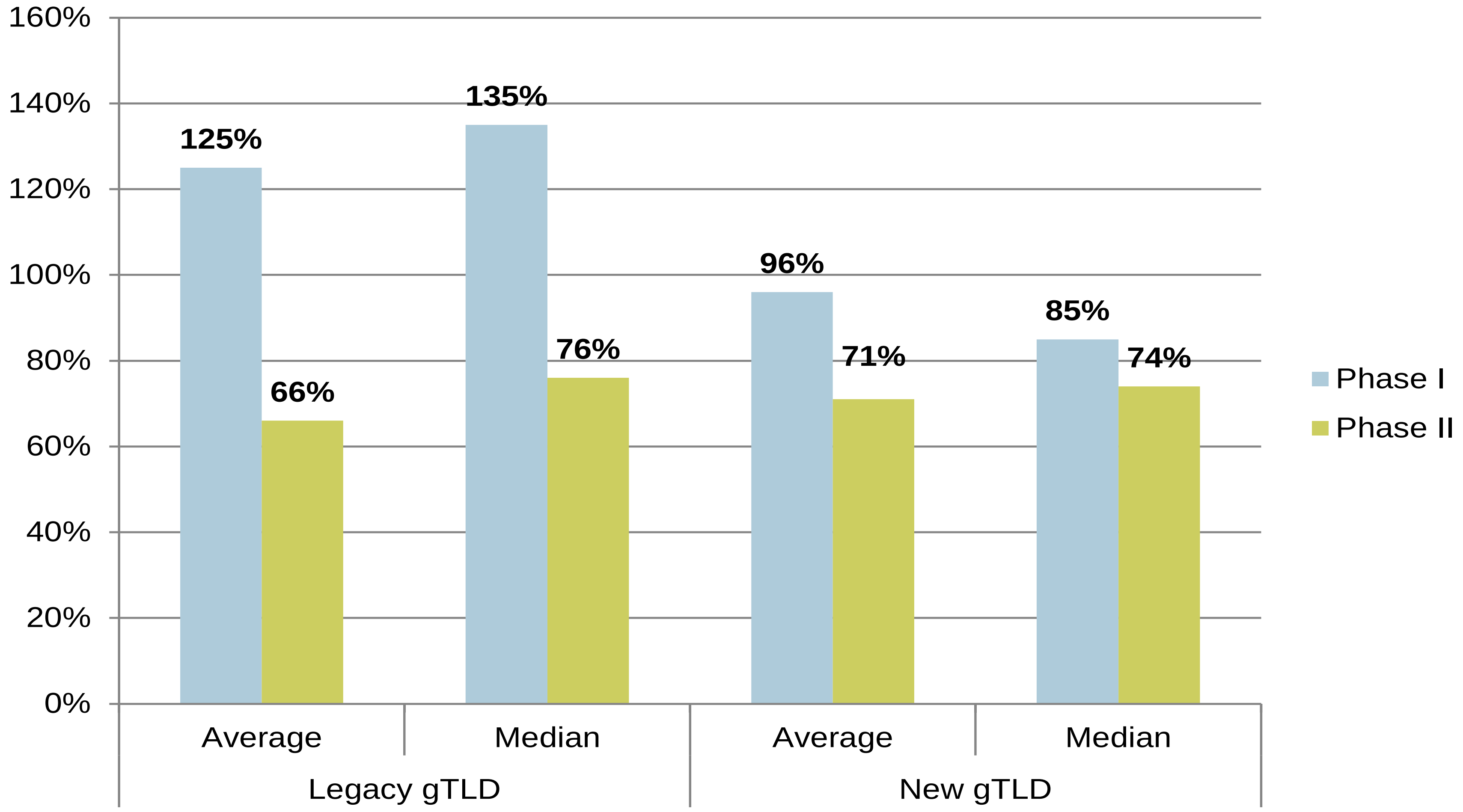
There has been considerable registration growth in new gTLDs

New gTLDs grew from 2% of all TLD registrations in November 2014 to 9% of all TLD registrations in March 2016.

Retail Prices Declined



Retail Mark-Ups Over Wholesale Prices Declined



Movement in Registration Rankings and Shares

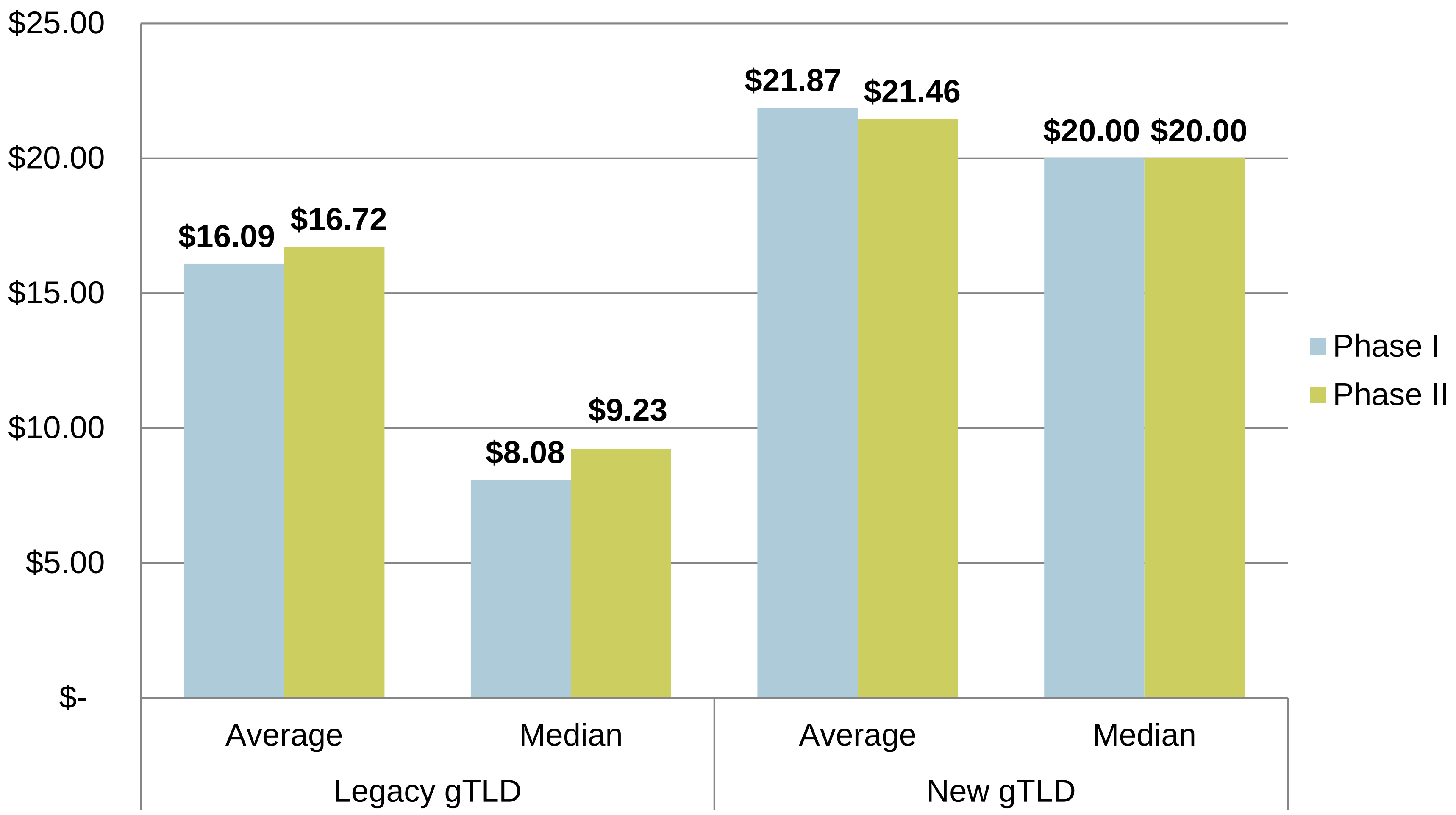
- The share of all TLD registrations attributable to Verisign declined by 6.2% from November 2014 to March 2016.
- Huge volatility in shares of new gTLD registration attributable to registries and registrars.

	Share of All New gTLD Registrations		
	Phase I	Phase II	Change
Top Registry Operator	28.4%	16.5%	-11.8%
Top 4 Registry Operators	66.6%	31.5%	-35.1%
Top 8 Registry Operators	82.1%	47.2%	-34.8%
Top 15 Registry Operators	94.3%	52.6%	-41.7%

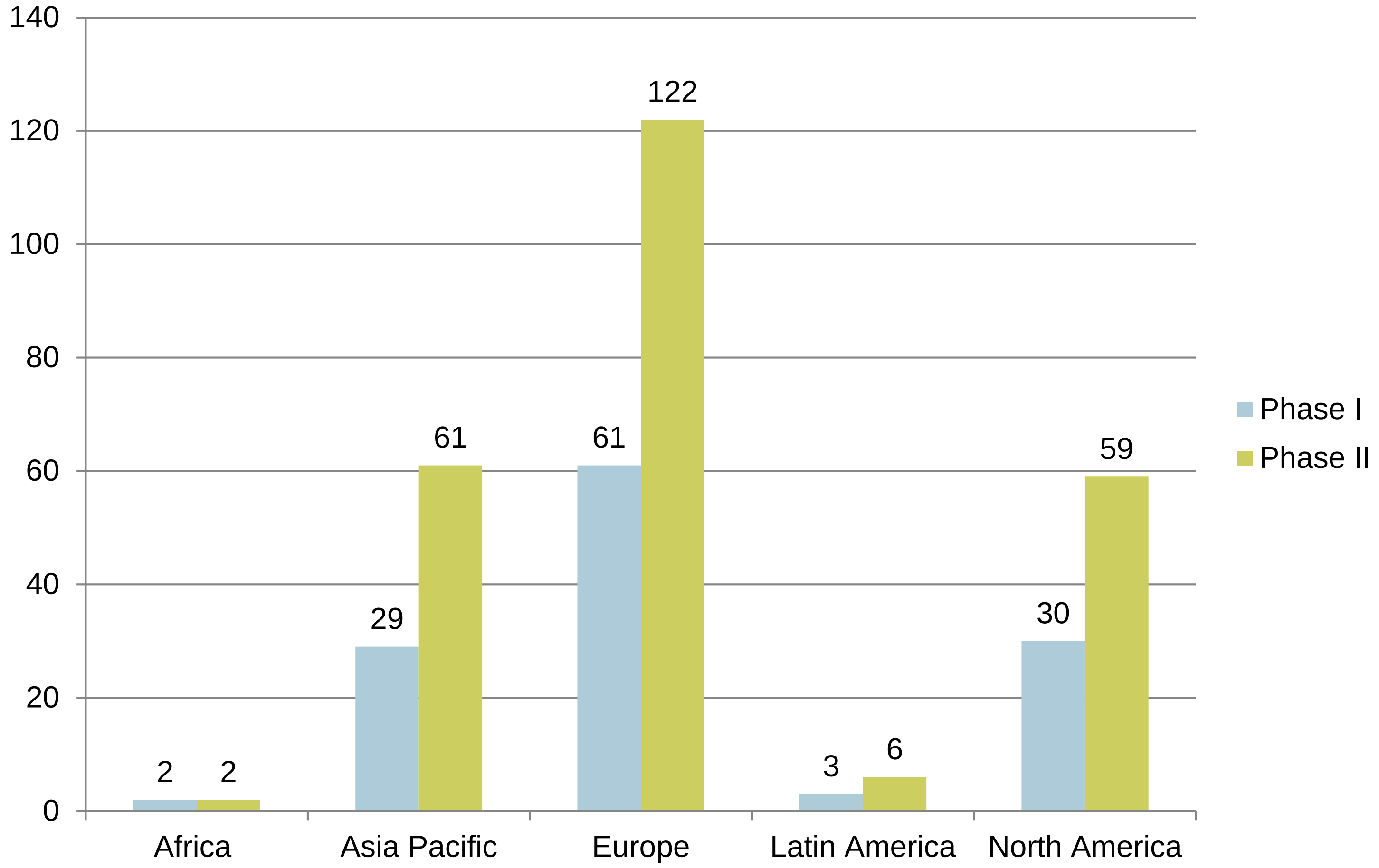
	Share of All New gTLD Registrations		
	Phase I	Phase II	Change
Top Registrar	15.3%	0.6%	-14.7%
Top 4 Registrars	42.1%	10.7%	-31.4%
Top 8 Registrars	59.8%	20.8%	-39.0%
Top 15 Registrars	77.8%	50.2%	-27.6%

Analysis Group
Economic, Financial and Strategy Consultants

No Meaningful Change in Wholesale Prices (Caps)



Other Findings: Geographically-Focused Registry and Registrar Growth



Thank you

We look forward to your questions.

New gTLDs and the Global South

Andrew Mack, AMGlobal

ICANN

New gTLDs and the Global South

Understanding Limited Demand and Options Going Forward

Andrew Mack

AMGlobal Consulting

5 November 2016

Hyderabad, India

Key Questions

Most applications in the last round were from global north/more developed markets – Europe, US + China

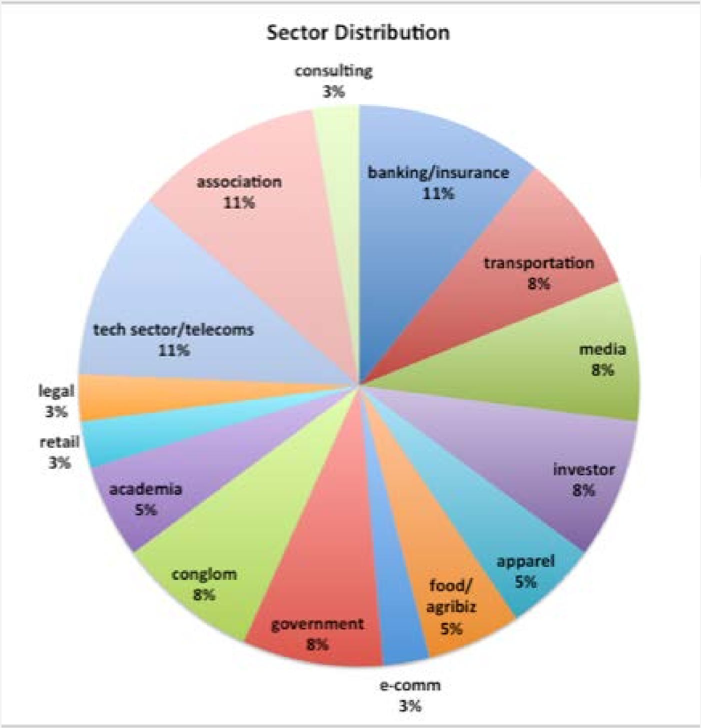
- Q: What factors influenced the decisions of people in the global south that caused them *not* to apply?
- Q: What might ICANN and we as a broader ICANN community consider doing to increase global south participation in future rounds?

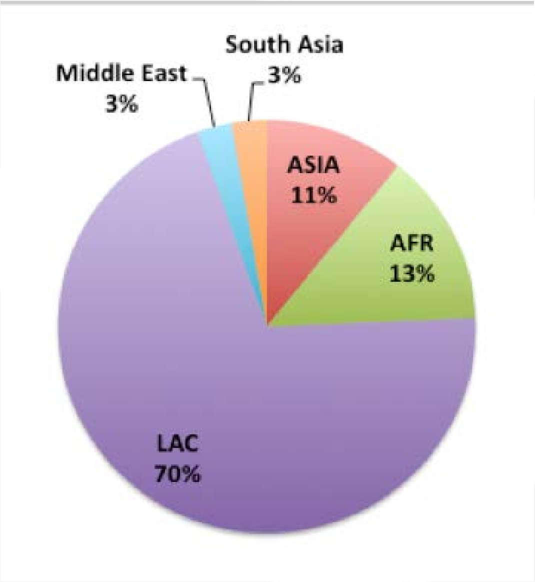
Approach

- Create a framework to test the hypothetical
- Identify counterparts – equivalents from the global south to applicants from the global north
- Conduct in-depth, in language interviews to build data to help evaluate and prioritize future actions
- Make recommendations on the best courses of actions

Interviewees

Broad sector diversity and organization type





Representing multiple regions, with a focus on Latin America

Inadequate Awareness of the New gTLD Program

- Incredibly varied base of knowledge
  - Many had no knowledge of either ICANN or the New gTLD Program
  - Many had very basic knowledge – that a program existed, that new names were being made available – but also had significant incorrect information
- A significant number of interviewees felt they had incomplete information or described information they had as confusing, dense or not accessible
- Lack of timely information was a major concern, especially in Latin America – not offering enough time to absorb, evaluate, socialize, act on program information
- Lack of information the most significant constraint of interviewees – most often cited as a deciding factor

Lack of Clarity around Business Model/Uses

- Concern of nearly all interviewees, mentioned by nearly all interviewees (31 of 37 respondents) – though not always as the top factor
- Unclear to most interviewees how a new gTLD would add to their existing brands or activities – what will it offer they don't already have?
- Significant concern about sensitizing customers and the public at large – will this just confuse our constituents? Is our market ready?
- Limited understanding of the idea of a new gTLD as an investment – as a generic or category TLD (versus getting your own community/company name)
- Inability to see how this as a "must do", versus a possible idea – Is now the time? Why not wait to see how this plays out elsewhere?

Concerns around Price and Process Complexity

- Most seemed to think the process would be a challenge but few had enough info to be certain
- “The process wasn’t plug and play… I knew I’d need to do a lot of learning to even consider applying...” “Documentation was too long and timing too short...”
- A few mentioned the lack of sales channels/the lack of registrars in their regions
- While a number saw price as a constraint (15 respondents) – “In our part of the world, $185,000 [the application fee] is real money” – only two mentioned this as their #1 concern

Recommendations for CCTRT consideration

based on the interviews and analysis

Suggested for implementation by ICANN or
by ICANN in collaboration with the wider ICANN community

Recommendations: How to improve outreach

- More and better outreach from ICANN over a longer period
- Clearer communications around the process, including costs (including all-in costs).
- Especially in Latin America, they urged more focus on timelines to help potential applicants share the idea with internal audiences, and more sensitivity to regional (summer) schedules
- Greater focus on reaching not just potential applicants but also the general public, avoiding the need for applicants to both make the application and make the market. (This was also seen as crucial for reaching decision-makers in large organizations who typically hadn't heard enough about the program.)
- Reach potential applicants through trade associations (top recommendation) as well as conferences, the traditional media and social media – interestingly, ICANN, the tech press and registrars were not as widely mentioned as potential outreach vectors.
- The idea of reaching out to lawyers and other professionals who typically advise decisionmakers was also recommended, and this might be a good way to help interested parties solidify their interest

Recommendations: Key messages to be strengthened

- There are models for success that global south applicants can see/review – case studies and even perhaps model business plans could help applicants evaluate and make the case for applying
- Global south applicants can do this
- What potential applicants can expect in terms of assistance – How can applicants leverage support? What kinds of support will be available?
- More around ICANN generally and its role – providing context without asking people to become insiders (or even ICANN attendees)

Next Steps – Recommended Actions

- Create <u>outreach tools</u> clear to non-expert audiences, answering key questions about cost, process, timing and ICANN itself
- More fully <u>explain different uses for new gTLDs</u>, answering business model/use case questions
- Build a <u>long-term program of consistent outreach</u> – including in-language, in person and general public-facing efforts – starting well in advance of the next round, in partnership with the community
- Evaluate <u>other possible assistance</u> – additional price support, consultant registries, sales channel information

Address the big underlying questions…

- Q: Is the community committed to promoting gTLDs in the global south, and if so, how committed are we?
- Q: What would success look like for a promotion effort? What goals should we shoot for?
- Q: Why is this important for ICANN and for the ICANN community?

Consumer and Registrant Surveys

David Dickinson, Nielsen

ICANN

GLOBAL REGISTRANT AND CONSUMER SURVEYS

SUMMARY PRESENTATION FOR ICANN 57

NOVEMBER 2016

BACKGROUND

- ICANN's New gTLD Program was developed as part of a community-driven policy development process that spanned several years and aims to **enhance competition** and **consumer trust and choice** for both registrants and Internet users.
- To assess the current TLD landscape, as well as measure factors such as awareness, experience, choice, and trust with new gTLDs and the domain name system in general, audience tracking research was implemented among two groups:
  - Global online **consumer end-users** (including prospective registrants)
  - Global domain name **registrants**

This report summarizes key differences in results in both Registrant and Consumer surveys from 2015 and 2016.

METHODOLOGY

Qualifying criteria--Consumers

- Adults 18+ (sub sample of <18 included in 2016 consumer wave only)
- 5+ hours spent per week on Internet
- Demographically projectable to each region's online population – representing 75% of global users

Qualifying criteria--Registrants

- Registered a domain name
- Primary decision maker

SCOPE: Asia, Europe, Africa, North America, and South America. Drawn from **24 countries**, administered in 18 languages:

- Countries: United States, Canada, Mexico, Argentina, Brazil, Colombia, France, Germany, Italy, Poland, Spain, Turkey, United Kingdom, Egypt, Nigeria, South Africa, China, India, Indonesia, Japan, Philippines, Russia, South Korea, Vietnam
- Languages: English, Spanish, Portuguese (Brazil), Simplified Chinese, French, German, Italian, Japanese, Korean, Russian, Arabic, Vietnamese, Tagalog, Turkish, Polish, British English, Bahasa

Sample source difference:

- The 2015 registrant wave included sample provided by ICANN. However, due to low response rates, most of the interviews were conducted using commercial sample sources.
- In 2016, only commercial sample sources were used.
- Because results from the ICANN were substantially different on many questions, trended questions in this report primarily show the commercial only sample for 2015.

ONLINE SURVEY DATES

CONSUMER:
April/May, 2016
Feb/March 2015

REGISTRANT
June/July, 2016
February/May and August, 2015

Sample Sizes		
	2015	**2016**
Consumers	6144	5462
Registrants	3357	3349

SURVEY COMMISSIONED BY ICANN AND CONDUCTED BY NIELSEN

SUMMARY: AWARENESS TRENDS

PATTERNS IN AWARENESS

Across waves, awareness is largely stable:

- Consumer awareness trends up.
- Registrant awareness trends flat
- New gTLDs debut in strong positions

Average Ratings

Legacy High .com, .net, .org
Legacy Mod: .info, .biz
Legacy Low: .mobi, .pro, .tel, .asia, .coop
New Original: .email, .photography, .link, .guru, .realtor, .club, .xyz
New Added : .news, .online, .website, .site, .space, .pics, .top
Geographically Targeted: based on only those shown in that region
R=from registrant survey
C=from consumer survey

For example, this point is the "Legacy Low" average from the 2015 wave of the consumer survey

SUMMARY: TRUST TRENDS

REGISTRATION RESTRICTIONS AND TRUST

Trust levels are stable and new gTLDs added in 2016 have higher levels than the new gTLDs included in both waves

Restrictions are increasingly expected—majority expect some degree of restrictions/validation to be required

RESTRICTIONS	Consumer 2015	Consumer 2016	Registrant 2015	Registrant 2016
% SOME OR STRICT				
Legacy Extensions	63%	73%	61%	66%
ccTLDs/IDNs	62%	70%	56%	65%
New gTLD Consistent	67%	73%	60%	64%
New gTLD Added	NA	82%	NA	77%
ccTLDs/IDNs	67%	77%	65%	70%

Do restrictions increase trust?

	Consumers	Registrants
Yes 2016	70%	69%
Yes 2015	56%	60%

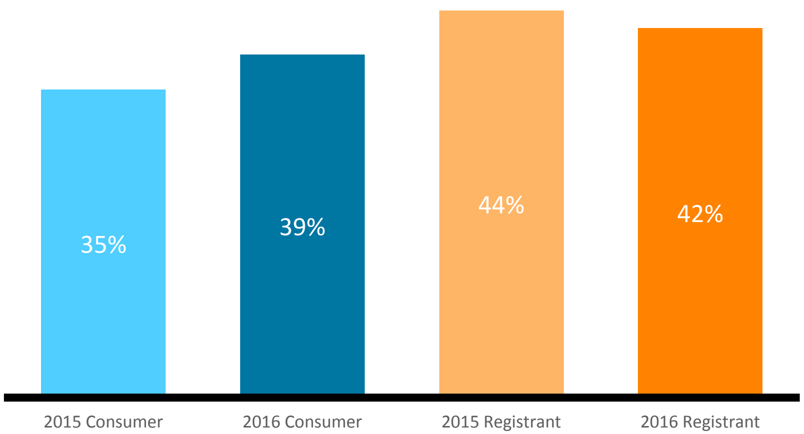
Legacy: .com, .net, .org
Consistent—shown in both waves: .email, .photography, .link, .guru, .realtor, .club, .xyz
Added: new in this wave: .news, .online, .website, .site, .space, .pics, .top (for restriction question, .bank, .pharmacy, .builder)
Geographically Targeted: based on only those shown in that region

TRUST IN INDUSTRY

Overall, trust of the industry relative to other tech companies remains strong

- Trust higher wave over wave for consumers.
- Positive associations with the domain system have increased since 2015.

RELATIVE TRUST IN DOMAIN NAME INDUSTRY



Trust much more/somewhat more than other tech industries (averaged)

Because they are more concerned with their reputation. (Africa)

It is their business so they protect their name and reputation. (AP)

SUMMARY: ADDITIONAL CONSUMER TOPICS

ONLINE COMFORT LEVELS

Comfort level with online activities is high

The lowest comfort level: providing family information/activities on social media sites.

Fear is not driving a change in online behavior

No rise in the percentage who have limited online behavior out of fear; action level unchanged.

Comfort level is lower with new gTLDs and higher for ccTLDs

Wide acceptance of inputting email, less for financial information, health info.

COMFORT LEVELS
(% Very/somewhat)

92% Info Search

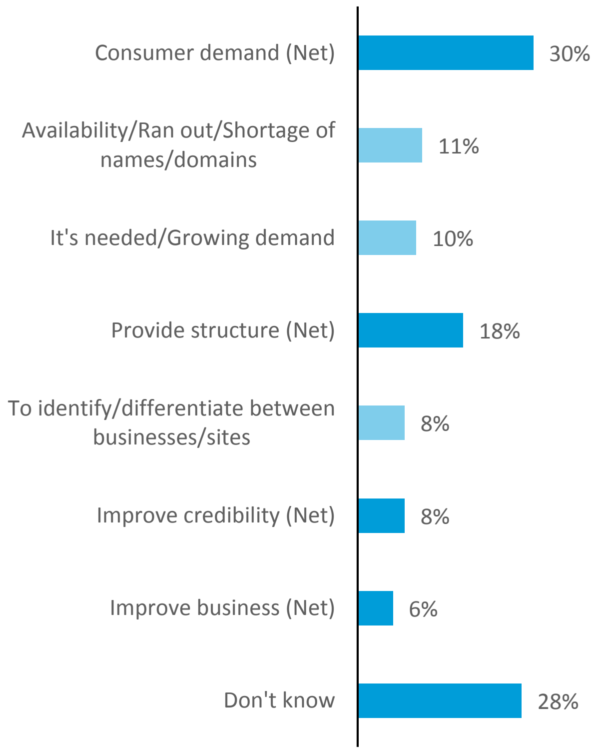
76% Banking

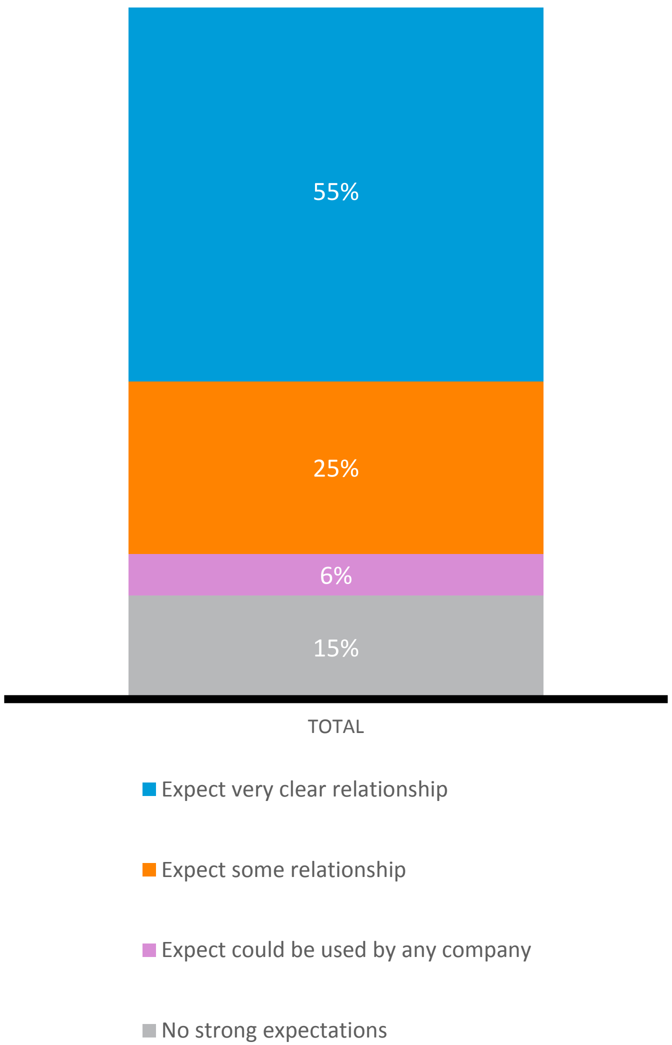
63% Social Media

INTENT OF NEW gTLDS

Consumers expect the intent of the gTLDs to be obvious to users

WHY CREATED?





SUMMARY: ADDITIONAL REGISTRANT TOPICS

EFFECT OF ALT. IDs ON REGISTRATION

Domain registration practices are affected by both new gTLDs and alternative promotion methods.

- Effect of new gTLDs limited at present time as most say registered as a protective measure,
- However, 2/3rds who have registered a new domain report replacing at least one existing domain.

Of respondents with alternate IDs, 1/4 use in lieu of registering additional domain name; 1/6 did not renew in favor of alt ID.

- Expectation held that this will impact whether to register domains in the future.

Key value of Alt ID—lower cost, easier set up, easier access, easier to communicate.

Alternate IDs include social media (e.g. Facebook) listing in online services (e.g. Yelp) and third party provided webpages.

CONSIDERATION - SWITCHING EXISTING DOMAIN TO NEW gTLD

Consideration highest in Asia (79% vs 53% North America, 65% Europe and 66% South America)

Consideration

	TOTAL
Yes, considered switching and may do so	25%
Yes, considered switching but decided not to	17%
No, not considered	58%

Why?

	TOTAL
Modern	47%
Better target specific groups	43%
Better focused on specific topics versus general use	42%
Will be more effective	38%
Good value/priced well	37%
Allow more flexibility to use my language in their names	33%
Allow for greater range of characters/symbols in their names	32%
Something else	1%

Why Not?

	TOTAL
Satisfied with the performance of our domains on existing gTLDs	51%
Not a high enough business priority for us at this time	38%
Too new and need to be proven	22%
Cost to switch is too high	12%
Will not be as effective as hoped	9%
Something else	7%

New gTLD Applicant Survey

David Dickinson, Nielsen

nielsen

ICANN
APPLICATION PROCESS SURVEY

NOVEMBER 2016 ICANN 57 TOPLINE

ICANN

BACKGROUND & METHODOLOGY

The Competition, Consumer Trust and Consumer Choice (CCT) Review Team wants to gain a better understanding of all applicant's views on the application and evaluation process for new gTLDs.

Qualifying criteria

- Personally involved in the application process.

Sample

- ICANN-supplied contacts (applied to ICANN to operate a new gTLD).
- **512 applicants** representing all 1,930 new gTLD applications were contacted for this survey.

Survey

- Self-administered online survey; total of **45** completed the survey.—15 from US, 19 Europe, 8 Asia/Oceania, 3 LATAM.
- 16 Registry, 11 Corporate brand, 5 non-profit, 3 consultancy, 3 Registrar, 1 back end service provider, 6 other.
- Results must be interpreted carefully due to low sample sizes.

ICANN COMMISSIONED THIS STUDY AT THE REQUEST OF THE CCT REVIEW TEAM. CONDUCTED BY NIELSEN

ONLINE SURVEY

October 10-31,

2016

GENERAL FACTS

- **Number:** 47% applied for 1 gTLD, 40% 2-5, 13% 6+.
- **Experience:** 76% had never before operated gTLD.
- **Status:** 87% had at least one gTLD delegated, 22% withdrew 1 or more, 12% in-process/unresolved.
- **Type:** 47% applied for brand gTLD, 33% generic, 24% geographic, 20% community, 11% IDN.
- **Support:** 62% used a consultant or outside firm to submit—mostly for either technical or general assistance.

PROCESS

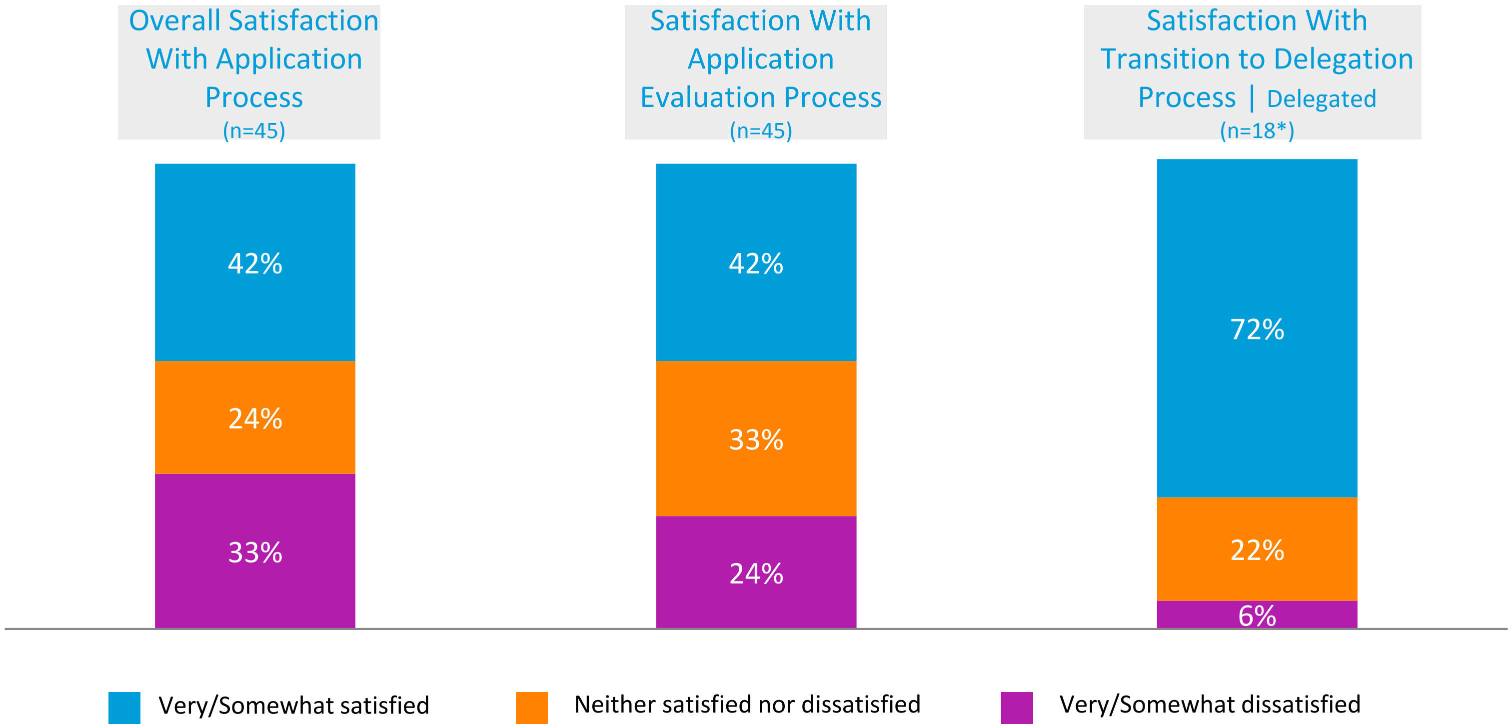
- **Contention:** 31% were part of contention set, overwhelmingly because of exact match.
- **GAC:** 13% received GAC Early Warning and 11% GAC Advice.
- **PI:** 31% incorporated public interest commitments in their application.
- **Future process:** 56% say staging in rounds is an effective approach.

SATISFACTION

- 49% said received sufficient guidance from ICANN.
- 64% would apply again under the same process.
- Discussion with respondents who agreed to be re-contacted (n=10) points out that the process itself is seen as onerous and bureaucratic. And, it was marred by some technical malfunctions.
- As such, applicants are seldom going to be “very satisfied” (1 in 45)
    - As one participant stated “For this process, somewhat satisfied is actually a good rating.”
    - Also some note that this was beyond the scale of what ICANN had previously attempted, so some problems were understandable.

SATISFACTION

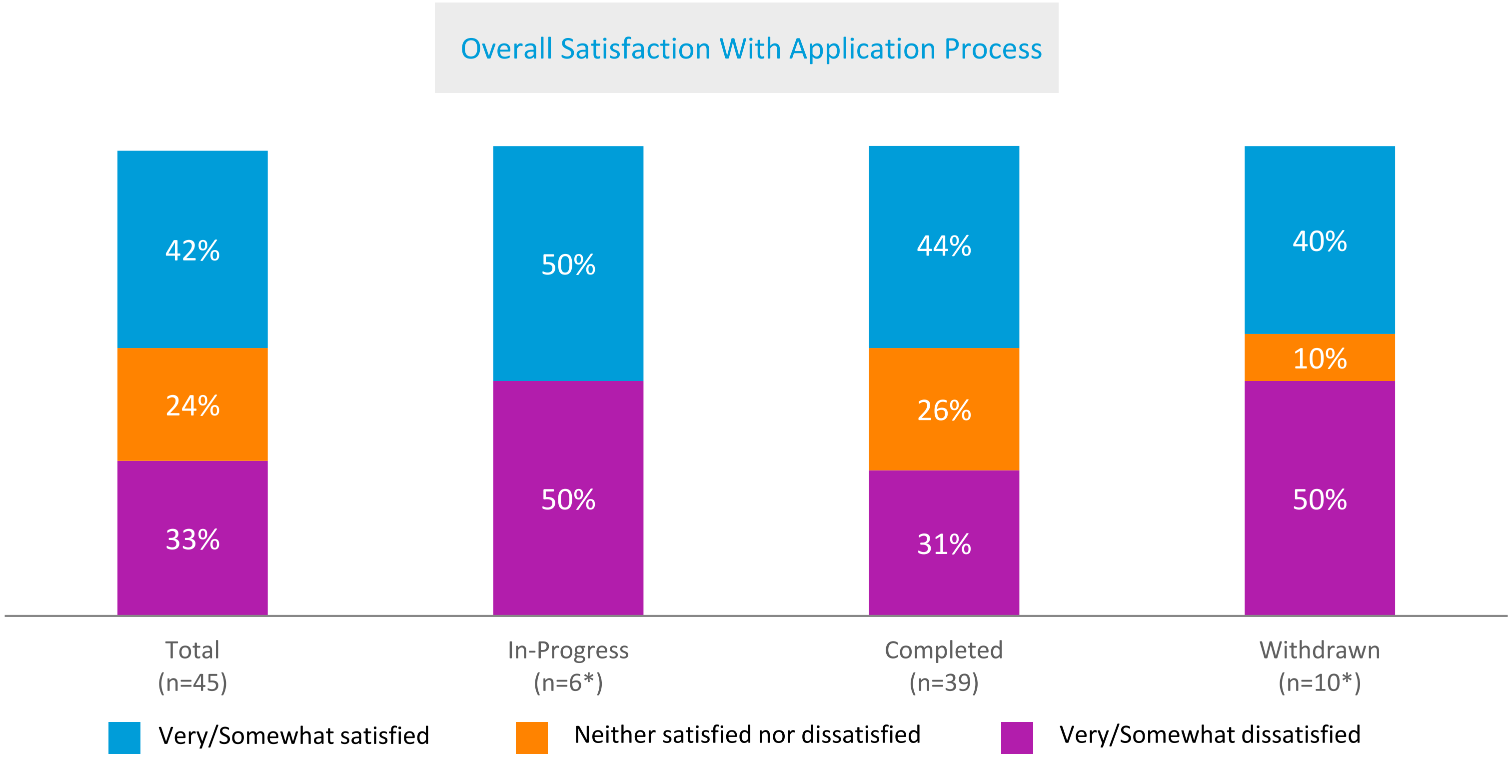
Just over 4 in 10 (42%) of those involved in the application process are satisfied with that process and more specifically the application evaluation process. The majority of those (72%) whose applications were delegated are satisfied with the transition to the delegation process.



*Caution: small base size (n=<30)

OVERALL SATISFACTION

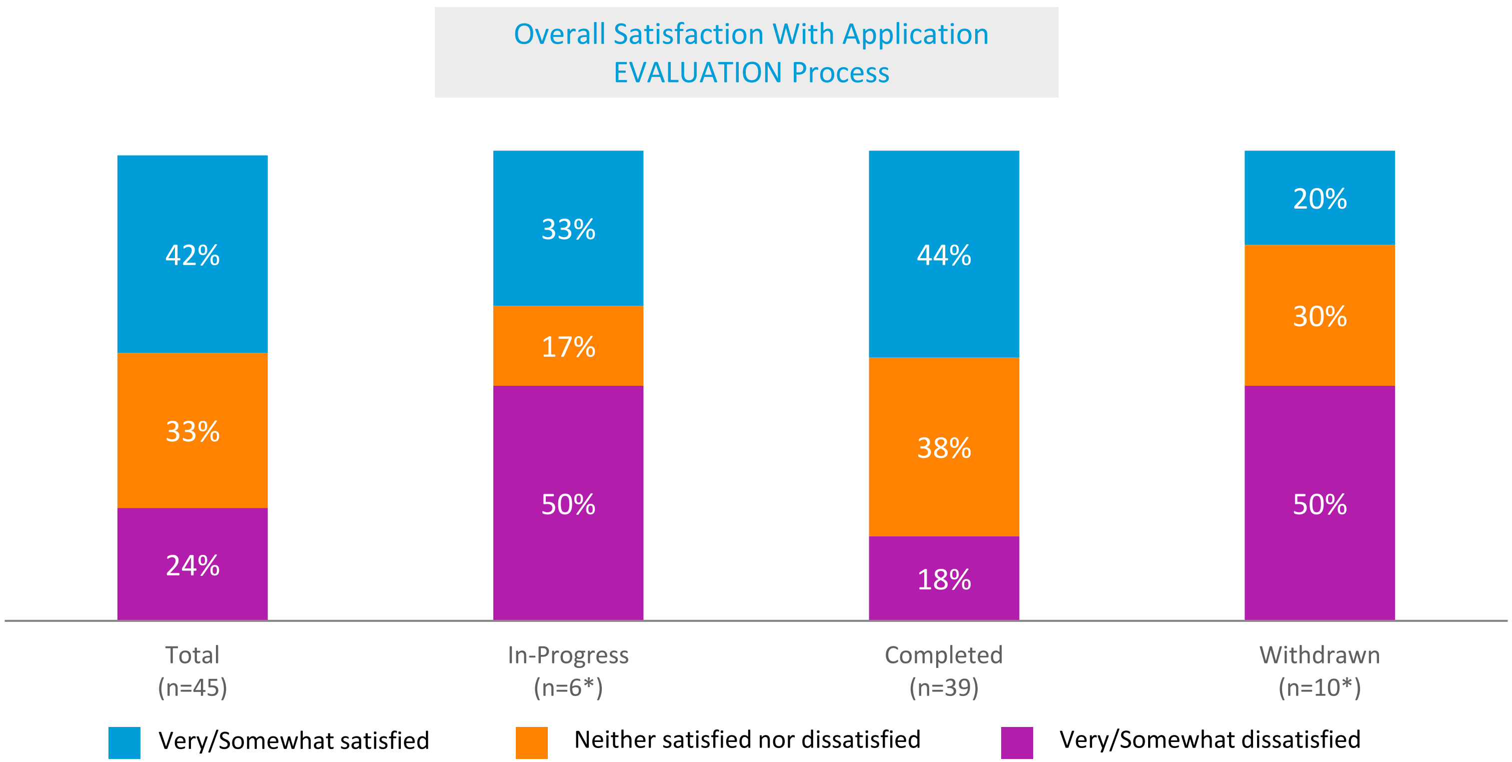
Similar levels of satisfaction are found for those who have delegated or completed the process. Half of those that are still in the application process or have withdrawn their application are dissatisfied.



*Caution: small base size (n=<30)

SATISFACTION WITH APPLICATION EVALUATION PROCESS

Similarly, just over 4 in 10 (42%) satisfied with the application evaluation process. Similar levels of satisfaction are found for those who have delegated or completed the process. Half of those that are still in the application process or have withdrawn their application are dissatisfied.



*Caution: small base size (n=<30)

ADDITIONAL INSIGHTS FROM FOLLOW-ON

- Technical problems (outage, digital archery) did not present ICANN well.
- Changing process/timelines very frustrating for those who "played by the rules". "If you work hard to meet the deadline, and someone else does not, that should be your advantage."
- Rule/process changes or shifting guidance undermine credibility e.g. plurals, linguistic reviews.
- Perception held by some that ICANN does not respect the business/financial implications that their delays have on applicants.
- Process was about procedure, not substance of applications—potentially a stronger concern for community applicants.
- Letters of credit and bank transfers seen as onerous, non-standard, "illegal" or inappropriate for government entities.
- Communication methods designed to convey impartiality, but some don't believe impartiality was maintained.
- Variety of ease-of-use issues raised for the technical platform—clunky user interface, missing email notifications, etc.

Engage with ICANN

Thank You and Questions

Reach us at: Eleeza.Agopian@icann.org
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