

ICANN BOARD PAPER NO. 2014.03.27.1e – Clean – Rev 1

TITLE: **Recommendations for the Immediate Collection of Benchmarking Metrics for the New GTLD Program to Support the future AoC Review on Competition, Consumer Trust and Choice**

PROPOSED ACTION: **For Board Consideration**

EXECUTIVE SUMMARY:

The Board is being asked to approve the collection of certain time-sensitive metrics to be made available for the future Competition, Consumer Trust and Choice Review Team to be convened under the AoC. The metrics are part of Interim Recommendations (included in the Reference Materials) developed by the Implementation Advisory Group (IAG) convened to examine a comprehensive set of proposed metrics (70+) previously identified by the GNSO and ALAC.

The resolution calls for the immediate collection of data on certain metrics to establish a benchmark for the current state of the generic domain name sector prior to the widespread adoption and use of new gTLDs. Although the IAG's work is still ongoing, these proposed metrics reflect those which the IAG views as necessary to be collected immediately while the New gTLD program is still in an early stage, and for which the data is not likely to be available in the future if not explicitly collected by ICANN. These include:

- A broad-based professional global consumer survey examining the current and future levels of trust in the domain name system, with an expected cost of up to \$900,000, and

- An economic study of the current and future competitive landscape for generic domain names examining price levels at the wholesale and retail levels and aftermarket prices, with an expected cost of up to \$750,000.

STAFF RECOMMENDATION:

Staff recommends that the Board adopt the recommendations of the IAG for a tightly scoped global consumer survey and for an economic study of market conditions to be performed by qualified professionals, in the manner described below. Staff recommends the Board fund the global consumer survey in an amount of up to ^{Confidential Negotiation Inform} and the economic study in an amount up to ^{Confidential Negotiation Inform}. The amounts requested are in line with information discussions with research firms regarding the breadth and complexity of surveying consumers located in multiple regions, and consistent with historical costs incurred by ICANN for other studies.

Global Consumer Survey

Staff acknowledges the complexity of reaching consumers to conduct such a global survey, and supports the IAG proposal if it is properly scoped and defined. The cost of the survey can be reduced, through limiting the number of countries where consumers are to be surveyed, but to do so may affect the statistical significance of the findings. In high-level, informal discussions with the Greenberg Quinlan Rosner global research firm, the IAG learned that each country included in the survey could add approximately \$100,000 to the cost of conducting the survey. Staff proposes to engage a research firm to assist with properly scoping the survey prior to issuing an RFP should the Board adopt the IAG's recommendations.

Economic Study

Staff provided some important considerations to the IAG regarding the collection of any price related data. Although obtaining price-related information is always sensitive and prone to risks of anti-competitive behavior stemming from possible misuse of the data, Staff acknowledges the group's view that the data may be relevant to an overall assessment of market conditions. To mitigate this risk, Staff will include specific restrictions in its contract with the vendor, as described in greater detail in the Reference Materials.

Budget Considerations

The amounts needed to fund these initiatives are not included in the Fiscal Year 2014 Budget. As it is important to establish credible benchmarks for future evaluation of new gTLDs, both initiatives will be funded out of the resources of new gTLD Program since this activity is closely linked to the operation of the new gTLD Program.

PROPOSED RESOLUTION:

Whereas, in the Affirmation of Commitments (AoC) ICANN has committed to organizing a review that will examine the extent to which the introduction or expansion of gTLDs has promoted competition, consumer trust and consumer choice when new gTLDs have been in operation for one year.

Whereas, on 10 December 2010 the ICANN Board [requested](#) that the At-Large Advisory Committee (ALAC), the Governmental Advisory Committee (GAC), the Generic Names Supporting Organization (GNSO) and the Country Code Names Supporting Organization (ccNSO) provide input on establishing the definition, measures, and three year targets for competition, consumer trust and consumer choice in the context of the domain name system, which resulted in the Board receiving input in 2013 from the [GNSO Council](#) and the [ALAC](#), each offering recommendations on specific metrics.

Whereas, the Board directed ([2013.07.18.05 – 2013.07.18.07](#) and [2013.09.28.13 – 2013.09.28.14](#)) the CEO to convene a volunteer group (the Implementation Advisory Group for Competition, Consumer Trust and Consumer Choice- [IAG]) in advance of a future AoC Competition, Consumer Trust and Consumer Choice Review Team, for several purposes, including evaluating and reporting to the Board on the feasibility, utility and cost-effectiveness of adopting the recommendations of the GNSO Council and the ALAC.

Whereas, on 4 March, 2014, the IAG submitted to the Board its interim recommendations for the immediate collection of certain time-sensitive data elements to establish a benchmark of the current state of the generic domain name sector prior to the widespread adoption and use of new gTLDs.

Whereas, because the investment to implement two initiatives in response to the IAG interim recommendations to establish a benchmark of the current state of the generic domain name sector prior to the widespread adoption and use of new gTLDs will be more than \$500,000, the Board is required to authorize the funding of this project.

Resolved (2014.03.27.xx), the ICANN Board thanks the IAG for its interim recommendations, and looks forward to receiving additional feedback from the IAG as it concludes its work;

Resolved (2014.03.27.xx), the ICANN President and CEO, or his designee, is hereby directed to immediately:

- Secure a qualified survey firm to conduct a global consumer survey to gather baseline measurements in the areas of consumer trust and consumer choice. The Board authorizes the expenditure of up to ^{Confidential Negotiation In} to conduct this global survey to establish the baseline and to conduct subsequent follow-up surveys. The survey should ensure coverage in each of the 5 ICANN Geographic regions, and where relevant ensure a mix of developed and developing countries in each region.

- Secure a qualified economic firm to conduct an economic study to take into account the impact of new gTLDs on competition in the DNS ecosystem, including consideration of relevant pricing data. The economic study should take into account the wholesale and retail prices (including aftermarket prices) for ccTLD and gTLD domain names now and at a later point; take into account TLD startup and launch phases as well as ongoing operations; and include an analysis of the findings in light of the competitive conditions of the domain name sector. The contract terms should require strict confidentiality and use of data only in aggregate form, as well as other safeguards to protect against misuse of the data collected. The Board authorizes the expenditure of up to ^{Confidential Negotiation Info} to conduct this economic study to establish the baseline, and to conduct subsequent follow-up surveys.

Resolved (2014.03.27.xx), that the CEO is hereby directed to conduct careful scoping and design phases to ensure that these activities support the important goal of analyzing competition, consumer choice, and consumer trust.

PROPOSED RATIONALE:

Why the Board is addressing the issue?

This resolution is a continuation of the Board's resolutions ([2013.07.18.05 – 2013.07.18.07](#) and [2013.09.28.13 – 2013.09.28.14](#)) relating to evaluation of the metrics proposed by the Community for use in a future review under the Affirmation of Commitments (AoC) of the impact of new gTLDs in the areas of competition, consumer trust, and consumer choice. The resolution adopted today responds to interim recommendations of the Implementation Advisory Group convened at the request of the Board.

What is the proposal being considered?

The Board's resolution calls for ICANN to immediately execute on two initiatives in response to the interim recommendations of the implementation advisory group to establish a benchmark of the current state of the generic domain name sector prior to the widespread adoption and use of new gTLDs.

This work is to commence immediately, and involves securing qualified professionals to conduct (i) a broad-based global consumer survey examining the current and future levels of trust in the domain name system, and (ii) an economic study of the current and future competitive landscape for generic domain names examining price levels at the wholesale and retail levels and aftermarket prices.

What significant materials did the Board review?

The Board reviewed the letter from the Implementation Advisory Group dated 4 March 2014, the briefing materials submitted by Staff, and the related prior advice letters from the [ALAC](#) and the [GNSO](#).

What factors did the Board find to be significant?

The Board recognizes the significant investment of resources called for in this resolution, but believes that the data to be collected from these surveys is critical to supporting an accurate examination of the extent to which the introduction of gTLDs has promoted competition, consumer trust, and consumer choice. By engaging in these activities now, ICANN is committing to ensuring that relevant data is available to the future Review Team, as well as the broader community, to support the future examination of the New gTLD Program that will occur under the AoC.

The review called for under the AoC is to occur if and when new gTLDs have been in operation for one year and involves examining the extent to which the introduction or expansion of gTLDs has promoted competition, consumer trust, and consumer choice. Today, the Board is calling for implementation work to proceed that is intended to facilitate the work of the AoC review at the appropriate time.

Are there fiscal impacts or ramifications on ICANN (strategic plan, operating plan, or budget)?

The funds to implement this resolution are not included in the 2014 Fiscal Year Budget. However, the Board accepts that the data gathering activities authorized today necessitate immediate attention, in order to establish a benchmark of consumer sentiment and market conditions, while the New gTLD Program is still in an early stage.

Accordingly, the funding for these activities will come from the new gTLD application funds since this activity is closely linked to the operation of the new gTLD Program.

Are there any security, stability or resiliency issues relating to the DNS?

This resolution does not affect the security, stability or resiliency of the DNS.

Is public comment required prior to Board action?

This is an Organizational Administrative Function that does not require public comment. Public comment would further delay the execution of the approved consumer survey and economic study, thereby affecting the utility of the resulting data to serve as a benchmark of consumer sentiment and market conditions prior to the widespread adoption and use of new gTLDs.

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