D R A F T [v6] 15-February-2012

**Advice requested by ICANN Board**

**regarding definitions, measures, and targets**

**for competition, consumer trust and consumer choice**

Prepared by the Consumer Trust Working Group,

for consideration of ALAC, ccNSO, and GNSO

**Background**

This advice was drafted in response to an ICANN board resolution asking for definitions and metrics that will be used to evaluate the gTLD expansion program in a post-launch review required under the [Affirmation of Commitments](http://www.icann.org/en/documents/affirmation-of-commitments-30sep09-en.htm).

ICANN and the US National Telecommunications and Information Administration (NTIA) signed the Affirmation of Commitments (AOC) on 30-Sep-2009. Article 3.c of the AOC is a commitment to “*promote competition, consumer trust, and consumer choice in the DNS marketplace*”.

Article 9.3 expanded on this and committed ICANN to “*adequately address” “competition, consumer protection, security, stability and resiliency, malicious abuse issues, sovereignty concerns, and rights protection” “prior to implementation*”.

Article 9.3 also committed ICANN to perform a review one year after the first new gTLD was delegated, to “*examine the extent to which the introduction or expansion of gTLDs has promoted competition, consumer trust and consumer choice*”.

Community discussions during the AOC review of Accountability and Transparency included calls for *metrics* – objective measures that could be used to assess ICANN’s performance on key aspects of accountability and transparency. Moreover, it was argued that such metrics would help ICANN management to focus its efforts in ways that would measurably improve performance. In that vein, several community members encouraged ICANN’s board to establish metrics for other AOC reviews and commitments, including public interest, consumer trust, competition, and consumer choice.

Since the AOC did not define the terms or measures of competition, consumer trust and consumer choice, the ICANN Board resolved in December 2010 to request advice from the ALAC, GAC, GNSO and ccNSO on establishing the definition, measures, and three year targets for those measures, for competition, consumer trust and consumer. The Board [resolution](http://www.icann.org/en/minutes/resolutions-10dec10-en.htm#6) (2010.12.10.30) reads as follows:

Whereas, ICANN has committed to promoting competition, consumer trust and consumer choice in the Affirmation of Commitments

Whereas, if and when new gTLDs (whether in ASCII or other language character sets) have been in operation for one year, ICANN has committed to organize a review that will examine the extent to which the introduction or expansion of gTLDs has promoted competition, consumer trust and consumer choice.

Resolved, the ICANN Board requests advice from the ALAC, GAC, GNSO and ccNSO on establishing the definition, measures, and three year targets for those measures, for competition, consumer trust and consumer choice in the context of the domain name system, such advice to be provided for discussion at the ICANN International Public meeting in San Francisco from 13-18 March 2011.

In response to that Board resolution, community members in the GNSO, ccNSO and ALAC began to organize a joint working group at the Singapore meeting in Jun-2011. The Working Group invited the GAC to participate and welcomes GAC response to this draft advice.

The Consumer Trust, Choice, and Competition Working Group was chartered first by the GNSO Council on 7 September 2011. It was intended that the Charter ([link](https://community.icann.org/download/attachments/28903722/Consumer+Choice%2C+Competition+and+Innovation+Working+Group+%28CCI%29+Working+Group+Charter.pdf)) could also be formally endorsed by ALAC and ccNSO, but their endorsement was not a requirement for participation in the Working Group. The charter Drafting Team understood that its goal was to produce advice for consideration by GNSO, ccNSO, GAC and ALAC, each of whom was asked for advice as part of the Board resolution discussed above. Each AC/SO may act independently on the Working Group’s draft advice, and may endorse all, part, or none of the draft advice as it decides how to respond to the Board resolution.

The Working Group understands that the purpose of this advice is to provide ICANN’s board with definitions, measures, and targets that could be useful to the AOC review team that will convene one year after new gTLDs are launched. However, the Working Group understands that this advice cannot pre-determine or otherwise limit the scope of the future AOC review team.

In addition, the Working Group anticipates that ICANN’s board may establish definitions, measures, and targets early enough to become part of ICANN’s management objectives direct ICANN staff begin collecting the proposed metrics as it evaluates and delegates new gTLDs in 2012 and 2013.

The ICANN Board should also consider the resource requirements for collecting new metrics, both in terms of internal staff and for external third-party assistance with surveys.

**Scope of this advice**

The Working Group charter adopted a limited scope for this advice, citing the Board resolution seeking advice on definitions and metrics for the gTLD expansion review that is required in the Affirmation of Commitments.

The Working Group acknowledges that the limited scope it has undertaken provides only a partial evaluation of all choices from the Internet end-user point of view. Considering this perspective, a full examination of choice should not only measure the diversity within registries and registrars, but also examine options that allow users to avoid direct use of the DNS altogether.

Alternate methods of accessing Internet content and services (mobile apps, search engines, social portals, QR codes, etc.) are growing in popularity and themselves present innovative and competitive threats to ICANN-regulated TLDs. As such, they should be considered in any complete evaluation of consumer choice and trust related to ICANN in general and new gTLDs specifically.

**Community representation on the Working Group**

The Working Group on Consumer Trust, Choice, and Competition was formed to respond to an ICANN Board resolution regarding a review of the new gTLD program, as required under the Affirmation of Commitments. Names of Working Group participants and ICANN staff are listed in Appendix A. The list includes representatives of the ALAC, CBUC, IPC, NCSG, RySG, RrSG, NCA groups, as well as individual participants.

**Process for developing this Draft Advice**

The Working Group began regular meetings after the Singapore meeting in June 2011. Working Group members drafted a charter for consideration by any and all community groups form whom the board solicited advice. The Charter was approved by the GNSO on 7 September 2011 and is available [here](https://community.icann.org/display/CMG/3.++WG+Charter).

In addition to its bi-weekly conference calls, the working group held public discussion sessions at the Singapore and Dakar meetings, including presentations of preliminary results. In Dakar, the Working Group gave briefings to GNSO Council during its weekend sessions.

This initial draft of advice is being posted for public comment on 21 February 2012. The Working Group will assess comments received and expects to offer final draft advice to the GNSO and ALAC soon after closing of the public comment period. Draft advice will also be shared with the GAC and ccNSO for their consideration, as they may also be developing advice pursuant to the Board’s Dec-2010 resolution.

**Advice on Definitions**

As its initial task, the Working Group considered definitions for Consumer Trust, Competition, and Consumer Choice in the context of the DNS and ICANN’s gTLD expansion program. As a threshold matter, the working group established this definition of *consumer*, which is critical to two of the three defined terms:

**Consumer** is defined as actual and potential Internet users and registrants.

Consistent with the *Affirmation of Commitments*, this definition of *Consumer* is designed to focus on the interests of anyone or any entity taking the role of an Internet user or domain name registrant.

The definition focuses not on the nature of an entity, but rather on the *role* they are playing by using the DNS to do resolutions or to register a domain name. Therefore, any entity can be regarded as a consumer, including individuals, businesses, governments, non-profits, etc. When any of these entities are also playing other roles with respect to the DNS – such as a registry operator or registrar – their interests are not relevant to this definition.

Including the above definition of *Consumer*, the working group recommends these definitions for the key terms in the AOC and Board resolution:

**Consumer** is defined as actual and potential Internet users and registrants.

**Consumer Trust**is defined as the confidence registrants and users have in the consistency of name resolution and the degree of confidence among registrants and users that a TLD registry operator is fulfilling its proposed purpose and is complying with ICANN policies and applicable national laws.

**Consumer Choice**is defined as the range of options available to registrants and users for domain scripts and languages, and for TLDs that offer choices as to the proposed purpose and integrity of their domain name registrants.

**Competition** is defined as the quantity, diversity, and the potential for market rivalry of TLDs, TLD registry operators, and registrars.

*Notes on these definitions:*

*Note 1. The Consumer Trust definition has two aspects:*

*First, Internet users need confidence in the reliability and accuracy of the resolution of domain names they reference in email addresses, apps, and web browsing.*

*Second, registrants of domain names need confidence that the TLD registry they have selected will actually fulfill its proposed purpose and promises that drove their selection. For example, a bank that invests in moving its registrations to the .bank gTLD wants to be able to trust that .bank will honor its promise to allow only legitimate banks to hold domain names. The registrant will also trust that ICANN will hold the gTLD operator to its promises, ICANN policies, and any applicable national laws.*

*Note 2. Competition is closely related to the idea of consumer choice.  In fact, competition and consumer choice can be seen as two parts of the same whole, since both touch providers and consumers of services.  All stakeholders should have an interest in providing choice and in avoiding monopoly in order to create an open and informed market for all participants.*

*Note 3. A minority of WG members objected to the inclusion of “national laws” in the definition of Consumer Trust.   Advocates of including the term argued that governments and the GAC expect ICANN and its contract parties to respect applicable national laws, citing several of ICANN’s foundational documents:*

* *Articles of Incorporation: “The Corporation shall operate for the benefit of the Internet community as a whole, carrying out its activities in conformity with relevant principles of international law and applicable international conventions and local law"*
* *Applicant Guidebook:  “National Law” is cited as potential basis for Government objections, GAC Early Warning, and/or GAC advice*
* *Affirmation of Commitments:  “9.3.1 ICANN additionally commits to enforcing its existing policy relating to WHOIS, subject to applicable laws”*
* *Bylaws: regarding ccTLDs: “provided that such policies do not conflict with the law applicable to the ccTLD manager”*

*In addition, a set of 2011 working papers from the European Commission also cited the importance of national laws, indicate the political lens through which the new gTLD program will be judged by governments.*

*Note 4. The definition of Competition looks at all TLDs, not just gTLDs. The working group recognizes that ccTLDs are competitors to gTLDs, particularly where the ccTLD is marketed to registrants around the world (e.g. .me and .co ).*

**Advice on Measures and 3-Year Targets for Defined Terms**

The board resolution requests advice on measures for each of the three defined terms. Below are the working group’s recommended measures, including columns indicating ICANN staff assessment of difficulty in obtaining and reporting each measure, along with the source of data.

The Board resolution also requested advice on 3-year targets for these measures. For some measures, an appropriate target would be an improvement on performance in the pre-expansion gTLD space. For other measures, such as URS complaints, there is no equivalent data in the pre-expansion gTLD environment.

The Working Group asked ICANN staff to identify baseline values for any measure that applies to the pre-expansion gTLD space, so that future targets could be stated in terms of improvements relative to present performance.

For example, a 3-year target for UDRP Complaints in new gTLDs could be any of these:

|  |  |
| --- | --- |
| Type of Target | Example of target for UDRP complaints |
| Annual total for all new gTLDs | Total UDRP complaints regarding new gTLDs should be fewer than 1000 per year. |
| Rate of incidence for new gTLDs (per 1000 registrations) | The rate of UDRP complaints in new gTLDs should be less than 1 for every 1000 registrations. |
| Relative to prior periods | The number of URS complaints for new gTLDs in 2015 should be less than 10% of the number of URS complaints in 2014. |
| Relative to legacy gTLDs | In 2015, the rate of UDRP complaints (per 1000 registrations ) in the new gTLDs should be 50% lower than the rate in legacy gTLDs |

In the last column of the table below, the working group recommends 3-year targets for measures where we had sufficient information to suggest applicable targets.

Notes about terms used in the tables of measures:

“Obtaining” refers the availability and level of effort to gather raw data needed for each measure in the table.

“Reporting” refers to any challenges in compiling and publicly disclosing each measure in the table.

“Relative incidence” of a particular measure would divide the raw data by the total number of registrations in each gTLD zone evaluated. This is intended to put small or new gTLDs on a comparable basis with experience in larger or more established gTLDs.

**Measures of Consumer Trust**

For reference, the definitions of Consumer and Consumer Trust are repeated here:

**Consumer** is defined as actual and potential Internet users and registrants.

**Consumer Trust**is defined as the confidence registrants and users have in the consistency of name resolution and the degree of confidence among registrants and users that a TLD registry operator is fulfilling its proposed purpose and is complying with ICANN policies and applicable national laws.

| **Measure of Consumer Trust** | **Source** | **Anticipated Difficulties in Obtaining and/or Reporting** | **3-year**  **Target** |
| --- | --- | --- | --- |
| *Measures related to confidence in registrations and resolutions:* | | | |
| % DNS Service Availability (present SLA is 100%) | ICANN | None noted | 100% |
| % Availability for Registration Data Directory Services (RDDS). (SLA is 98%) | ICANN | None noted | 98% |
| % of Service Availability for Extensible Provisioning Protocol (EPP). (SLA is 98%) | ICANN | None noted | 98% |
| Survey of perceived consumer trust in DNS, relative to experiences before the gTLD expansion. Survey could measure experiences with malware and spam; confusion about new gTLDs; | Survey Vendor | Moderate difficulty to gain consensus on survey questions.  Survey cost is approx. $100K. | Should show improvement on all survey measures |
| % Uptime for Registrar services such as WHOIS, contact info, and complaints, assuming that SLAs are established for these measures in the new RAA | Registrar | Doubtful that Registrars will compile and disclose uptime stats unless required by RAA | SLA in RAA |
| *Measures related to confidence that TLD operators are fulfilling promises and complying with ICANN policies and applicable national laws:* | | | |
| Relative incidence of notices issued to Registry operators, for contract or policy compliance matters | ICANN | None noted | Lower than incidence in legacy gTLDs |
| Relative incidence of breach notices issued to Registrars, for contract or policy compliance matters | ICANN | None noted | Lower than incidence in legacy gTLDs |
| Relative incidence of UDRP *Complaints*, before and after expansion | RPM Providers | Moderate difficulty obtaining data | Lower than incidence in legacy gTLDs |
| Relative incidence of UDRP *Decisions against registrant*, before and after expansion | RPM Providers | Moderate difficulty obtaining data | Lower than incidence in legacy gTLDs |
| Decisions against Registry Operator arising from Registry Restrictions Dispute Resolutions Procedure (RRDRP) | RRDRP Providers | None noted | Any adverse decisions |
| Quantity & relative incidence of URS *Complaints* | RPM Providers | Moderate difficulty obtaining data. Cannot compare with legacy gTLDs. | Declining incidence from Year 2 to 3 |
| Quantity & relative incidence of URS *Decisions against registrant* | RPM Providers | Moderate difficulty obtaining data. Cannot compare with legacy gTLDs. | Declining incidence from Year 2 to 3 |
| Quantity of Compliance Concerns w/r/t Applicable National Laws | LEA/GAC | Difficult, because law enforcement and governments may not report this data | Declining incidence from Year 2 to 3 |
| Quantity and relative incidence of Domain Takedowns | Registry | Moderately difficult to obtain and report | Lower than incidence in legacy gTLDs |
| Quantity of spam received by a "honeypot" email address in each new gTLD | SpamHaus | None noted | Lower than incidence in legacy gTLDs |
| Quantity and relative incidence of fraudulent transactions caused by phishing sites in new gTLDs | APWG | None noted | Lower than incidence in legacy gTLDs |
| Quantity and relative incidence of detected phishing sites using new gTLDs | APWG | None noted | Lower than incidence in legacy gTLDs |
| Quantity and relative incidence of complaints regarding inaccurate, invalid, or suspect WHOIS records in new gTLD | ICANN | None noted | Lower than incidence in legacy gTLDs |
| Relative incidence of errors in new gTLD zones (such as commas instead of dots, bad IP addresses, malformed domains, etc.) | ICANN | Moderately difficult to obtain and report | Lower than incidence in legacy gTLDs |

**Measures of Consumer Choice**

For reference, the definitions of Consumer and Consumer Choice are repeated here:

**Consumer** is defined as actual and potential Internet users and registrants.

**Consumer Choice**is defined as the range of options available to registrants and users for domain scripts and languages, and for TLDs that offer choices as to the proposed purpose and integrity of their domain name registrants.

| **Measure of Consumer Choice** | **Source** | **Anticipated Difficulties in Obtaining and/or Reporting** | **3-year**  **Target** |
| --- | --- | --- | --- |
| *Transparency and clarity of gTLD registry benefits and restrictions, so that registrants and users can make meaningful distinctions when choosing TLDs.* | | | |
| Registry website should clearly disclose benefits and restrictions. | Audit of Registry websites | Moderate difficulty in auditing registrars’ display of terms and conditions for each gTLD they offer. | All Registries should disclose  (e.g. ICM’s [disclosure](http://www.icmregistry.com/about/sponsored-community/) for .xxx ) |
| Registrars websites should clearly disclose gTLD benefits and restrictions in the terms & conditions for each respective TLD they offer. | Audit of Registrar websites | Moderate difficulty in auditing registrars’ display of terms and conditions for each gTLD they offer. | All Registrars should disclose for all offered TLDs |
| gTLD registry benefits and restrictions should be clear and understandable to registrants and users. | Ry and Rr websites;  surveys | A survey of registrants and users could assess clarity. | All disclosures should use “plain language” |
| *Range of options available to registrants and users in terms of scripts and national laws* | | | |
| Quantity of TLDs using IDN scripts or languages other than English. | Registry websites | None noted | Increase in # of IDN and non-English TLDs |
| Quantity of Registrar websites offering IDN scripts or languages other than English. | Registrar websites | None noted | Increase in # of Registrar websites offering these choices |
| Quantity of different national legal regimes where new gTLD registries are based. | Registry websites | Not difficult, if each nation is counted as a separate legal regime. | # of choices in new gTLDs > choices in legacy TLDs. |

|  |  |  |  |
| --- | --- | --- | --- |
| *Measures designed to assess whether prior registrants chose new gTLDs for primarily defensive purposes. (Note: registrations using privacy and proxy services will not provide meaningful data)* | | | |
| **Measure of Consumer Choice** | **Source** | **Anticipated Difficulties in Obtaining and/or Reporting** | **3-year**  **Target** |
| A defensive registration is not seen as an improvement in choices available to registrants. For purposes of this measure, “defensive registrations” are Sunrise registrations & domain blocks. Measure share of (Sunrise registrations & domain blocks) to total registrations in each new gTLD. | Zone snapshot at end of Sunrise | Obtainable, since Registries must publish zone before open registration begins. | Post-Sunrise registrations > 15% of total registrations.  Post-sunrise registrations should increase over time. |
| Relative share of registrations already having the same domain in legacy TLDs. For this measure, count all registrations that redirect to domains in legacy TLDs. | Zone and WHOIS data | Moderate difficulty to snapshot each new gTLD zone & WHOIS at end of years 1, 2, and 3. | Redirect registrations of less than 15%;  This % should decline over time |
| Survey a sample of registrants in new gTLDs, asking whether they had owned (and still maintain) the same domain name in a legacy gTLD. | Online Survey | Obtainable, using either ICANN or external survey tools and advice | Duplicate registrations of less than 15%;  This % should decline over time |
| *Other measures of Consumer Choice in new gTLDS* | | | |
| Measure the increased geographic diversity of registrants across all new gTLDs, as indication of new choices presented by gTLDs expansion. | Zone and WHOIS data | The working group is seeking an index or statistical measure of geographical diversity | Diversity should be greater than in legacy gTLDs.  Diversity should increase from Yr 2 to Yr 3 |

**Measures of Competition**

For reference, the definition of Competition is repeated here:

**Competition** is defined as the quantity, diversity, and the potential for market rivalry of TLDs, TLD registry operators, and registrars.

| **Measure of Competition** | **Source** | **Anticipated Difficulties in Obtaining and/or Reporting** | **3-year**  **Target** |
| --- | --- | --- | --- |
| Quantity of total TLDs before and after expansion, assuming that gTLDs and ccTLDs generally compete for the same registrants | ICANN |  | Increase of 2x over 2011 |
| Quantity of gTLDs before and after expansion | ICANN |  | Increase of 10x over 2011 |
| Quantity of unique gTLD Registry *Operators* before and after expansion | ICANN |  | Increase of 2x over 2011 quantity ( # ) |
| Quantity of unique Registry *Service Providers* before and after expansion | ICANN and Ry Operators | Moderately difficult to obtain | Increase of 2x over 2011 quantity ( # ) |
| Quantity of Registrars before and after expansion, along with indication of country where Registrar is based. | ICANN |  | No target;  compare to 2011 quantity ( # ) |
| Share of new gTLD registrations held by new entrants. Measure the % of new gTLD registrations in gTLDs run by registry operators that did not operate a legacy gTLD in 2011. | ICANN; Zone files for new gTLDs | Moderately difficult to obtain. | New Entrants should have at least 20% of total new gTLD registrations |
| *Measures related to prices for domain registrations (see legal note in Appendix B)* | | | |
| *Wholesale* price of new gTLD domains offered to the general public. (do not evaluate gTLDs with registrant restrictions). | Registries | Difficult to obtain.  (see legal note in Appendix B) | No target; compare to 2011 and to unrestricted legacy gTLDs |
| *Retail* price of new gTLD domains offered to the general public. (do not evaluate gTLDs with registrant restrictions). | Registries and Registrars | Difficult to automate collection.  (see legal note in Appendix B) | No target; compare to 2011 and to unrestricted legacy gTLDs |

**Appendix A**

Working Group members:

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**Appendix B**

**Note from ICANN Legal Department, regarding collection of non-public data on domain prices.**

As part of devising measures for Competition, the Working Group sought advice from ICANN Legal department on the collection and publishing data on domain name prices, at both wholesale and retail level. The response from ICANN legal is shown below.

Thank you for the constructive work underway to meet the Board's request for community assistance on this consumer metrics issue.  The team has clearly considered many aspects of consumer choice and the breadth of proposed metrics appears to be well thought out.  While we do not wish to constrain the work proposed, the office of the General Counsel has expressed concerns regarding the collection of price-related information as part of the consumer metrics.  Collection and comparison of non-public price-related information raises antitrust concerns in this context, particularly where market participants may have access to the collected information.  This is not meant to restrict the Working Team from reviewing how competition may have been created through the introduction of new gTLDs, but rather to avoid the expansion of a community discussion into areas that may raise questions of anti-competitive conduct, or lead to outcomes that could impose anti-competitive restrictions.

ICANN is not currently in the position of collecting non-public price information from its registries and registrars.  Requiring submission of non-public pricing information from its contracted parties would represent a change to ICANN's relationships with its contracted parties, and imposes risks to ICANN as the holder of this compiled confidential information.  In addition, it is not only ICANN that comprises the review teams required under the Affirmation of Commitments.  There is the possibility that those with existing or future interests in the TLD industry are members of the team.  Providing persons on a review team with non-public pricing information across an entire industry (information that is not ICANN's to begin with) provides the possibility for anti-competitive conduct, even if there are restrictions in place for the use of the information, creates a significant risk to ICANN as a whole.

One of the concerns regarding the consideration of price-related information - whether it is publicly available or not - is the possibility that an outcome of a future review results in a price–related recommendation.  To that extent, any consideration of price-related recommendations is not recommended, as it would raise both legal and accountability issues.  ICANN does not wish to encourage the creation of recommendations that are legally not feasible to implement.  That outcome is not desirable for your team, for the review team, or for ICANN.  We look forward to working with you to continue to provide guidance on this issue as you complete your work.

Note: *While this legal concern is appreciated, the Working Group notes that none of the measures suggested in this draft advice document would require ICANN to issue any recommendations for how registrars and registries price their domain names.*