

# Google Registry

November 7, 2015

Via Electronic Mail

comments-competitive-effects-28sep15@icann.org

## **Re: Phase 1 Assessment of the Competitive Effects Associated with the New gTLD Program**

Charleston Road Registry d/b/a Google Registry (“Google Registry”) appreciates the opportunity to comment on the Phase 1 Assessment of the Competitive Effects Associated with the New gTLD Program (“Phase 1 Assessment”). Recognizing the work done to date, we offer the following recommendations to ICANN as it refines its Phase 1 assessment and develop its methodology for Phase 2. In particular, any review of the competitive effects of the new gTLD program should:

- Avoid broad conclusions about the competitive effect of new generic top-level domains (gTLDs) until the community has more experience with their impact on the market;
- Establish a methodology that recognizes various ways in which market players may differ; and
- Expand the research that informs the assessment to include inputs beyond survey data.

### **1. Avoid broad conclusions about the effect of new gTLDs on the market for domain names until the community has more experience with their impact on the market.**

The Affirmation of Commitments (AoC) between ICANN and the United States Department of Commerce states that the initial Competition and Consumer Trust Review should be organized within a year of new gTLDs being brought to market. Nevertheless, the market for new gTLDs is immature and, as such, it will be challenging and would be unwise to come to definitive conclusions about the state of the market at this time. In particular, many sought-after gTLDs have not yet launched, given additional time required to resolve application contentions. Likewise, few closed gTLD operators have had sufficient time to bring their top-level domain (TLD) to market. Recognizing the short time elapsed between delegation of new gTLDs and this review, Google cautions ICANN against drawing broad or definitive conclusions in its initial assessment of the effects of new gTLDs on the domains market. Instead, early reviews should support a longer-term, evolutionary study on the adoption of new gTLDs and other impacts on competition and consumer trust. Later reviews, which are required every four years under the AoC, can develop more robust assessments.

**2. Establish a methodology that recognizes various ways in which TLD operators may differ.**

ICANN's methodology for assessing competition should recognize the ways in which TLD offerings vary.

*First, the Phase 1 Assessment should provide a more nuanced assessment of price-based competition factors.* While the Phase 1 Assessment acknowledges that factors such as length may impact the value of a domain name, price-based comparisons of new gTLDs and legacy TLDs fail to account for these factors. Price-based comparisons focus on standard wholesale pricing and standard registrar pricing without adjusting for quality or accounting for price caps that exist in some legacy gTLDs. In addition, price-based comparisons fail to account for one of the key factors driving the launch of the new gTLDs: the perceived lack of "high-quality" domain names available in legacy TLDs. For all these reasons, the Phase 2 review should take into account additional factors such as length and semantic value (e.g., whether the domain name is a dictionary term or whether the second-level domain (SLD) is relevant to the TLD in question). For example, a study could look at a small set of SLDs and see whether SLDs are available for registration across new gTLDs and legacy TLDs; whether they are available in aftermarket channels; how they are priced (e.g. standard, premium auction, or premium buy it now); and what prices are offered. In addition, the study should take a closer look at the effect of price caps on price-based competition, including accounting for legacy gTLD operators that choose not to set their prices up to the established cap.

*Second, the assessment should develop a framework that generally accords consistent treatment to similar TLDs.* For example, the current study does not appear to adopt a consistent approach to how country code top-level domains (ccTLDs) are considered. In some instances, ccTLD data appears to be folded in with data for legacy gTLDs; elsewhere, ccTLD data is broken out separately from new and legacy gTLD data; for other parameters, ccTLD data appears to be excluded altogether. The assessment should establish a uniform position on whether ccTLD data should be included and how it should be included. In addition, ICANN should reconsider how it treats restricted models. Valuable comparisons could be drawn between community, exclusive access, and other restricted models from the 2012 new gTLD round and closed or restricted models of the past. For example, as described in previous comments by Google Inc. on closed generic TLDs, restricted TLDs like **.mil**, **.gov**, **.edu**, and **.cat** can deliver to users benefits in terms of personalization, sense of community, highly-tailored content, and increased consumer trust.<sup>1</sup> To that end, ICANN should not exclude closed or highly-restricted legacy TLDs from its Phase 1 Assessment. Instead, Google recommends that the survey consider whether community, exclusive access, and other restricted models from the current round are able to deliver similar benefits to these TLDs. Further, given the narrower target market, price comparisons may be more apt if similarly-restricted models are being compared.

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<sup>1</sup> See [Google Comment on Closed Generic Top Level Domains](#), March 7, 2013.

**3. Expand the research that informs the assessment to include inputs beyond survey data.**

The Phase 1 Assessment relies solely on survey data to draw conclusions about the effects of new gTLDs on competition and consumer trust. Without diminishing the value of such surveys, we believe that the Competition and Consumer Trust Review could be made more robust if it deployed additional methodologies, including direct studies of user and registrant behavior. The study could also be expanded by taking into consideration findings from other market research on the impacts of the new gTLD program and DNS trends more generally or conducting further research on trends and patterns.<sup>2</sup>

Google looks forward to working with ICANN and the community as it continues its work on the Competition and Consumer Trust Review.

Sincerely,

A handwritten signature in black ink that reads "Stephanie Duchesneau". The signature is written in a cursive, flowing style.

Stephanie Duchesneau  
Domains Policy and Compliance

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<sup>2</sup> Among others, market research on new gTLDs and DNS trends are regularly carried out by industry players including the Domain Name Association, Verisign, and Sedo.