

BEAU BRENDLER, DIRECTOR
CONSUMER WEBWATCH
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THANK YOU FOR THE OPPORTUNITY TO SPEAK TODAY. LET ME BRIEFLY DESCRIBE WHAT CONSUMER WEBWATCH IS: WE ARE A GRANT-FUNDED PROJECT OF CONSUMERS UNION, THE NON-PROFIT PUBLISHER OF CONSUMER REPORTS, SUPPORTED BY GRANTS FROM THE PEW CHARITABLE TRUSTS, THE JOHN S. AND JAMES L. KNIGHT FOUNDATION, AND THE OPEN SOCIETY INSTITUTE.

THROUGH ITS GRANTORS, CONSUMER WEBWATCH FUNDED THE CONSUMER REPORTS TRAVEL LETTER'S RESEARCH, AND CONSUMER WEBWATCH STAFF PARTICIPATED IN THAT RESEARCH. THE CONCLUSIONS REACHED BY THE CONSUMERS REPORTS TRAVEL LETTER THAT FORM THE TESTIMONY YOU HAVE HEARD FROM BILL MCGEE, ITS EDITOR, ARE OUR CONCLUSIONS AS WELL, AND, LIKE OTHER PUBLICATIONS OF CONSUMERS UNION, OUR FOCUS IS THE CONSUMER - WE ACCEPT NO ADVERTISING AND CONDUCT OUR RESEARCH WITH THE UTMOST CARE TO REACH UNBIASED, OBJECTIVE CONCLUSIONS.

CONSUMER WEBWATCH ALSO COMMISSIONED A RESEARCH PAPER BY HARRELL ASSOCIATES, A LEADING AIRLINE PRICING CONSULTING FIRM BASED IN NEW YORK CITY, COPIES OF WHICH HAVE BEEN PROVIDED TO YOU.

THIS REPORT IS ONE OF THE MOST COMPREHENSIVE OF ITS KIND WE HAVE SEEN, WITH IN-DEPTH DETAIL OF HOW THE AIRLINE TICKET-BOOKING INDUSTRY GREW FROM THE TIMES OF AIRLINE DEREGULATION TO THE PRESENT DAY, WITH ITS ENORMOUS PRESENCE ON THE WEB. IT CHARTS THIS HISTORY WITH AN AIM TO EDUCATE CONSUMERS NOT ONLY ABOUT HOW THESE SYSTEMS WORK, BUT ALSO TO RAISE CONCERNS ABOUT BIAS AMONG ONLINE INDEPENDENT TICKET-BOOKING SITES AND HOW THAT BIAS MIGHT AFFECT WHAT CONSUMERS PAY FOR FLIGHTS.

YOU HAVE ALREADY HEARD MANY OF THE REPORT'S CONCLUSIONS, AS HARRELL ASSOCIATES HAS ALSO PARTICIPATED IN PREVIOUS AND SIMILAR RESEARCH CONDUCTED BY THE CONSUMER REPORTS TRAVEL LETTER.

I WOULD LIKE TO ADD SOME ADDITIONAL CONCLUSIONS.

- Consumers can indeed find great bargains on airline ticket-booking sites, but it is important for them to learn as much as they can about how the sites work and who their various owners are. Sites should better separate airline and other advertising from screens of available fares, so the consumer is not manipulated into making a choice based on strategic placement of an ad.

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- Fees should be more clearly disclosed, earlier in transactions – not at the end after investing valuable time selecting a flight.

CONCURRENT WITH THE PUBLICATION OF THE CONSUMER REPORTS TRAVEL LETTER'S RESEARCH AND WITH THE HARRELL ASSOCIATES REPORT, CONSUMER WEBWATCH ALSO PROPOSED AND PUBLISHED THE FOLLOWING SIX GUIDELINES SPECIFICALLY FOR AIRLINE TICKET-BOOKING SITES. THESE GUIDELINES WERE FORMED IN CONJUNCTION WITH THE STAFF OF CONSUMER REPORTS TRAVEL LETTER AND WITH THE 28-PERSON ADVISORY BOARD OF CONSUMER WEBWATCH. THE CONSUMER WEBWATCH GUIDELINES WILL FORM THE BASIS IN THE FUTURE FOR RATINGS OF THESE SITES TO DETERMINE HOW THEY RESPOND TO AND COMPLY WITH OUR GUIDELINES.

THOSE SIX GUIDELINES ARE:

1. Airline ticket-booking sites should provide consumers with a comprehensive list of airlines and travel companies with which they do business. This list should be prominently displayed and easy to find, with a current date of last update.
2. Sites should provide consumers with basic explanations of how their Web booking technologies work, for instance, how they receive their flight and fare data, how often new or exclusive fares are loaded into the system, and what criteria are used to include or exclude fares.

3. Sites should tell consumers if a given fare is exclusive to that site, exclusive to a particular air carrier or affiliated carriers, or exclusive to the Internet. All quoted fares should include all necessary federal and local taxes, airport and security fees, fuel surcharges, and all other required taxes, fees, and surcharges.

4. Sites should provide basic definitions of these frequently used marketing terms: "low-fare," "lowest-fare," "discount fare," "discounted fare," and "nonstop" vs. "direct" vs. "connecting" flights. Sites should avoid making claims of offering a "lowest fare" if subsequent ticketing fees and service charges raise the price of a ticket sufficiently enough that a competitor's price, or an airline's own branded site, beats that fare.

5. The better sites will provide a 24-hour-a-day toll-free help desk to assist consumers with changes, cancellations and refunds, and the booking of multi-city or other complicated itineraries. At a minimum, sites should in writing provide all relevant information and instructions for dealing with changes, cancellations, refunds and multi-city bookings.

6. Sites should provide consumers with a comprehensive list or drop-down menu of all airports served, and their related codes, by geographic area. This information should be prominently displayed and easy to find with a current date of last update. To assist in fare searches, the better sites will allow consumers to tailor the search by airport, stops en route, and seat selection, and allow for changes mid-search.

WE AT CONSUMER WEBWATCH BELIEVE THAT
INDEPENDENT AIRLINE TICKET-BOOKING SITES WILL
IMPROVE THEIR CREDIBILITY, USABILITY AND
CUSTOMER LOYALTY BY ADOPTING THESE
GUIDELINES AND THE GENERAL GUIDELINES
CONSUMER WEBWATCH (<http://www.consumerwebwatch.org>)
PROPOSED FOR ALL WEB SITES AT ITS LAUNCH APRIL
16, 2002.

THANK YOU VERY MUCH FOR YOUR TIME TODAY.