

Opinion: Hidden hotel fees are ripping off tourists

By Ed Perkins, Tribune Media Services

“Stop hotels from hiding part of their true prices from consumers and business travelers.” That’s the message Kevin Mitchell of the Business Travel Coalition and I sent to the Federal Trade Commission (FTC) on Aug. 27, 2012.

Our target, of course, is the mandatory “fees” that hotels add to the room rates they post as supposedly independent fees rather than as integral parts of their true prices. The most common are “resort,” “housekeeping,” and “Internet access” fees, but business travel columnist Joe Sharkey recently identified mandatory fees for grounds-keeping and a “bell captain” fee.

Our objection to these fees is simple: If they’re mandatory, they should be included in the hotel’s base room rate. As it works now, these fees are yet another case of “split pricing,” or as the FTC calls them, “drip pricing.” You know how it works: A hotel that wants to collect, say, \$200 a night for a room, instead posts a phony rate of \$170 a night, then adds one or more mandatory fees to make up the \$30 difference.

The problem, of course, is that it’s the phony \$170 price the hotel posts online and submits to the online pricing sites; you don’t find out about the true \$200 price until later – maybe not until you’ve made a nonrefundable purchase. Hiding the fees from their initial price displays, even when shown before final purchase and sometimes not even then, is clearly deceptive. A related deception is failure to include a value added tax (VAT) in displayed prices for European hotels.

As we note in our submission to the FTC, mandatory artificial “fees” and hidden VAT make a hotel’s posted rate appear to be

below its true price often enough to drive consumer choices in the travel marketplace. This widespread drip pricing damages almost all important stakeholders in the marketplace for hotel/resort accommodations.

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