

Booking and Bidding Sight Unseen:  
A Consumer's Guide to Opaque Travel Web Sites

A Research Report Prepared for Consumer WebWatch by:

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## Opaque Project Executive Summary

In fewer than 10 years, the burden of booking travel has largely shifted from professionals — reservations agents, travel agents, corporate travel managers — to travelers themselves. This has occurred for both leisure and business trips, as more and more consumers have begun tackling the intricacies of booking airline seats, hotel rooms, rental cars, vacation packages, and even more complicated purchases such as tours and cruises.

For the travel industry, it has meant huge reductions in the cost of distributing travel products. It's also meant the emergence of the new and burgeoning online travel industry.

For consumers, it's meant both good and bad news. There's no doubt the Internet has brought lower fares and rates in many cases. But the risks and responsibilities of booking have been assumed by consumers as well.

Booking travel can be complicated, but the complexities increase tremendously when a consumer books through an "opaque" travel Web site such as Hotwire or Priceline that does not reveal key aspects of the itinerary — including the name of the airline, hotel property, or car rental firm — until after the non-refundable reservation has been made. Further, that process can be even more complex if the opaque site requires the consumer to bid for the travel product, as Priceline does.

Consumer WebWatch has been testing travel Web sites for more than a year, and has expanded upon testing methodologies first developed more than three years ago by *Consumer Reports Travel Letter* (which ceased publication in 2002). Over time, Consumer WebWatch has examined bookings for airlines, hotels, and car rentals. After much development, Consumer WebWatch finally created testing systems to examine the opaque sites.

This research report focuses on that testing, which encompassed both Hotwire and Priceline, as well as non-opaque travel Web sites Expedia, Orbitz, Quikbook, and Travelocity, and Sabre, a global distribution system (GDS) used by travel agencies. For the first time, Consumer WebWatch not only examined the fare and rate information but actually booked travel products. Approximately \$38,000 of airline seats, hotel rooms, and rental cars were processed by Consumer WebWatch testers for this project. These reservations were then donated to the Make-A-Wish Foundation of America.

Testing "integrated" travel Web sites — such as Expedia, Orbitz, and Travelocity — presented certain challenges, but ultimately there emerged a strong "apples-to-apples" methodology. The same applied to testing "branded" travel Web sites maintained by airlines, hotel chains, and car rental firms. But testing opaque travel Web sites presented new hurdles for Consumer WebWatch. The primary

challenge was to develop methodologies that would allow all of the Web sites to be compared in a fair and equitable manner, in real time.

Based on the inherent differences between opaque and transparent travel Web sites, this project was conceived to answer two fundamental questions:

1) Are the fares and rates provided by either or both of the leading opaque travel Web sites — Hotwire and Priceline — truly lower than fares and rates provided by leading transparent travel Web sites when tested under real-time, apples-to-apples conditions?

2) If the fares and rates provided by either or both Hotwire and Priceline truly are lower than fares and rates provided by leading transparent travel Web sites, are the trade-offs required by the opaque sites worth the savings?

Consumer WebWatch believes it has fully addressed both these questions. These and many other issues are covered in this research report.

After months of examining, testing, and analyzing these Web sites, some of the most significant findings emerged. Among them were the following:

- In all three sectors of this testing — airlines, hotels, and car rentals — either Priceline or Hotwire provided the highest number and percentage of lowest rates.
- Priceline emerged as the clear winner at providing the highest number and percentage of lowest rates for airlines, hotels, and car rentals, and did so 47% of the time.
- Hotwire fared well, ranking third by providing lowest fares and rates 19% of the time, but lagged behind both Priceline and Orbitz in the overall rankings for lowest fares and rates.
- The trade-offs required by Hotwire and especially by Priceline make using these opaque Web sites a very subjective decision for many consumers. Yes, they're usually better than non-opaque Web sites at delivering lower fares and rates. But both conceal key details of the trip, both offer non-refundable bookings, both always charge booking fees, and both usually do not provide loyalty program miles or points.
- In addition, Priceline is more cumbersome and time-consuming to use and may require changing key trip aspects, including departure dates and times, airports, hotel locations, and rental vehicle types.
- Two non-opaque Web sites posted impressive numbers without requiring these trade-offs. Orbitz ranked second overall by providing lowest fares and rates 20%

of the time. And Quikbook, which only sells hotel rooms, led the non-opaque Web sites in providing the lowest hotel rates.

- Unfortunately, concerns over deceptive pricing displays, discussed in a previous research report, were raised once again when an incorrect (lower) rate was posted by Orbitz and the user was not notified that this rate was no longer available. This issue was first addressed by Consumer WebWatch in an examination of car-rental booking sites (<http://www.consumerwebwatch.org/news/carrentals/index.html>).

- In addition, concerns over potential bias emerged again as well. Expedia's initial display of car rental companies continued to omit key rental firms that often offered lower rates. Previously Expedia stated that the rental firms not listed on the initial displays are not "part of our preferred partner program at this time."

The project was directed by William J. McGee, a travel journalist and consultant to Consumer WebWatch and the Editor of *Consumer Reports Travel Letter* from 2000 to 2002. Harrell Associates Inc., based in New York City, provided paid assistance by helping to develop testing methodologies and providing fares and rates from Sabre, a global distribution system (GDS) used by travel agencies, during the testing period; however, Harrell Associates was not involved in the preparation of this research report. Additional research assistance was not compensated for but provided by Forrester Research, a Cambridge, Mass.-based technology research firm, and PhoCusWright, a Sherman, Conn.-based tourism and hospitality industry intelligence consulting firm.

The project was completely funded by Consumer WebWatch. Employees of Consumer WebWatch assisted in drafting the methodology, participated in the testing, and contributed to this research report. The research report was edited by Beau Brendler, the director of Consumer WebWatch.

## **Consumer WebWatch Mission Statement**

Consumer WebWatch is a project of Consumers Union, the non-profit publisher of *Consumer Reports* magazine. The project is supported by grants from The Pew Charitable Trusts, the John S. and James L. Knight Foundation, and the Open Society Institute. Consumer WebWatch in turn funded the research and production of this report, as it has done with similar reports on Web site credibility. The full archive of Consumer WebWatch research reports can be found at <http://www.consumerwebwatch.org/news/researcharchive.htm>.

Consumer WebWatch's mission is to improve the credibility of Web sites, through research, through articulation of best practices guidelines in specific sectors of Web publishing, and by working with ConsumerReports.org to produce ratings of Web sites using those guidelines. Ratings of the opaque or "blind-bidding" sites will be forthcoming in 2003, using research conclusions from this report.

## Consumer WebWatch Travel Projects in 2003-2004

Consumer WebWatch remains committed to testing, researching, and reporting on the Internet. But since travel is the single largest source of online commerce, Consumer WebWatch is particularly dedicated to providing unbiased, detailed, accurate, and repetitive testing of travel Web sites.

Here is a summary of the travel Web site projects undertaken to date:

- Consumer WebWatch teamed with *Consumer Reports Travel Letter* (which ceased publication in December 2002) to extensively test travel Web sites providing domestic airfares and released the results in June 2002. This report is available at [www.consumerreports.org/main/detailv2.jsp?CONTENT%3C%3Ecnt\\_id=158287&FOLDER%3C%3Efolder\\_id=158259&bmUID=1033759487281](http://www.consumerreports.org/main/detailv2.jsp?CONTENT%3C%3Ecnt_id=158287&FOLDER%3C%3Efolder_id=158259&bmUID=1033759487281).
- “Booking Hotels Online: An In-Depth Examination of Leading Hotel Web Sites,” was a research report that was released in April 2003. This report is available at [www.consumerwebwatch.org/news/hotels/index.html](http://www.consumerwebwatch.org/news/hotels/index.html).
- “An Analysis of the Potential Benefits and Dangers of Booking Through a Car Rental Web Site,” was a research report that was released in October 2003. This report is available at <http://www.consumerwebwatch.org/news/carrentals/index.html>.

Consumer WebWatch will continue to test and evaluate travel Web sites throughout 2004. A minimum of three projects will be undertaken. This will include a forthcoming examination of international airfare booking sites, slated for publication in Spring 2004.

## A Brief Overview of Opaque Travel Web Sites

As Consumer WebWatch has noted in the past, the Internet has remained the least expensive method for travel suppliers such as airlines, hotel chains, and car rental firms to distribute their products. Undoubtedly this has contributed to travel's ranking as the largest source of online commerce.

Many travel companies are using all the marketing tools at their disposal — including discounting prices and offering bonus loyalty-program mileage and points — to direct more consumers to the Web in an ongoing effort to continually reduce distribution costs. The latest research indicates that these efforts are paying off: Travel booked through the Internet continues to grow briskly. An estimated 30.7 million households in the U.S. will buy travel online in 2004, an 8% increase from the 28.5 mark reached in 2003, according to technology research firm Forrester Research, based in Cambridge, Mass.

It's important to note that there are critical differences in the sales and booking tools employed by online travel companies. In general, travel Web sites can be broken down into three separate and distinct categories:

- **BRANDED SITES:** these sites are owned by one or more travel suppliers and are basically dealerships selling a single line of products (e.g., American Airlines) or consortia of partner products (e.g., Northwest Airlines-KLM Royal Dutch Airlines).
- **INTEGRATED TRANSPARENT SITES:** these sites may or may not be owned by travel suppliers but they act as online travel agencies offering multiple products from competing companies at varying fares and rates (e.g., Expedia, Orbitz, Travelocity); the identities of the travel suppliers as well as the fares and rates are provided to the consumer prior to booking.
- **INTEGRATED OPAQUE SITES:** these sites may or may not be owned by travel suppliers but they offer multiple products from competing companies at varying fares and rates and the identities of the travel suppliers are not provided to the consumer prior to booking (e.g., Hotwire, Priceline). In addition, the consumer may be required to bid for a fare or rate prior to booking (e.g., Priceline).

Opaque travel Web sites sell excess inventory (airline seats, hotel rooms, car rental vehicles, vacation packages, and cruises) directly to consumers. They claim to offer steeper discounts on fares and rates than those offered by non-opaque travel Web sites or traditional offline methods of distribution, such as “brick-and-mortar” travel agencies, telephone reservations centers, or ticket offices.

The two largest opaque sites, Hotwire and Priceline, are not shy about their sales claims. Hotwire, for example, says it negotiates “special prices” that “can’t be found anywhere else.” These discounts, dubbed “Hot-Fares” and “Hot-Rates,” were the basis of a national television advertising campaign launched in June 2003, which celebrated “cheap” behavior with the slogan, “You’re Our Kind of Customer.” In fact, Hotwire’s slogan is “Fly. Sleep. Drive. Cheap.”

Priceline, meanwhile, claims on its Web site that “a substantial percentage of consumers” who purchased airline tickets through Priceline have saved up to 40% off “lowest published fares” concurrently available for sale, and up to 60% for last-minute travel booked within 7 days. A key issue is whether “lowest published fares” refers only to airfares provided to reservations clearing houses and global distribution systems (GDSs) such as Sabre, or also refers to “Web-only” fares offered by transparent rivals such as Expedia, Orbitz, and Travelocity. In this study, Consumer WebWatch directly addressed this question by querying fares and rates side-by-side from Hotwire and Priceline, as well as Sabre, Expedia, Orbitz, Travelocity, and the hotel-booking site Quikbook.

Hotwire and Priceline have the benefit of a sizeable built-in audience: One of every five consumers who book leisure or pleasure trips online is a “mercenary traveler” most concerned about getting the lowest fare or rate, according to data provided by Forrester. “Most people are not using an opaque site to plan the vacation of a lifetime,” says Henry Harteveltdt, a principal analyst for Forrester. “These sites are, however, perfectly good ways to find a quality hotel room and to stretch your travel dollars.”

The Forrester report revealed that users of leading integrated travel Web sites differ on what factors are most important to them. The lowest price was more important to certain users than the travel company brand or the existence of a traveler loyalty program offering mileage or points. The breakdown of those who cited the importance of obtaining the lowest price was as follows:

- 26% of Hotwire users
- 19% of Priceline users
- 18% of Orbitz users
- 15% of Travelocity users
- 13% of Expedia users

Obviously, these differences divided the users of opaque and transparent travel Web sites. And in a direct comparison between Hotwire and Expedia, for example, there were twice as many Hotwire users who cited the lowest price factor. In some ways, these findings may indicate a rapid maturation and brand differentiation within the online travel industry, which is itself less than a decade old. Some travel Web sites may have successfully found market niches for certain types of consumers. Hotwire and Priceline would seem to be two examples.

Hotwire, based in San Francisco, was launched online in October 2000. Although Priceline is not supported directly by travel suppliers, Hotwire was founded with the financial backing of six of the nation's largest airlines (American, America West, Continental, Northwest, United, and US Airways). In July 2003, Hotwire reported a record-breaking second quarter, with \$195 million in gross travel bookings (a 64% increase over the previous quarter) and net income of \$2.5 million.

Priceline, based in Norwalk, Conn., came on the scene in April 1998. In November 2003, the company reported strong financial results for the third quarter, including a gross profit of \$40.6 million and gross travel bookings of \$275.3 million. This marked a strong turnaround from late 2000, when the company was forced to reorganize and lay off employees due to a combination of financial set backs and customer-service problems that reached its nadir when the Better Business Bureau in its home state of Connecticut temporarily revoked its membership. At that time Priceline also scrapped ambitious plans for expansion into additional non-travel arenas, including term life insurance and cellular telephones (Priceline still maintains a personal finance division).

It's worth noting that both of the leading opaque travel Web sites have ties to non-opaque travel sites. In 2002, Priceline acquired Lowestfare, an integrated transparent travel Web site, and also operates a non-booking travel site called RentalCars.com. Hotwire is now a sister company of Expedia and Hotels.com, having been acquired in November 2003 by IAC/InterActiveCorp (USA Interactive), a rapidly expanding travel distribution network. Interestingly, at press time Hotwire still maintained a marketing partnership with Orbitz, an integrated transparent travel Web site and a direct competitor of Expedia.

Together these two Web sites dominate the opaque travel market, collectively accounting for \$1.547 billion in travel bookings in the U.S. in 2002, according to PhoCusWright, a tourism and hospitality industry intelligence consulting firm based in Sherman, Conn. And the opaque market is larger than many may suspect. PhoCusWright says that Hotwire and Priceline combined for a healthy 10.4% of the total \$14.85 billion spent in online leisure and unmanaged business travel agency bookings in the U.S. in 2002.

Although both Hotwire and Priceline are categorized together under the broad heading of opaque travel sites, there are crucial differences in their booking methodologies and consumer interfaces. Examining these differences was a key component of the testing that is described in this research paper. In short, Consumer WebWatch sought to compare Hotwire and Priceline to each other, and to transparent integrated Web sites as well.

Generally speaking, a consumer can use either Hotwire's or Priceline's search functions to indicate the broad parameters of an airline, hotel, or car rental

itinerary. Each site then sifts through available inventory for appropriate products. There the similarities end, for these sites differ drastically in defining how the term “opaque” is presented to consumers.

Hotwire discloses the price of available inventory upfront. However, prior to a non-refundable booking, Hotwire does not reveal the name of the travel supplier or certain particulars of the itinerary which would reveal the identity of the supplier (such as exact flight times or exact location of a hotel property).

Priceline, on the other hand, offers a much more complicated and time-consuming process of bidding and even counter-bidding. These procedures are summed up in the company’s “Name Your Own Price” slogan. The consumer not only does not know the name of the travel supplier, but he or she also does not know many of the particulars of the itinerary, and in certain cases must be flexible about changes such as flight times, airports, length of stay, and rental vehicle types. Priceline claims to notify customers whether their bid is accepted within 3 minutes, on average, but Consumer WebWatch testers found that this often took much longer. The Priceline process is examined at length on page 30.

Both Hotwire and Priceline reveal the complete travel itinerary details only after the booking is confirmed for the airline seat, hotel room, or car rental vehicle (and the consumer’s charge card has been billed for a non-refundable sale). Both Web sites charge booking fees, detailed at length on pages 37 and 41. And consumers who book through Hotwire and Priceline forgo accruing mileage or points in traveler loyalty programs in nearly all cases.

Consumers are advised that such trade-offs are worth the savings offered by Hotwire and Priceline in comparison to other booking channels. By requiring consumers to be flexible about their travel plans, in exchange for the claim of deeply-discounted fares and rates, Hotwire and Priceline have quickly remade the face of online travel. This is one reason why Consumer WebWatch had been eager to develop proper and reliable testing methodologies for opaque travel Web sites, so that such claims about discounting could be accurately and fairly examined.

For travel suppliers, opaque Web sites provide yet another sales strategy as they seek to continually lower their distribution costs. Opaque Web sites undoubtedly help travel companies unload inventory that would have remained unsold, without cannibalizing existing distribution and retail sales channels. This point is made even more compelling by another piece of Forrester data: More than 10 million U.S. households reported taking at least one unplanned, unbudgeted trip in the last year. It seems certain that many of them have turned to opaque travel Web sites to help plan those trips.

## Opaque Project Testing Methodology and Parameters

Consumer WebWatch announced early in 2003 that it would launch several in-depth examinations of travel Web sites. This research paper focuses solely upon testing of opaque travel Web sites.

What follows is an in-depth presentation of the testing methodology and parameters.

### Selection of Web Sites

Consumer WebWatch analyzed market share data and other factors before deciding which Web sites to include in this testing. Consumer WebWatch was assisted in this analysis by Harrell Associates Inc., based in New York City.

For these tests, the two largest opaque travel Web sites were selected: Priceline and Hotwire. Sabre, the largest global distribution system (GDS) in North America, also was included so that testers would receive ballpark bidding figures in real-time. In addition, the three largest non-opaque, integrated travel Web sites — Expedia, Orbitz, and Travelocity — were included as benchmarks for the opaque fares and rates. Finally, a discount hotel-booking site, Quikbook, was included as another benchmark for hotel tests only.

Here is further information about the six travel Web sites and the one GDS:

- Expedia ([www.expedia.com](http://www.expedia.com)) is based in Bellevue, Wash. and is owned by IAC/InterActiveCorp (USA Interactive). Expedia was formerly owned by Microsoft. Expedia is a sister company of Hotels.com and Hotwire.
- Hotwire ([www.hotwire.com](http://www.hotwire.com)) is based in San Francisco. In November 2003, after this testing was completed, Hotwire was acquired by IAC/InterActiveCorp (USA Interactive). Hotwire was formerly backed by Texas Pacific Group and six major U.S. airlines: America West Airlines, American Airlines, Continental Airlines, Northwest Airlines, United Airlines, and US Airways. Hotwire is a sister company of Expedia and Hotels.com. In addition, Hotwire is a marketing partner of Orbitz.
- Orbitz ([www.orbitz.com](http://www.orbitz.com)) is based in Chicago and is owned by the nation's five largest airlines: American Airlines, Continental Airlines, Delta Air Lines, Northwest Airlines, and United Airlines. Orbitz has no travel-related sister companies. Orbitz is a marketing partner of Hotwire.
- Priceline ([www.priceline.com](http://www.priceline.com)) is based in Norwalk, Conn. and its stock is publicly traded on NASDAQ (PCLN). Priceline is a sister company of Lowestfare.com and RentalCars.com. In addition, Priceline.com is part-owner of Travelweb LLC.

- Quikbook ([www.quikbook.com](http://www.quikbook.com)) is based in New York City and is privately held. Quikbook has no travel-related sister companies.
- Sabre Travel Network is based in Southlake, Texas and is owned by Sabre Holdings. Sabre is the largest global distribution system (GDS) used by travel agencies in North America, and claims its market share is nearly 50%. Sabre was formerly owned by AMR, the parent company of American Airlines. Sabre is a sister company of Travelocity.
- Travelocity ([www.travelocity.com](http://www.travelocity.com)) is based in Fort Worth, Texas and is owned by Sabre Holdings. Travelocity was formerly owned by AMR, the parent company of American Airlines. Travelocity is a sister company of Sabre Travel Network.

An important note: Consumer WebWatch and *Consumer Reports Travel Letter* have found that the results provided by Sabre and the results provided by its sister company, Travelocity, are rarely consistent, even though Travelocity is “powered” by Sabre. In recent tests, Travelocity has repeatedly provided lower rates than Sabre. In addition, we have found that the results provided by other travel Web sites “powered” by Sabre (or the other GDS used in our testing) have rarely been consistent as well.

## **Methodology**

All testing conducted by Consumer WebWatch was performed by trained individuals upon completion of dry-run testing. Statistical analysis provided by Consumers Union led to the creation of eight separate tests, grouped into five separate testing days. Testing times were varied throughout the course of several weeks in late August and early September 2003.

All testing was scheduled in advance and completed simultaneously in real-time. However, the nature of this testing required minor adjustments to the standard Consumer WebWatch testing procedures. First, fares and rates were queried in Sabre and immediately forwarded to the testers, and then bids were placed in Priceline, while simultaneously fares and rates were queried in the remaining Web sites.

Two factors differentiated this project from previous travel Web site testing projects undertaken by Consumer WebWatch and *Consumer Reports Travel Letter*.

First, these tests were not confined to a single sector of the travel industry, but instead all three major categories were included: airlines, hotels, and car rentals.

Second, for the first time, actual travel products were purchased. This was done via Hotwire and Priceline only, so that the testers could determine the specifics of the itineraries being booked. (In TEST #5 only, the tester queried fares and rates

from Hotwire but did not book, since it was determined which travel companies would be among those provided for the specific itineraries requested.)

During the course of this project, Consumer WebWatch spent approximately \$38,000 for airline seats, hotel rooms, and rental cars. Most of these purchases - totaling \$36,671 - were donated to the Make-A-Wish Foundation of America, a Phoenix-based non-profit organization that grants special trips and other gifts to children with life-threatening medical conditions. A small percentage of the products purchased in the tests were bought by Consumers Union employees and consultants.

An important note: For the first time in the history of its testing of online travel sites, Consumer WebWatch invalidated an entire test because it was determined the results were not statistically valid, when most of the tested Web sites were unable to provide rates for the specific itinerary requested. This occurred with TEST #1, a set of 15 trials for hotel rates, totaling 105 queries. These results were not tabulated with the other test results. However, these results are included and discussed in Appendix II on pages 38 and 41, for informational purposes.

Therefore, this project consisted of 120 separate trials, for a total of 840 queries across all six Web sites and Sabre. The breakdown was as follows:

- AIRLINES (270 queries)
- HOTELS (210 queries)
- CAR RENTALS (360 queries)

### **Testing Parameters and Specific Testing Criteria**

Each test consisted of searching for specific fares and rates in U.S. dollars throughout the mainland U.S., Alaska, Hawaii, and Puerto Rico. What follows are detailed breakdowns for each of the three travel products: airlines, hotels, and car rentals.

#### **AIRLINES**

Each test consisted of searching for airfares in U.S. dollars on 15 high-volume domestic routes between major airports in cities throughout the mainland U.S. and Hawaii. Consumer WebWatch examined passenger traffic and airfare data provided by the U.S. Department of Transportation in selecting these routes. Most of these routes offered nonstop service, multiple carriers, and low fare service. Furthermore, these routes represented a mix of both leisure and business trips.

For TEST #1, the routes were:

- 1) Boston — Tampa
- 2) New York — Orlando
- 3) Baltimore — Phoenix
- 4) Pittsburgh — New Orleans
- 5) Atlanta — San Diego
- 6) Miami — St. Louis
- 7) Cleveland — Orlando
- 8) Cincinnati — Miami
- 9) Detroit — Seattle
- 10) Chicago — Los Angeles
- 11) Minneapolis-St. Paul — Las Vegas
- 12) Denver — Honolulu
- 13) San Francisco — Baltimore
- 14) Los Angeles — Atlanta
- 15) San Diego — Houston

For TEST #4 and TEST #5 (identical routes but different booking windows), the routes were:

- 1) New York — Orlando
- 2) New York — Fort Lauderdale
- 3) New York — Tampa
- 4) New York — West Palm Beach
- 5) Atlanta — Orlando
- 6) Atlanta — Tampa
- 7) Atlanta — Miami
- 8) Atlanta — Las Vegas
- 9) Dallas — Houston
- 10) Dallas — Las Vegas
- 11) Dallas — New Orleans
- 12) Dallas — San Diego
- 13) Denver — Minneapolis-St. Paul
- 14) Denver — Las Vegas
- 15) Denver — Seattle

• Each test consisted of searching for airfares. Booking criteria were established in advance.

For TEST #1, these criteria included:

- One adult fare
- Economy or coach class
- Round-trip
- Any local airport
- Non-stop flight
- Single-airline itineraries

- Flight times at any time of day are acceptable for both departure and arrival
- No special or corporate rate programs (government, military, AARP, AAA, etc.)
- No frequent flyer program membership

Note that not all Web sites allowed such specificity for each test, but these parameters were established in advance to ensure consistency.

For TEST #4 and TEST #5, these criteria included:

- One adult fare
- Economy or coach class
- Round-trip
- Any of the listed airports
- Connecting flights are acceptable
- Multiple-airline itineraries are acceptable
- Flight times at any time of day are acceptable for both departure and arrival
- No special or corporate rate programs (government, military, AARP, AAA, etc.)
- No frequent flyer program membership

NOTE: Again, not all Web sites allowed such specificity for each test, but these parameters were established in advance to ensure consistency.

- In order to simulate a variety of trips, the advance booking windows varied. The booking times were:

TEST #1 (SHORT BOOKING): 5 days in advance  
 TEST #4 (LONG ADVANCE BOOKING): 28 days in advance  
 TEST #5 (VERY SHORT BOOKING): 1 day in advance

- In a further effort to simulate a variety of trips, the length of the stays varied as well. The stays were:

TEST #3: 2 days  
 TEST #4: 4 days  
 TEST #5: 2 days

## HOTELS

This test consisted of searching for hotel rates in U.S. dollars in 30 major cities throughout the mainland U.S., Alaska, Hawaii, and Puerto Rico. These cities represented a mix of both leisure and business destinations.

For TEST #2, the cities were:

- 1) Boston/Logan International Airport (BOS)
- 2) New York/LaGuardia Airport (LGA)
- 3) Philadelphia/International Airport (PHL)
- 4) Pittsburgh/International Airport (PIT)
- 5) Baltimore/Baltimore-Washington International Airport (BWI)
- 6) Washington, D.C./Dulles International Airport (IAD)
- 7) Charlotte/Douglas International Airport (CLT)
- 8) Atlanta/Hartsfield International Airport (ATL)
- 9) Orlando/International Airport (MCO)
- 10) Tampa/International Airport (TPA)
- 11) Miami/International Airport (MIA)
- 12) San Juan/Luis Munoz Marin International Airport (SJU)
- 13) Cleveland/Hopkins International Airport (CLE)
- 14) Cincinnati/International Airport (CVG)
- 15) Minneapolis/Minneapolis-St. Paul International Airport (MSP)
- 16) Chicago/O'Hare International Airport (ORD)
- 17) St. Louis/Lambert International Airport (STL)
- 18) New Orleans/International Airport (MSY)
- 19) Dallas/Dallas-Fort Worth International Airport (DFW)
- 20) Houston/George Bush Intercontinental Airport (IAH)
- 21) Denver/International Airport (DEN)
- 22) Salt Lake City/International Airport (SLC)
- 23) Phoenix/Sky Harbor Airport (PHX)
- 24) Las Vegas/McCarron International Airport (LAS)
- 25) Anchorage/International Airport (ANC)
- 26) Seattle/Seattle-Tacoma International Airport (SEA)
- 27) San Francisco/International Airport (SFO)
- 28) Los Angeles/International Airport (LAX)
- 29) San Diego/Lindbergh International Airport (SAN)
- 30) Honolulu/International Airport (HNL)

- Each test consisted of searching for the same room type: a three-star property (or equivalent) near a major airport. Note that not all Web sites allowed such specificity for each test, but these parameters were established in advance to ensure consistency.

- Booking criteria were established in advance. These criteria included:

- Two adults; no children
- One queen-sized room
- Non-smoking
- No special or corporate rate programs (government, military, AARP, AAA, etc.)
- No frequent guest program membership

NOTE: Again, not all Web sites allowed such specificity for each test, but these parameters were established in advance to ensure consistency.

- The booking times were:

TEST #2 (ADVANCE BOOKING): 14 days in advance

- The length of the hotel stay was:

TEST #2: 2 nights

## CAR RENTALS

Each test consisted of searching for car rental rates in U.S. dollars at either 30 major airports or 15 major airports in cities throughout the mainland U.S., Alaska, Hawaii, and Puerto Rico. These airports represented a mix of both leisure and business destinations.

For TEST #3, the airports were:

- 1) Boston/Logan International Airport (BOS)
- 2) New York/LaGuardia Airport (LGA)
- 3) Newark/Liberty International Airport (EWR)
- 4) Philadelphia/International Airport (PHL)
- 5) Washington, D.C./Dulles International Airport (IAD)
- 6) Washington/Reagan Washington National Airport (DCA)
- 7) Atlanta/Hartsfield International Airport (ATL)
- 8) Orlando/International Airport (MCO)
- 9) Tampa/International Airport (TPA)
- 10) West Palm Beach/Palm Beach International Airport (PBI)
- 11) Fort Lauderdale/Fort Lauderdale-Hollywood Airport (FLL)
- 12) Miami/International Airport (MIA)
- 13) San Juan/Luis Munoz Marin International Airport (SJU)
- 14) Cleveland/Hopkins International Airport (CLE)
- 15) Chicago/O'Hare International Airport (ORD)
- 16) St. Louis/Lambert International Airport (STL)
- 17) New Orleans/International Airport (MSY)
- 18) Dallas/Dallas-Fort Worth International Airport (DFW)
- 19) Houston/George Bush Intercontinental Airport (IAH)
- 20) Denver/International Airport (DEN)
- 21) Salt Lake City/International Airport (SLC)
- 22) Phoenix/Sky Harbor Airport (PHX)
- 23) Las Vegas/McCarron International Airport (LAS)
- 24) Anchorage/International Airport (ANC)
- 25) Seattle/Seattle-Tacoma International Airport (SEA)

- 26) San Francisco/International Airport (SFO)
- 27) Los Angeles/International Airport (LAX)
- 28) San Diego/Lindbergh International Airport (SAN)
- 29) Honolulu/International Airport (HNL)
- 30) Maui/Kahului Airport (OGG)

For TEST #4 and TEST #5 (identical airports but different booking windows), the airports were:

- 1) Newark/Liberty International Airport (EWR)
- 2) Atlanta/Hartsfield International Airport (ATL)
- 3) Orlando/International Airport (MCO)
- 4) Tampa/International Airport (TPA)
- 5) West Palm Beach/Palm Beach International Airport (PBI)
- 6) Fort Lauderdale/Fort Lauderdale-Hollywood Airport (FLL)
- 7) Miami/International Airport (MIA)
- 8) New Orleans/International Airport (MSY)
- 9) Denver/International Airport (DEN)
- 10) Phoenix/Sky Harbor Airport (PHX)
- 11) Las Vegas/McCarron International Airport (LAS)
- 12) San Francisco/International Airport (SFO)
- 13) Los Angeles/International Airport (LAX)
- 14) San Diego/Lindbergh International Airport (SAN)
- 15) Honolulu/International Airport (HNL)

- Rates were accepted for car rental companies located at these airports. In most cases, the companies provided “on-airport” service but in some cases they provided “off-airport” service. However, rates from other locations were not accepted.

- Each test consisted of searching for the same vehicle type: a midsize/intermediate car. The vehicle specifics (number of doors, air conditioning, automatic transmission, etc.) were established in advance. No optional extras (child seats, ski racks, cell phones, etc.) were requested.

Note that not all Web sites allowed such specificity for each test, but these parameters were established in advance to ensure consistency.

- Booking criteria were established in advance. These criteria included:
  - Picking up from and returning to the same location
  - No second driver
  - No underage driver
  - No special or corporate rate programs (government, military, AARP, AAA, etc.)
  - No frequent renter program membership

NOTE: Again, not all Web sites allowed such specificity for each test, but these parameters were established in advance to ensure consistency.

- In order to simulate a variety of trips, the advance booking windows varied. The booking times were:

TEST #3 (SHORT BOOKING): 2 days in advance

TEST #4 (LONG ADVANCE BOOKING): 29 days in advance

TEST #5 (VERY SHORT BOOKING): 1 day in advance

- In a further effort to simulate a variety of trips, the length of the rental periods varied as well. The rental periods were:

TEST #3: 3 days

TEST #4: 2 days

TEST #5: 1 day

## **Booking Procedures**

As noted, Consumer WebWatch purchased nearly \$38,000 of airline seats, hotel rooms, and rental cars through Hotwire and Priceline. Since these and other travel Web sites employ security safeguards that prevent suspicious and/or multiple travel bookings, this meant using a variety of booker identities, traveler identities, charge card accounts, and computer terminals.

Consumers Union employees obtained charge cards and E-mail accounts specifically for this testing. Since anonymity is a crucial component of all Consumer WebWatch testing, Hotwire and Priceline were not notified about these booking procedures. However, despite our best efforts, on several occasions throughout the testing period the repetitive bookings triggered security alerts from both the charge card vendors and the Web sites themselves. When this happened, booking continued using other identities.

During the testing, Consumers Union pro-actively notified the charge card vendors and asked that any relevant authorities be notified as well. However, it was not until the testing was completed that Consumers Union notified Hotwire and Priceline, in an effort to avoid a security-based investigation.

## **Selection of Results**

As noted in previous reports, the technological tools and viewer interfaces employed by travel Web sites have greatly evolved in recent years, so Consumer WebWatch broadened its testing methodology. Specifically, Consumer WebWatch no longer analyzes lowest rates and fares based upon the first rate or fare returned, a method that was previously employed by *Consumer Reports*

*Travel Letter* and Consumer WebWatch. This had been done because at one time all integrated travel Web site screens resembled the vertical presentations pioneered by global distribution systems (GDSs). Because these screens have evolved, the testing methodology evolved as well.

This project proved to be the most challenging for Consumer WebWatch in many ways. One of the primary challenges was developing “apples-to-apples” methodologies for comparing results. The Web sites tested employed a variety of methods to display their fares and rates and we strove to be fair and consistent in comparing these prices.

For Expedia, the lowest fares and rates were culled from either the first five returns or the first full page of returns, whichever was greater. But it’s important to note that when querying rates for car rentals, the lowest price was not always listed first. Expedia employed a two-tier system of displaying car rental rates, and the lowest prices were sometimes “buried” in the second set of integrated rates. This issue was discussed at length in the Consumer WebWatch research report on car rental rates published in October 2003 (<http://www.consumerwebwatch.org/news/carrentals/index.html>). Note that once again Consumer WebWatch tabulated rates from the first displays only, since competing Web sites did not require a two-step process.

Both Orbitz and Travelocity employed “matrix” displays, which offered a combination of vertical and horizontal interfaces with multiple fares and rates, and multiple airlines, hotel properties, and car rental companies presented on a single screen. For these results, the lowest fare or rate was selected within the appropriate category from among all the vendors presented within the matrix.

QuikBook employed a display method that was unlike the methods used by any of the other Web sites to display hotel rates. Quikbook did not allow searching by hotel rating or specific location, and instead required searching by price range. The tester queried rates within a very broad range and then later, in a very time-consuming process, culled the lowest rates displayed by cross-checking the parameters of the specific itinerary.

For Hotwire, the lowest fare or rate was listed in a traditional horizontal format and no selection was necessary.

## Illustration A: Example of Hotwire Hotel Search

**Hotwire.com**  
Fly. Sleep. Drive. Cheap.

Spend as little as **\$29/night** on a top hotel.

Welcome to Hotwire!  
(To create a Hotwire Account, [click here.](#)) [My Account](#) [Customer Care](#)

Home Flights **Hotels** Car Rentals Packages Weekender Cruises Deals & Destinations

Start Confirmed

★ [Hotel ratings guide](#)  
A [Amenities legend](#)

**Common Questions**

- Why can't I see the hotel name?
- Which hotels work with Hotwire?
- What type of room can I expect?

[More questions?](#)

**Modify Your Search**

City areas searched:  
• Back Bay - Copley Square

[View city map](#)

Add more city areas:  
--select another--  
--select another--  
--select another--

**Select a hotel deal for your trip.**

We **guarantee** that the Hot-Rates® shown below are the lowest hotel prices around -- or we'll give you double the difference. **The hotel name and street location will be shown only after you buy your reservation.**

Upon check-in, guests must present a credit card; the available credit required will vary by hotel. Debit cards may not be accepted.

**\$2,000 Holiday Getaway**  
You've been entered!

**Search Results for Boston, MA**

Sort your results by:  City Area  Star Rating  Price

**Back Bay - Copley Square (Central Boston)** [View map](#)  
Check-in: **Thu, Dec 11, 2003** Check-out: **Sun, Dec 14, 2003**

★★★★★ [View ratings guide](#)

[View hotel's amenities](#)

Ref No. 6212787838

**\$206**  
room per night

**CONTINUE**

**Customer Favorite!** [Read customer feedback](#)

**Back Bay - Copley Square (Central Boston)** [View map](#)  
Check-in: **Thu, Dec 11, 2003** Check-out: **Sun, Dec 14, 2003**

**\$137**

For Priceline, if the lowest fare or rate was provided through the bidding process, then no selection was necessary. However, in some cases, Priceline stated it could not provide a fare or rate for a given itinerary, and displayed fares or rates provided by its sister company, Lowestfare. These fares and rates were listed in a traditional horizontal format. In these cases, the lowest fares and rates were culled from either the first five returns or the first full page of returns, whichever was greater.

## Illustration B: Example of Priceline Airfare Search

**priceline.com** Sign-In My Profile My Trips Help **Check Your Request**

**Airfare** First Time Users

**Your Trip:** Miami, FL to Chicago, IL [change cities](#) **Depart:** Sun, December 7 **Return:** Wed, December 10

**Select Departure and Arrival Airports**

Departure Airports	Arrival Airports
<input type="checkbox"/> Miami Intl, FL (MIA)	<input type="checkbox"/> Chicago - Ohare Intl, IL (ORD)
<input checked="" type="checkbox"/> Fort Lauderdale - Hollywood Intl, FL (FLL)	<input checked="" type="checkbox"/> Chicago - Midway, IL (MDW)
<input type="checkbox"/> Palm Beach Intl, FL (PBI)	

Best deal airport option N/A Not available for this trip

**Name Your Own Price® and Save up to 40% on Your Trip\***

Our search found that Name Your Own Price is the best way to save. Not flexible? [Click here](#) to see flight times and prices.

**Name Your Own Price<sup>SM</sup> Per Round-trip Ticket:** \$  .00 **Not Flexible?** [Choose exact flight times and prices](#)

Note that all rankings included ties. Therefore it was theoretically possible that every Web site and Sabre could have provided the lowest rate for every available query.

### Currency Issues

All rates were provided in U.S. dollars. None of the rates included federal, state, local, airport, lodging, or corporate taxes, fees, or surcharges. The Web site's own booking fees were not included as well. These fees are discussed on pages 37 and 41.

### Rounding of Fares and Rates

Consumer WebWatch's rounding of amounts for this project was consistent with its methodology for past projects. That is, amounts were rounded off to the nearest dollar for all airfares and hotel rates. Because car rental rates are so intensely competitive, actual rates were used in all cases in these tests, and no amounts were rounded to the nearest dollar.

### Availability of Rates

As stated, Consumer WebWatch booked and purchased airline seats, hotel rooms, and rental cars in Hotwire and Priceline only. Among the remaining Web sites, Consumer WebWatch did not book any of the fares and rates provided. In

all cases, the Web sites stated that the airline seats, hotel rooms, and vehicles requested were available. When the fare or rate provided was not available, the next lowest fare or rate that was available was used.

### **Valid Tests**

All Web sites were evaluated solely on valid tests. If there was an error on the part of Consumer WebWatch, this was deemed an invalid test. Invalid tests were eliminated and did not affect final rankings. These errors included incorrect data entries, insufficient returns of data, and printing errors. Overall, there were only two errors committed by Consumer WebWatch testers for all 840 queries. This translated into a completion percentage of 99.8%.

### **Invalid Data**

Through no fault of the Consumer WebWatch testers, all six Web sites failed to provide valid data on some tests. Sabre provided valid data for all 150 queries.

In some cases, these failures affected the Web site's final rankings. These could have been due to a variety of factors, including:

- Results outside the specific parameters requested;
- Airline flight, hotel room, or vehicle type not available for the specific itinerary requested;
- Airline flight, hotel room, or vehicle type sold out on those dates;
- Specific airport or location not served by that Web site;
- Technical or system failures.

### **Technical or System Failures**

Although our testers experienced several technical or system failures in which a Web site was unable to process a request, for the most part these incidents were temporary and did not prevent the tester from completing the query. However, in two cases, a Web site was unable to process the request in time due to an apparent technical failure.

Both of these incidents occurred with Hotwire, in back-to-back queries for airline fares in TEST #4, for Boston's Logan International Airport and New York's LaGuardia Airport. Hotwire resumed processing requests shortly thereafter and there were no other incidents throughout the remainder of the testing.

## **Opaque Testing Results, Rankings, and Conclusions**

The findings of Consumer WebWatch's opaque travel Web site testing are presented in the attached figures and are described below. There are four major categories of rankings:

- 1) Lowest rates for airline tests
- 2) Lowest rates for hotel tests
- 3) Lowest rates for car rental tests
- 4) Lowest rates for all tests

The results for each of the three travel sectors — airlines, hotels, and car rentals — varied, in some cases significantly. It's instructive to closely analyze those results, both individually and collectively.

It's important to note that all rankings included ties. Therefore it was theoretically possible for all six Web sites and Sabre to have provided the lowest rate in response to every single query.

### **Lowest Rates for Airline Tests**

Airline bookings comprise the largest slice of the online travel pie, so it's fair to conclude these tests were the most important conducted by Consumer WebWatch.

Priceline led the five other travel Web sites and Sabre in providing lowest airline rates. In 45 trials, Priceline provided the lowest fare 44% of the time. Although this was the best percentage posted by any of the travel Web sites during the airline testing, it still means Priceline failed to provide the lowest airlines rates more than half the time.

Hotwire was not adept at providing lowest airline rates, ranking fourth overall, behind not only Priceline but Expedia and Travelocity as well. Hotwire provided lowest rates 18% of the time when searching for airfares, fewer than 1 of every 5 tries. This means that consumers whose primary criterion is lowest fares should not book airfares on Hotwire until they have searched on other travel Web sites.

Hotwire and Priceline did offer similar savings over non-opaque Web sites in most cases. For each query in which one or both of the opaque Web sites provided the lowest fare, Consumer WebWach calculated the percentage of savings Hotwire and Priceline offered compared to the lowest rate provided by a non-opaque site for the same query. For airline fares, Priceline averaged savings of 21% and Hotwire averaged savings of 20%. But Hotwire's average soared to 70% with the inclusion of a single itinerary that offered savings of \$1,012 on a San Francisco — Baltimore flight. Without that flight, the savings offered by both Hotwire and Priceline were very close.

Consumer WebWatch also calculated the percentage of Priceline's lowest rates that required a change of itinerary of some kind. This included changing flight days or times or airports. For airlines, Priceline required such a change 40% of the time, the second-highest percentage after car rentals.

Expedia and Travelocity performed very well when it came to searching for airline rates, probably the most critical component of a travel Web site. Expedia provided lowest airfares in 36% of the trials, behind Priceline's 44% and ahead of Travelocity's 27%. Consumers eager to find online airline bargains but concerned about using opaque travel Web sites would do well to consider using Expedia.

Sabre, the global distribution system (GDS), did not provide any lowest airfares.

### **Lowest Rates for Hotel Tests**

The results for lowest hotel rates differed from the results for airline and car rental rates in two ways. The first is that Hotwire, and not Priceline, led all sites in providing the highest number and percentage of lowest rates. Hotwire outpaced Priceline, 13 to 12 and 43% to 40%, in providing lowest hotel rates. But Priceline's ranking as a close second to Hotwire in providing lowest hotel rates kept Priceline ahead of all Web sites in the overall rankings.

Hotwire also beat Priceline in the percentage of savings the two opaque sites posted. On average, Hotwire offered savings of 24% for lowest hotel rates compared to the lowest rates provided by a non-opaque Web site. By comparison, Priceline offered average savings of 16%.

In contrast, Priceline's hotel rates required very few itinerary changes, such as different check-in or check-out dates or different locations. Only 3% of Priceline's lowest rates required such changes, significantly lower than the percentages Priceline required for lowest airline and car rental rates.

The second key difference in the hotel results was the strong performance of Quikbook. This site provides hotel rates exclusively and so therefore was included only in this set of trials, for a total number of 30 valid queries for rates.

This was the first time Consumer WebWatch conducted travel Web site testing that included Quikbook. The Web site's 13% mark in providing lowest hotel rates was considerably lower than the percentages posted by the two opaque sites, Hotwire and Priceline, but comfortably ahead of the non-opaque sites.

Consumers searching for online hotel bargains who don't want to use opaque sites clearly should consider Quikbook.

As noted in Appendix II on page 37, in a test that was deemed statistically invalid, Quikbook provided the highest number and percentage of lowest hotel

rates and far outpaced all other sites, including Priceline and Hotwire. The full tabulated results are included for informational purposes, because the results, even in an invalid test, were startling.

As for the remaining sites, Orbitz did much better than Expedia and Travelocity in providing lowest hotel rates. And, once again, Sabre did not provide any lowest rates during this set of tests.

### **Lowest Rates for Car Rental Tests**

Once again, Priceline led all other travel Web sites in providing the highest number and percentage of lowest rates. Priceline provided the lowest car rental rates 53% of the time during these 60 trials. This figure was particularly impressive because it was 15 percentage points higher than the 38% posted by Orbitz, which finished second in these rankings; that spread was the highest among the first- and second-place rankings for all three sets of tests.

As for Hotwire, the other opaque travel Web site, it posted its worst performance in providing lowest car rental rates. Its 8% figure was considerably lower than Hotwire's, which provided 43% of lowest hotel rates and 18% of lowest airline rates.

Hotwire and Priceline were fairly close in the percentage of savings they offered compared to the non-opaque Web sites. Priceline's lowest car rental rates were 25% lower than the lowest non-opaque rate, Hotwire's 21% lower.

For car rentals, Priceline required a change of itinerary 43% of the time. This was the highest percentage of change Priceline required among the three travel sectors, airlines, hotels, and car rentals. These changes included different pick-up or drop-off dates, times, and locations. Clearly, savings offered by Priceline, particularly on low-price car rentals, were tempered by these restrictions.

Finally, Sabre did not provide any lowest rates when testers were searching for car rental rates, as it did not do for airlines and hotels.

### **Lowest Rates for All Tests**

As Figure 4 indicates, the overall rankings for the six travel Web sites and one GDS were as follows:

- Priceline
- Orbitz
- Hotwire
- Travelocity
- Expedia
- Quikbook

## Sabre

In one sense, the combined results from all three travel sectors — airlines, hotels, and car rentals — offered a clear answer to one of the two fundamental questions this project sought to answer: Are the fares and rates provided by either or both of the leading opaque travel Web sites truly lower than fares and rates provided by leading transparent travel Web sites? The answer is yes.

The second fundamental question is more complex: If the fares and rates provided by either or both of the leading opaque travel Web sites are lower than fares and rates provided by leading transparent travel Web sites, are the trade-offs required by opaque sites worth the savings? The answer to that question is more complicated and, by its nature, subjective. The percentages of savings over non-opaque Web sites detailed in the attached Figures assist in providing the answer.

It should be stressed that the opaque sites did deliver on their promise of lower fares and rates. As noted above, Priceline provided the highest number and percentage of lowest rates for airlines and car rentals. Hotwire provided the highest number and percentage of lowest rates for hotels.

Furthermore, in all three sets of tests, Priceline provided a higher number and percentage of lowest rates than all four transparent Web sites and Sabre. Put another way, Hotwire was the only other site to beat Priceline in any of the tests.

In head-to-head competition between the two opaque sites, Priceline far outpaced Hotwire, with more than twice as many lowest rates, and an overall average of 47% over 19%.

The issue of lowest rates raises a corollary question as well: How often did one or both of the leading opaque travel Web sites provide lower fares and rates than the leading transparent travel Web sites? Despite their generally strong performance, Priceline and Hotwire did not deliver consistently.

In the best-case scenario for an opaque travel Web site — Priceline's performance in delivering lowest car rental rates — the opaque site failed to provide the lowest rate 47% of the time. So the best a consumer can hope for in head-to-head competition between opaque and transparent travel Web sites is about a 50/50 chance of obtaining a lower rate on the opaque site. Given the other trade-offs required of the opaque sites, that figure may not be high enough for many consumers to consider the opaque sites.

The results for non-opaque sites were somewhat mixed. In general, they performed worse than Priceline, on par with Hotwire, and much better than Sabre. Quikbook performed well when Consumer WebWatch testers were searching for hotel rates, as noted above.

The “Big Three” integrated transparent travel Web sites — Expedia, Orbitz, and Travelocity — were very closely grouped in the rankings. Individually, they ranged from 15% to 20% in providing the lowest fares and rates overall.

Orbitz deserves mention for ranking second overall, nudging out the opaque site Hotwire when it came to providing lowest fares and rates for all three travel products — airlines, hotels, and car rentals. Orbitz also outpaced both Expedia and Travelocity when Consumer WebWatch testers were searching for hotel and car rental rates.

As noted, Expedia and Travelocity performed well when searching for airline rates, one of the primary tasks of a travel Web site. Consumers eager to find online airline bargains but concerned about using opaque travel Web sites would do well to consider using Expedia or Travelocity for airfares.

As for Sabre, the leading GDS used by travel agencies failed to return any lowest fares or rates throughout all 135 trials. This trend is indicative of the dramatic growth of “Web-only” rates available from travel suppliers through the Internet on branded sites and integrated sites alike. Within a few years, the best travel bargains have migrated to the Web.

### **Online Customer Service Policies**

Among the six travel Web sites tested for this project, five offer round-the-clock assistance to customers via toll-free telephone lines. Only Quikbook does not provide 24-hour/7-day telephone assistance. Consumers should keep this in mind when booking, because any problems — particularly problems relating to charge card errors — could take hours to resolve.

Here is a listing of all their services for U.S. consumers:

WEB SITE	TOLL-FREE NUMBER	HOURS OF OPERATION
Expedia	800-397-3342	24 hours/7 days
Hotwire	866-468-9473	24 hours/7 days
Orbitz	888-656-4546	24 hours/7 days
Priceline	800-774-2354	24 hours/7 days
Quikbook	800-789-9887	9am-8pm, Mon-Fri; 10am-6pm, Sat-Sun
Travelocity	888-709-5983	24 hours/7 days

## Opaque Project Booking and Bidding Procedures

By their very nature, the opaque travel Web sites demand more from consumers. One of the most intrinsic differences between opaque and non-opaque sites is that booking travel on an opaque site is more complicated.

And as previously noted, Priceline differs from Hotwire in one important aspect: Priceline offers an even more complicated and time-consuming booking process, which requires the user to bid for the travel product — and in some cases even bid more than once.

What follows are descriptions of the booking procedures encountered by Consumer WebWatch testers during this project.

### Priceline

#### 1) Airlines

TOTAL NUMBER OF SUCCESSFUL BIDS:	38
SECOND BID REQUIRED:	31 (82%)
THIRD BID REQUIRED:	1 (3%)

Overall, there were 38 successful bids (for airlines, successful bids did not include bookings that were processed through Priceline's sister company, Lowestfare, a non-opaque, integrated travel Web site.) Among these 38 cases, there were 15 airfare queries that required itinerary changes (39%). These included a) changing departure/return dates; 2) changing airports; 3) and/or booking connecting rather than non-stop flights. In 2 of the 15 cases, more than one aspect of the itinerary had to be changed.

#### 2) Hotels

TOTAL NUMBER OF SUCCESSFUL BIDS:	28
SECOND BID REQUIRED:	15 (54%)
THIRD BID REQUIRED:	1 (4%)

There was only 1 rate query that required an itinerary change (4%). In that single case, the change required amending the check-in/check-out dates.

#### 3) Car Rentals

TOTAL NUMBER OF SUCCESSFUL BIDS:	60
SECOND BID REQUIRED:	40 (67%)
THIRD BID REQUIRED:	17 (28%)
FOURTH BID REQUIRED:	3 (5%)

There were 13 rate queries that required itinerary changes (22%). In all 13 cases, the changes required amending the pick-up/drop-off dates.

As noted, Priceline's claim that it notifies customers whether their bid is accepted within 3 minutes on average did not hold up during this testing. Numerous fare and rate queries took much longer than 3 minutes. To its credit, Priceline did provide on-screen updates that notified the tester that the bid was still being considered.

## **Hotwire**

Hotwire offers a much easier booking process for consumers in that no bidding is required. However, specifics of the itinerary — including the names of the airlines, hotel properties, or car rental firms — remain hidden until the non-refundable booking is confirmed.

On its Web site, Hotwire lists the following domestic airline partners (including the six largest carriers in the U.S.), in the following order:

- United
- American
- Continental
- US Airways
- America West
- Northwest
- Delta
- Hawaiian
- Aloha

Hotwire also lists a “small sampling” of its hotel partners, which it dubs “the best in the business.” This list includes most but not all of the major domestic chains.

Hotwire also claims “you don't have to rent from a no-name [car-rental] company to get low rates” and lists the following car-rental partners, in the following order:

- Avis
- Budget
- Hertz

Hotwire should be commended for listing its travel suppliers in this way, since it reduces the opacity of the process. For consumers purchasing airlines and car rentals, there is little risk provided they are comfortable with the available choices. With hotel purchases, there is a somewhat higher risk since not all properties are listed.

## Opaque Project Findings and Concerns

With each travel Web site project undertaken by Consumer WebWatch, concerns about anti-competitive and anti-consumer practices and policies continue to grow in two areas in particular: 1) pricing displays for fares or rates that are not available; and 2) potentially biased screen displays on integrated sites that may or may not have commercial agreements with travel suppliers.

Both of these concerns were addressed at length in “An Analysis of the Potential Benefits and Dangers of Booking Through a Car Rental Web Site” in October 2003 (<http://www.consumerwebwatch.org/news/carrentals/index.html>). Both of these concerns resurfaced during this project with Orbitz and with Expedia.

During this testing, the deceptive pricing display issue resurfaced with Orbitz. And the potentially biased display issue remained unchanged with Expedia.

### Pricing Display Issues

Once again, the “Orbitz Display Matrix” provided a rate on the initial screen not available for detailed pricing and booking on the following screen. Once again, this occurred when searching for a car rental rate. And once again, the following statement appeared at the top of the matrix in small print: “Because availability can change rapidly, the car you selected is no longer available. Please choose another car. (Message 315)”

In TEST #3, when searching for a midsize/intermediate vehicle on short notice at a major airport, the Consumer WebWatch tester printed all of the matrix displays for a lowest rate that was not available at Boston’s Logan International Airport. What follows is a summary:

AIRPORT	LOWEST DAILY RATE	LOWEST AVAILABLE DAILY RATE
BOS	National/\$65.85	National/\$101.85

The matrix provided a base rate of \$65.85 for three days for a midsize/intermediate vehicle. Yet when the tester attempted to obtain a total rate that included all taxes, fees, and surcharges, the base rate had increased to \$101.85 for the three days.

Consumer WebWatch recognizes the complexities of providing hundreds of thousands of prices from a multitude of outside companies within a real-time context. However, even assuming this type of incorrect display was due to a) a technical glitch or b) the relatively small percentage of rate displays not available for total pricing, does not explain why mechanisms were not in place to notify the user that the rate had increased.

In fact, Travelocity offered just such a mechanism. While searching for an airfare in preparation for another Consumer WebWatch project, a tester received the following message prominently displayed on the screen: “We’re sorry, the price for this trip has changed. The new lowest available price is below.”

Consumer WebWatch believes that displaying such a notification should be adopted as a standard operating practice for all travel Web sites in any case in which a fare or rate increases during the searching and/or booking process.

### **Bias Issues**

Once again, Consumer WebWatch found that Expedia employed an unusual and potentially deceptive method to display rates for its car rental products. At this time, this method is used only for car rentals and not for other travel products. As noted, this issued was discussed at length in the previous research report (<http://www.consumerwebwatch.org/news/carrentals/findings.htm>) While it was not surprising to see this function still in place, it should be noted Consumer WebWatch views this site architecture as not being in consumers’ best interest.

Expedia’s search function for car rentals allowed the user to choose a specific car rental firm by name, from a list of 11 companies. The only other search tool available was to select the “Expedia picks” option. Once again, repeated queries for lowest car rental rates throughout this testing resulted in Expedia providing a truncated or “edited” display of the lowest available rates. At the bottom of these displays, in small print that sometimes ran below the first printed page of rates, was a small icon labeled: “Show more vendors.” Clicking this icon provided a second, lengthier display that included car rental companies not contained in the first display. In fact, the second display often included lowest rates not included in the first display. And it must be stressed that the second display included some of the largest car rental firms in the U.S.

Consumers Union contacted Expedia in September 2003 and provided hard-copy documentation to support similar findings during the previous testing. In September 2003, Expedia responded that it “does in fact fully explain how our rental car rates are listed in the FAQ section of our site.”

At that time, Expedia also stated: “‘Expedia Picks’ are the selections from vendors who are our preferred partners and offer the best value to our customers, which we define as a combination of price, reliability, dependability, quality fleets, and a high level of customer service, including desks in airports and 24/7 availability.”

In a subsequent interview with Consumers Union in September 2003, an Expedia executive said, “Our goal is to ensure customers get great value. With ‘Expedia Picks’ we try to achieve that by highlighting vendors who made important

commitments to us in those areas...We audit the commitments on an ongoing basis.”

When asked if the “Expedia Picks” car rental companies paid Expedia for placement on the initial display, the Expedia executive said, “We don’t disclose the nature of the agreements that we have with our suppliers...We’re not saying if they do or don’t pay us.”

When asked if the car rental companies not listed on the “Expedia Picks” display did not pay Expedia for such placement, the Expedia executive said, “Those are companies that have not chosen to be part of our preferred partner program at this time.”

It’s important to note that, once again, Consumer WebWatch tabulated only the car rental rates provided in Expedia’s initial displays. This was done in fairness to the other Web sites, which did not require a two-step re-sorting process to obtain lowest rates. There can be little doubt that the dual-display system damaged Expedia’s rankings within the car rental section of this project.

## Consumer WebWatch Tips for Booking Opaque Travel Web Sites

As Consumer WebWatch has noted repeatedly, booking travel online can be somewhat risky if you don't know how to proceed. But booking through an opaque travel Web site can be even riskier. Keep these practical tips and suggestions in mind.

- NEVER confirm a booking through an opaque travel Web site without first doing some comparison shopping — for free — on a transparent site. The big three integrated sites (Expedia, Orbitz, and Travelocity) are good places to start searching. But after you've determined a few favorite airlines, hotel properties, or car-rental firms, it can pay to check out their own branded Web sites as well (particularly for airlines and hotels).
- When bidding for a fare or rate through an opaque travel Web site such as Priceline, first obtain some benchmarks for the lowest fares and rates available through other channels. This can mean obtaining fares and rates online through branded airline, hotel, or car rental sites; online through integrated transparent sites such as Expedia, Orbitz, or Travelocity; through a toll-free reservations center; or through a travel agent or corporate travel manager.
- When placing bids on an opaque travel Web site, be careful not to bid too low or too high, once you've established a benchmark price. A too-low bid can require many additional steps in the booking process. A too-high bid can mean paying too much if it's quickly accepted. Beginning the bidding by splitting the benchmark price in half worked well for Consumer WebWatch testers.
- That said, be very careful when comparison shopping or benchmark-hunting from travel Web site to travel Web site. Each site's default function may not store and "remember" the information you input as you shop, so the data you entered may be lost and the search engine may revert to incorrect dates or locations.
- When purchasing travel products through opaque travel Web sites, first review all the site's booking and/or bidding policies. Make sure you fully understand the implications of non-retractable bidding.
- ALWAYS ensure that you understand any travel Web site's booking fee structure. Opaque Web sites usually charge their own fees, in addition to any taxes, fees, and surcharges charged by the travel companies, governmental authorities, airports, or other official entities.
- ALWAYS ensure that you understand any travel Web site's rebooking and cancellation policies. But this is especially important when using opaque sites, since these policies can be much stricter.

- When purchasing travel products through opaque travel Web sites such as Hotwire and Priceline, make sure that you first review the lists of their airline, hotel, and car rental vendors or “partners.” For airlines and car rental firms, these lists should be complete. For hotels, they may just be samplings. But understand that you could be purchasing a travel product from any of those listed companies when you book through an opaque travel Web site.
- Find out if you’re eligible for certain discounts. Considerably lower fares or rates may be available for slightly alternative dates or times, other property locations, other vehicle types, or nearby airports.
- ALWAYS make sure that you input all your travel information accurately. That means double-checking dates and times; confirming the correct flight class, hotel room, or class of vehicle; and selecting the correct airport or location. Understand that you could be fully responsible for unsuitable travel purchases if you booked incorrectly.
- Make sure you understand an opaque travel Web site’s policy about not earning loyalty program miles or points. In most cases, you will not be eligible.
- ALWAYS use a charge card for online travel purchases. Charge cards generally provide the most federal consumer protections in the United States. Under the Fair Credit Billing Act, your liability for unauthorized charges is limited to \$50 — if you report the billing error to the charge card company in writing within 60 days after the bill was mailed to you. Charge card companies and e-merchants may cover this fee in certain situations. Some charge card companies also will let you use a temporary “throw-away” charge card number when making purchases online, so that payments are credited to your actual charge card but without your needing to share electronically your real account number or password. Inquire with your charge card company about this option. You may also want to consider setting aside a single charge card for online use. That way, if a security breach occurs, you will still be able to use your other charge cards.

## **Appendix I: Opaque Web Site Booking Fees**

Booking travel online requires consumers to be particularly vigilant about obtaining all of the taxes, fees, and surcharges that will be added to the base fare or rate. In addition, many travel Web sites — and particularly opaque sites — levy booking fees of their own.

Because these fee structures can be quite confusing, Consumer WebWatch contacted all six travel Web sites included in this testing and requested that these companies provide their complete booking fee structures. This information is contained in Figure 5.

As Figure 5 indicates, these fees can vary significantly from Web site to Web site.

## **Appendix II: Opaque Project Invalid Rates Data**

As noted, Consumer WebWatch invalidated an entire test because it was determined that the results were not statistically valid, since most Web sites were unable to provide rates for the specific itinerary requested. This was the first time this occurred during travel Web site testing conducted by Consumer WebWatch.

This occurred with TEST #1, a set of 15 trials for hotel rates, totaling 105 queries. These results were not tabulated with the other test results. However, these results are included in Figure 6 (page 40).

As Figure 6 shows, there were numerous cases in which one or more of the Web sites were unable to provide valid data. Overall, this occurred with 36 of the 105 queries. (Only Quikbook and Sabre provided rates for all 15 trials.)

Since 34% of the queries resulted in invalid data, Consumer WebWatch determined that the entire test would be invalidated. Furthermore, it was determined that the booking criteria for this test was too narrow, based on the type and location of hotel property being sought.

That said, it's clear that Quikbook performed extremely well during these 15 trials, and had these test results been tabulated with the other results, Quikbook would have posted an even stronger showing overall. Consumer WebWatch will continue to include Quikbook when testing for hotel rates in the near future.

**Figure 1: Lowest Airline Rates**

<b>Web Site</b>	<b>Number of Lowest Rates Provided</b>	<b>Number of Valid Tests</b>	<b>% of Lowest Rates Provided</b>	<b>% of Savings Over Lowest Non-Opaque Rate</b>	<b>% of Lowest Rates Requiring Change of Itinerary</b>
PRICELINE	20	45	44%	21%	40%
Expedia	16	44	36%	xx	xx
Travelocity	12	45	27%	xx	xx
HOTWIRE	8	45	18%	70%*	xx
Orbitz	1	45	2%	xx	xx
Sabre	0	45	0%	xx	xx

\*20% without single savings of \$1,012

**Figure 2: Lowest Hotel Rates**

<b>Web Site</b>	<b>Number of Lowest Rates Provided</b>	<b>Number of Valid Tests</b>	<b>% of Lowest Rates Provided</b>	<b>% of Savings Over Lowest Non-Opaque Rate</b>	<b>% of Lowest Rates Requiring Change of Itinerary</b>
HOTWIRE	13	30	43%	24%	xx
PRICELINE	12	30	40%	16%	3%
Quikbook	4	30	13%	xx	xx
Orbitz	3	30	10%	xx	xx
Expedia	1	30	3%	xx	xx
Travelocity	1	30	3%	xx	xx
Sabre	0	30	0%	xx	xx

**Figure 3: Lowest Car Rental Rates**

<b>Web Site</b>	<b>Number of Lowest Rates Provided</b>	<b>Number of Valid Tests</b>	<b>% of Lowest Rates Provided</b>	<b>% of Savings Over Lowest Non-Opaque Rate</b>	<b>% of Lowest Rates Requiring Change of Itinerary</b>
PRICELINE	32	60	53%	25%	43%
Orbitz	23	60	38%	xx	xx
Travelocity	11	60	18%	xx	xx
HOTWIRE	5	60	8%	21%	xx
Expedia	3	59	5%	xx	xx
Sabre	0	60	0%	xx	xx

**Figure 4: Lowest Rates (All Tests)**

<b>Web Site</b>	<b>Number of Lowest Rates Provided</b>	<b>Number of Valid Tests</b>	<b>% of Lowest Rates Provided</b>
PRICELINE	64	135	47%
Orbitz	27	135	20%
HOTWIRE	26	135	19%
Travelocity	24	135	18%
Expedia	20	133	15%
Quikbook	4	30	13%
Sabre	0	135	0%

**Figure 5: Booking Fees**

<b>Web Site</b>	<b>Does the Site Charge Booking Fees for Airlines?</b>	<b>Does the Site Charge Booking Fees for Hotels?</b>	<b>Does the Site Charge Booking Fees for Car Rentals?</b>
Expedia	Yes; \$5 per booking	Yes; Amount Varies	No Fees
HOTWIRE	Yes; \$5 per booking	Yes; Amount not disclosed	Yes; Amount not disclosed
Orbitz	Yes; \$6 per domestic ticket; \$10 per international ticket; \$11 for some airlines	No fee for retail bookings; Fee is bundled and not disclosed for merchant bookings	No fees
PRICELINE	Yes; \$6.95 per ticket	Yes; Amount varies based on value	Yes; Amount varies based on value
Quikbook	N/A	No Fees	N/A
Travelocity	Yes; Up to \$5 per ticket on certain airlines that pay commissions to the site; \$10 or more for other airlines	Yes; Amount varies by market	No fees

**Figure 6: Invalid Hotel Test Results**

<b>Web Site</b>	<b>Number of Lowest Rates Provided</b>	<b>% of Lowest Rates Provided</b>	<b>Number of Queries with Invalid Data</b>
Quikbook	12/15	80%	0/15
HOTWIRE	2/15	13%	9/15
PRICELINE	1/15	7%	9/15
Travelocity	0/15	0%	11/15

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Expedia	0/15	0%	6/15
Orbitz	0/15	0%	1/15
Sabre	0/15	0%	0/15

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