

**An Analysis of the Potential Benefits and Challenges of
BookingThrough a Car Rental Web Site**

A Research Report Prepared for Consumer WebWatch by:
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Executive Summary

Although travel remains the single largest source of Internet commerce, much of the growth in recent years has occurred not only in the airline sector but in the hotel and car rental sectors as well. This growth has spurred more choices for consumers, paradoxically providing better booking tools and presumably lower rates, in addition to pricing methodology that may increase the potential for confusing and misleading consumers.

This research report summarizes the work undertaken by Consumer WebWatch, after months of extensive testing and analysis of car rental Web sites. The sites tested were the three leading integrated travel Web sites, Expedia, Orbitz, and Travelocity, as well as the branded Web sites maintained by four leading car rental companies: Alamo, Avis, Dollar, and Hertz. All testing was conducted in a real-time, “apples-to-apples” environment to determine which Web sites offered the best booking tools and lowest rates. This testing also uncovered serious competitive issues as well.

Among the most significant findings uncovered by this extensive testing of car rental Web sites:

- Concerns were raised over competition practices. Specifically, WebWatch testers found evidence of misleading pricing displays on both Orbitz and Expedia. In both cases, rates provided on initial displays were not immediately available for total pricing and booking.
- Issues of bias were raised as well. In particular, there were multiple omissions of major car rental companies on Expedia’s initial rate displays. On these initial displays, Expedia repeatedly provided only five car rental brands in response to queries for rates in 30 U.S. cities. This occurred even when other rental companies, which Expedia referred to as not “part of our preferred partner program at this time,” provided lower rates.
- There was much confusion over total pricing, including taxes, fees, and surcharges. Several Web sites provided different total prices for identical queries.
- As for the rankings of Web sites providing the lowest car rental rates, there was great polarization. Orbitz (73%) and Travelocity (63%) led the other Web sites by a wide margin, while Hertz (0%) and Avis (0%) trailed by a wide margin as well.
- The three integrated travel Web sites — Expedia, Orbitz, and Travelocity — were all much better at providing lowest rates than the four branded car rental company Web Sites — Alamo, Avis, Dollar, and Hertz. In several cases, the integrated Web sites provided lower rates than the branded sites provided for their own vehicles.

- Many of the lowest rates provided by Orbitz were through small and little-known car rental companies. When the rankings were re-tallied to include only the 10 largest domestic car rental companies, Travelocity (63%) led Orbitz (49%).
- Consumer WebWatch found more competition within the car rental sector than previous Web site testing had revealed within the airline and hotel sectors. Many of the closest rates were just pennies more than the lowest rates. Complete tables provide detailed analysis of lowest and closest rates for all seven Web sites.

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. Abrams Travel Data Services, based in Long Beach, Calif., provided assistance with car rental market share data for specific companies and airports, but was not involved in the Web site testing or the preparation of this research report.

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. It was edited by employees of Consumer WebWatch and *Consumer Reports*.

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, airline ticket-booking Web sites (performed and published in conjunction with *Consumer Reports Travel Letter*, which ceased publication in December 2002), search engines, and health Web sites. 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 these sites will be forthcoming in 2003, using research conclusions from this report. Consumer WebWatch's research, guidelines, and e-Ratings are available for free at <http://www.consumerwebwatch.org>.

Consumer WebWatch Travel Projects in 2003

Consumer WebWatch remains committed to testing, researching, and reporting on travel Web sites, particularly since travel is the single largest source of online commerce. Throughout 2003, it is continuing the work that was begun in *Consumer Reports Travel Letter* (which ceased publication in December 2002), by providing unbiased, detailed, accurate, and repetitive testing of travel Web sites.

In June 2002, Consumer WebWatch teamed with *Consumer Reports Travel Letter* to extensively test travel Web sites providing airfares. This report is available at

www.consumerreports.org/main/detailv2.jsp?CONTENT%3C%3Ecnt_id=158287&FOLDER%3C%3Efolder_id=158259&bmUID=1033759487281.

Here is a summary of travel projects in 2003:

- “Booking Hotels Online: An In-Depth Examination of Leading Hotel Web Sites,” released in April 2003. This report is available at www.consumerwebwatch.org/news/hotels/index.html.
- “An Analysis of the Potential Benefits and Dangers of Booking Through a Car Rental Web Site,” released October 8, 2003.
- An examination of alternative travel booking sites, including “opaque” or “blind-bidding” Web sites, scheduled for early 2004.

A Brief Overview of Car Rental Sales Distribution Methods

The rapid growth of the online travel industry has presented consumers with news that is both good and bad. There are more choices and evidence of lower rates and fares. But there are also new hazards particular to the new technology.

Shopping for and purchasing a rental car on the Internet is no exception. Car rental chains and franchisees can use a variety of methods to sell their products: directly to consumers via rental counters at airports or other locations; directly to consumers via toll-free reservations lines; through individual, chain, or consortia travel agencies; through consolidators and brokers; and through travel management programs contracted with corporations and organizations. In addition, car rental companies can distribute via the Internet in three major ways: through independent, integrated Web sites (such as Expedia, Orbitz, and Travelocity); through “opaque” or “bidding” Web sites (such as Priceline and Hotwire); and through the company’s own branded Web site.

Renting cars is a huge business, and the largest players generate a lot of revenue. According to Abrams Travel Data Services, a Long Beach, Calif.-based independent consulting firm that tracks the car rental sector, in 2002 the rental industry posted \$6.5 billion in revenue at major airports in the United States alone. The biggest car rental companies also incur large costs, and the drive to reduce distribution expenses is as acute within the car rental sector as it is within the travel industry at large. Convincing more customers to book online is a key strategy in the overall effort to reduce costs.

But as Consumer WebWatch noted in past examinations of airline and hotel booking Web sites, the World Wide Web has made buying travel products more complicated, not less complicated. Each distribution method offers its own advantages and disadvantages, and the Internet is no exception.

The major car rental companies continue to sell their products through the global distribution systems (GDSs) used by travel agencies. But the influx of “Web-only” rates — featuring prices only available through a given number of Web sites — has affected the car rental industry as well; this project made it clear that competition led several Web sites to slash car rental rates online.

Web-only rates were discussed at length in Consumer WebWatch’s examination of booking hotels on the Web in April 2003. Their dramatic undercutting of rates obtained through GDSs was a key factor in Consumer WebWatch’s decision not to benchmark these car rental tests with an outside consultant accessing a GDS. It’s clear that Web-only rates have rapidly altered the short history of online travel.

One of the issues discussed in this research paper is the sensitive topic of bias in integrated travel Web sites. Consumers Union and others have been voicing concerns about bias for several years. It’s a critical issue because bias has affected most of the travel industry’s primary distribution methods: global

distribution systems, travel agencies, and integrated travel Web sites. Unfortunately, this current research has uncovered new evidence as well.

The need for independent, thorough, repetitive, and unbiased testing of travel Web sites has only grown more urgent with each project undertaken by Consumer WebWatch. It's a need that Consumers Union plans to continue to address.

Car Rentals 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 online car rental bookings. Previously, Consumer WebWatch examined hotel booking Web sites in April 2003 and teamed with *Consumer Reports Travel Letter* to examine independent airline booking Web sites in June 2002.

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. Abrams Travel Data Services, based in Long Beach, Calif., provided assistance with car rental market share data for specific companies and airports.

For these tests, seven Web sites were chosen, including the three largest integrated travel Web sites and four “branded” Web sites maintained by car rental companies.

The three integrated Web sites were:

- Expedia (www.expedia.com), owned by USA Interactive (and formerly owned by Microsoft). Expedia is a sister company of Hotels.com.
- Orbitz (www.orbitz.com), owned by the nation’s five largest airlines: American Airlines, Continental Airlines, Delta Air Lines, Northwest Airlines, and United Airlines.
- Travelocity (www.travelocity.com), owned by Sabre, the global distribution system (and formerly owned by AMR, the parent company of American Airlines).

The four branded Web sites were:

- Alamo Rent A Car (www.alamo.com), owned by ANC Rental Corp. Alamo is a sister company of National Car Rental.
- Avis Rent A Car System (www.avis.com), owned by Cendant Corp., a leading travel conglomerate. Avis is a sister company of Budget Rent A Car. Among its other holdings, Cendant owns Cheaptickets.com and Trip.com, integrated travel Web sites; Galileo, a global distribution system (GDS); and nine hotel brands.
- Dollar Rent A Car (www.dollar.com), owned by Dollar Thrifty Automotive Group Inc. Dollar is a sister company of Thrifty Car Rental.
- Hertz Rent A Car (www.hertz.com), owned by Ford Motor Company.

According to Abrams Travel Data Services, the largest airport car rental companies in the U.S. in 2002 were:

- Hertz (28.0% market share)
- Avis (21.4% market share)
- National (12.1% market share)
- Budget (10.5% market share)
- Alamo (10.5% market share)
- Dollar (8.5% market share)
- Enterprise (3.7% market share)
- Thrifty (3.7% market share)
- Others (1.6% market share)

Among the eight largest car rental companies, Consumer WebWatch selected four Web sites that were owned independently of each other. National was not tested because it is a sister company of Alamo, Budget was not tested because it is a sister company of Avis, and Thrifty was not tested because it is a sister company of Dollar. Although Enterprise is a major competitor in the overall car rental market (including insurance replacement rentals), it was not tested because currently it is not a major competitor in the airport market.

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 five separate tests, each consisting of 30 separate entries, across all seven Web sites, for a total of 1,050 tests. All testing was scheduled in advance and completed simultaneously in real-time. Testing times were varied throughout the course of two weeks in May 2003.

Testing Parameters

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

The airports were:

- 1) Boston/Logan International Airport (BOS)
- 2) New York/LaGuardia Airport (LGA)
- 3) New York/Kennedy International Airport (JFK)
- 4) Newark/Liberty International Airport (EWR)
- 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) Chicago/O'Hare International Airport (ORD)
- 15) Chicago/Midway Airport (MDW)
- 16) New Orleans/International Airport (MSY)
- 17) Dallas/Dallas-Fort Worth International Airport (DFW)
- 18) Dallas/Love Field (DAL)
- 19) Houston/George Bush Intercontinental Airport (IAH)
- 20) Houston/William P. Hobby Airport (HOU)
- 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) 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)

• Abrams Travel Data Services ranked the 50 largest domestic airport car rental companies by rental revenue volume in 2002. These 30 airports ranked as follows:

- | | |
|----------|------------|
| 1) BOS: | 10 |
| 2) LGA: | 33 |
| 3) JFK: | 43 |
| 4) EWR: | 9 |
| 5) IAD: | 23 |
| 6) DCA: | 27 |
| 7) ATL: | 5 |
| 8) MCO: | 1 |
| 9) TPA: | 14 |
| 10) PBI: | 28 |
| 11) FLL: | 11 |
| 12) MIA: | 4 |
| 13) SJU: | NOT RANKED |
| 14) ORD: | 8 |
| 15) MDW: | 44 |
| 16) MSY: | 39 |
| 17) DFW: | 12 |
| 18) DAL: | NOT RANKED |
| 19) IAH: | 21 |
| 20) HOU: | NOT RANKED |
| 21) DEN: | 6 |
| 22) SLC: | 25 |
| 23) PHX: | 7 |
| 24) LAS: | 13 |

25) SEA:	18
26) SFO:	3
27) LAX:	2
28) SAN:	16
29) HNL:	NOT RANKED
30) OGG:	NOT RANKED

- 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.

In addition, one of the four branded Web sites did not provide rates for four of these airports. Alamo did not have locations at New York/LaGuardia (LGA), New York/Kennedy (JFK), Newark (EWR), and San Juan (SJU). For Newark only, Alamo’s Web site posted the following statement: “This location is now being served by our sister company National Car Rental.” Rates from National were not queried.

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

Specific Testing Criteria

- Each test consisted of searching for the same vehicle type. 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: Again, not all Web sites allowed such specificity for each test, but these parameters were established in advance to ensure consistency. The vehicle types were:

TEST #1: midsize/intermediate car
 TEST #2: midsize/intermediate car
 TEST #3: premium car
 TEST #4: fullsize car
 TEST #5: minivan

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

TEST #1: 87 days in advance
 TEST #2: 65 days in advance
 TEST #3: 4 days in advance

TEST #4: 28 days in advance
TEST #5: 130 days 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 #1: 3 days
TEST #2: 7 days
TEST #3: 3 days
TEST #4: 4 days
TEST #5: 3 days

Selection of Results

Because the technological tools and viewer interfaces employed by these Web sites have greatly evolved in recent years, 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 new methodology was first employed when Consumer WebWatch examined hotel booking Web sites in April 2003.

For six of these Web sites, the lowest car rental rates were culled from either the first five returns or the first full page of returns, whichever was greater. It's important to note that in many cases — particularly with Expedia — the lowest rate was not always listed first. NOTE: See page 22 for an in-depth examination of this issue.

The exception to this methodology was Orbitz, which offered a horizontal “Orbitz Display Matrix” interface with multiple rates, vehicles, and car rental companies presented on a single screen. (See Illustration A, page 19.) For Orbitz results, the lowest rate was selected within the appropriate vehicle category from among all the vendors presented horizontally within the matrix.

In addition, Consumer WebWatch expanded its methodology to provide broader test results for a richer sampling. This includes presenting complete rankings of all Web sites providing “close” car rental rates (within \$1 per day of the lowest rate).

Note that all rankings included ties. Therefore it was theoretically possible that every Web site 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, or company taxes, fees, or surcharges. NOTE: See page 36 for an in-depth examination of car rental taxes, fees, and surcharges.

Rates Not Rounded

In past tests, Consumer WebWatch rounded off to the nearest dollar all airfare and hotel rate amounts. However, 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. NOTE: See page 40 for an in-depth examination of closest rates.

Availability of Rates and Vehicles

Consumer WebWatch did not book any of the rates provided. In all cases, the Web sites stated that the vehicles requested were available. When the vehicle rate provided was not available, the next lowest rate that was available was used. Specific issues concerning availability of rates are discussed on page 16.

Valid Tests

All of the 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 the final rankings. These errors included incorrect data entries, insufficient returns of data, and printing errors. There were no more than three errors for any one Web site (98.0%). Overall, there were only four errors committed by Consumer WebWatch testers for all 1,050 queries (99.7%).

Invalid Data

Through no fault of the Consumer WebWatch testers, five of the seven Web sites failed to return valid data on some tests. These five Web sites were Alamo, Avis, Dollar, Expedia, and Hertz. Both Orbitz and Travelocity returned valid data for all 150 tests.

In some cases, these failures affected the Web site's final rankings. There were a variety of factors involved, including:

- Results outside the specific parameters requested;
- Vehicle type not available in that location;
- Vehicle type sold out on those dates;
- Technical or system failures.

Technical or System Failures

Our testers experienced several technical or system failures in which a Web site was unable to process a request. These occurred with four of the seven Web

sites: Alamo, Avis, Expedia, and Travelocity. With three of these Web sites, the tester repeated the query and the data were provided without further incident.

With Avis, the tester repeated the query but the Web site failed to return data for two specific airports: Los Angeles (LAX) in TEST #2 and West Palm Beach (PBI) in TEST #5. In both cases, a message appeared which stated: "We are unable to process your request at this time." This was accompanied by a suggestion to contact Avis via a toll-free number. In both cases, this resulted in invalid scores that affected the Web site's final rankings.

Car Rentals Project Findings and Concerns

This project uncovered concerns about competitive and potentially harmful business practices that were more serious than anything discovered during previous travel Web site testing projects undertaken by Consumer WebWatch and *Consumer Reports Travel Letter*. While the performance rankings of the seven Web sites remain a critical component of this research paper, the issues discussed in this section are of even greater importance. In fact, the performance rankings must be viewed in the context of these concerns.

Of particular importance were two critical issues: 1) incorrect price displays by Orbitz and Expedia and 2) potentially biased displays by Expedia. This section will address these and other concerns that were raised during the testing.

Pricing Display Issues

One of the most disturbing issues that arose from this testing concerned listed car rental rates that were not available for booking. This occurred with both Orbitz and Expedia. The Orbitz problems were more serious and are discussed first, followed by the Expedia problems.

- Throughout this testing, the “Orbitz Display Matrix” provided numerous car rental rates on the initial screen that were not available for detailed pricing and booking on the following screen. In each case, 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 #5, the Consumer WebWatch tester printed all of the matrix displays for lowest rates that were not available. Here is a summary of those results:

<u>AIRPORT</u>	<u>LOWEST DAILY RATE</u>	<u>LOWEST AVAILABLE DAILY RATE</u>
BOS	Budget/\$56.99	Alamo/\$57.99
LGA	Budget/\$49.99	Budget/\$79.99*
PBI	Payless/\$39.89	Ace/\$49.95
FLL	New Frontier/\$44.99	Ace & Specialty/\$45.99
DFW (1)	Advantage/\$39.51	L&M & E-Z/\$45.00
DFW (2)	L&M & E-Z/\$45.00	E-Z/\$45.00
IAH (1)	Advantage/\$39.51	Dollar/\$39.99
IAH (2)	Dollar/\$39.99	Alamo/\$48.99
LAX	Dollar/\$45.87	New Frontier/\$51.94

**See detailed explanation below.*

As illustrated above, 7 of the 30 queries for lowest rates in TEST #5 produced an initial display of a lowest rate that was not available.

In addition, in two separate cases the initial display of a lowest rate was not available *twice*. First, this occurred when the Consumer WebWatch tester queried a rate for Dallas-Fort Worth International Airport (DFW) and a lowest daily rate of \$39.51 with Advantage was provided. When the tester requested that this rate be “total priced” (to include taxes, fees, and surcharges), the Advantage rate was no longer available and identical lowest rates of \$45.00 for L&M and E-Z were provided. When the tester then requested that these rates be total priced, the L&M lowest rate became unavailable and only the E-Z lowest rate of \$45.00 remained available. All of these queries were made in immediate conjunction. The difference between the first lowest rate and the final lowest rate was \$5.49 per day, or \$16.47 for the entire rental period.

This occurred again when the tester queried a rate for Houston’s George Bush Intercontinental Airport (IAH) and, once again, a lowest daily rate of \$39.51 with Advantage was provided. This rate was not available for total pricing, and a lowest daily rate of \$39.99 with Dollar was provided. But this rate was also not available for total pricing, so that the lowest available daily rate was actually \$48.99 with Alamo. Again, all of these queries were made in immediate conjunction. The difference between the first lowest rate and the final lowest rate was \$9.48 per day, or \$28.44 for the entire rental period.

The specific availability problem with the lowest rate provided for New York’s LaGuardia Airport (LGA) is discussed in detail below. Putting aside the LGA rates, these price differentials between the first and second (or first and third) lowest rates ranged from \$1.00 to \$10.06 per day, or \$3.00 to \$30.18 per rental period.

It may have been that these pricing and availability problems were due to communication glitches between Orbitz and the car rental companies. However, it’s important to note that these problems did not occur with one of the other two integrated travel Web sites, Travelocity. Availability problems did arise with Expedia, and they are discussed below. (And at no time did a pricing availability problem occur with the four branded car rental Web sites.)

The unanswered question is how an integrated travel Web site as technologically advanced as Orbitz, with the backing of the nation’s five largest airlines, allowed such a significant flaw in its consumer interface to go unchecked. At best, it was a technical glitch that should have been corrected.

However, Consumer WebWatch uncovered an even more troubling problem with the “Orbitz Display Matrix.”

In the most serious case, a rate listed in the initial “Orbitz Display Matrix” rose by \$90.00 in the 17 seconds it took to inquire about the total pricing specifics of that rate. This case and the cases with Expedia cited below were the only instances of price-changing ever uncovered during the travel Web site testing conducted since 2000 by Consumer WebWatch and *Consumer Reports Travel Letter*.

Specifically, in TEST #5 the Consumer WebWatch tester queried a rate for a minivan for three days, with pick-up and drop-off at New York's LaGuardia Airport (LGA). The "Orbitz Matrix Display" provided rates for four car rental companies: Budget, Enterprise, Dollar, and National. The lowest rate provided was through Budget, listed as a "weekend daily rate" of \$49.99 per day (for a total of \$149.97 without additional charges). However, when the tester immediately inquired about the specifics of this Budget rate, it had risen to \$79.99 per day (for a total of \$239.97 without additional charges). This represented an increase of \$30.00 per day, or \$90.00 for the entire rental period. The time elapsed between the printing of these two pages was 17 seconds.

Illustrations A and B provide further evidence.

Illustration A: Orbitz shows rate of \$49.99 with Budget

ORBITZ home / flights / hotels / cars / cruises / vacations / deals

ORBITZ MATRIX

pick-up September 19, 2003 6:00 PM
New York La Guardia, NY
at or near airport

drop-off September 22, 2003 6:00 PM
same as pickup

your preferred company No Preference

Weekend daily Rates*	Budget	Enterprise	Dollar Rent A Car	National Car Rental	Hertz
Economy	\$16.99+	\$61.00+	\$74.99+	\$84.99+	\$85.99+
Compact	\$16.99+	\$63.69+	\$78.99+	\$87.99+	\$88.99+
Midsize	\$17.99+	\$68.00+	\$85.99+	\$95.99+	\$96.99+
Standard	\$19.99+	\$74.69+	\$89.99+	\$98.99+	\$100.99+
Full Size	\$19.99+	\$77.00+	\$89.99+	\$99.99+	\$101.99+
Premium	\$25.99+	\$82.95+	\$81.99+	\$94.99+	\$106.99+
Luxury	\$54.99+		\$279.99+	\$105.99+	\$109.99+
Convertible	\$67.99+				
Van	\$49.99+	\$122.95+	\$81.99+	\$92.99+	
SUV	\$54.99+	\$112.95+	\$83.99+	\$92.99+	\$93.99+
Pickup	\$28.99+				

*Rates listed here only reflect standard rate plan periods (daily, weekly, or monthly) and do not include taxes, fees, and other charges. Daily rate above applies to Fridays, Saturdays, Sundays, and often Mondays. Any additional days beyond this period may be charged at a different rate or with additional week, day, or hourly charges. Saturdays, Sundays, and often Mondays. Any additional days will be charged at the Extra day rate. Currencies may be displayed by selecting a rate from this page and then viewing the details of the rate.

Illustration B: Orbitz shows higher rate of \$79.99 on next screen

ORBITZ home flights hotels cars cruises vacations deals customer care TRAVEL WATCH MY STUFF REVIEW

pick-up September 19, 2003 6:00 PM
New York La Guardia, NY
at or near airport

drop-off September 22, 2003 6:00 PM
same as pickup

[change search](#)

[return to car matrix](#)

Budget Car Options

Car Type	Pick Up	Rate	Estimated Total
Mini Ford Windstar (or similar) Automatic Transmission Air Conditioning	in terminal Shuttle information	\$79.99/weekend unlimited mileage	\$271.77 with taxes/fees

Rates listed here only reflect standard rate plan periods (daily, weekly, or monthly) and do not include additional charges, taxes, or fees. Weekend Daily rate above applies to Fridays, Saturdays, Sundays, and often Mondays. Any additional days will be charged at the Extra day rate. Additional days beyond his period may be charged at a different rate or with additional week, day, or hourly charges. Weekend Daily rate applies to Fridays, Saturdays, Sundays, and often Mondays. Any additional days will be charged at the Extra day rate. All rates are shown in US Dollars on this page. Rates in local currencies may be displayed by selecting a rate from this page and then viewing the details of that rate.

Consumer WebWatch contacted Orbitz and provided hard-copy documentation to support these findings. In September 2003, Orbitz responded by stating that its “car rental matrix and search functionality have been substantially improved” since Consumer WebWatch conducted its testing in May 2003. Orbitz said that it was unable to “replicate the errors” found by Consumer WebWatch, but that it had made “major upgrades” that it claimed now gives consumers total pricing displays for 85% of its travel providers.

As for availability of rates, Orbitz said that by mid-Summer 2003 it had achieved “source information” (real-time connectivity) for 86% of the rates it displayed, and that this figure was expected to increase to 93% by September 2003. But Orbitz said that its decision to include rates from many smaller car rental companies (discussed on page 45) means that these smaller firms often are unable to provide real-time price and availability information. Orbitz said this business decision means it “will not be able to provide real-time information 100% of the time for all car rental suppliers.”

In a subsequent interview with Consumers Union in September 2003, an Orbitz executive said Consumer WebWatch “caught us at a time when we were making substantial changes to our site.”

- With Expedia, Consumer WebWatch uncovered two cases where rates provided were not available for further pricing and booking. In neither case were these rates the lowest rates provided by Expedia for that airport.

Both of these “missing” rates were with Avis, and both occurred during TEST #5. In fact, both of these rates were interwoven with another serious issue, potentially biased displays (discussed on page 22). In both cases, Expedia provided rates from Avis in its initial display that rose when the tester selected the “Show more vendors” option. On the subsequent displays, both of the Avis rates increased.

The first case concerned West Palm Beach (PBI). The initial display included a lowest daily rate of \$64.99 for Avis but the subsequent display included a lowest daily rate of \$74.99 for Avis. No explanation for the missing rate was provided on the subsequent display. The price differential was \$10.00 per day and \$30.00 for the entire rental period.

The second case concerned Houston’s Hobby Airport (HOU). The initial display included a lowest daily rate of \$60.99 for Avis but the subsequent display included a lowest daily rate of \$84.99 for Avis. The price differential was \$24.00 per day and \$72.00 for the entire rental period.

In both cases, no explanations for the missing rates were offered on the subsequent displays. Obviously these were disturbing findings in and of themselves, apart from the bias issue. However, these were the only two cases of missing rates with Expedia uncovered by Consumer WebWatch.

The Orbitz problems detailed above were more chronic, and in the specific case cited, concerned the lowest rate provided for a given airport.

Consumer WebWatch contacted Expedia and provided hard-copy documentation to support these findings. In September 2003, Expedia responded and stated that it provides a message on its rate page: “Please note that prices shown on this page are for comparison purposes only. To see the actual rate, click on ‘verify rate and continue.’” Expedia said this feature notifies consumers that “the rate has been changed.”

Expedia further stated: “There are several reasons prices change as a customer goes through the booking process. One of the most common is that prices shift quickly based on supply and demand. The second reason is an industry issue — Expedia, like all travel agencies, gets its [airline] and [car rental] pricing information from global distribution systems (GDSs). The GDS has direct-connect capability with car vendors in order to get the most updated rate information. There are times when the GDS automatically defaults to a “cached” price from its database, resulting in different prices being quoted during the comparison shopping phase. However, once the customer clicks ‘verify rate and continue,’ the rate will be verified, before a customer puts in any credit card information. In the two test sequences performed by Consumer WebWatch, the

‘verify rate’ step was not taken, so it is difficult to know which price was correct — the lower or higher price.”

Expedia was correct that Consumer WebWatch did not perform the additional “verify rate” step. However, even if this function had been performed and the higher rates were provided, it would not have changed the fact that incorrect lower rates were provided initially, and that is the crux of this issue.

In a subsequent interview with Consumers Union in September 2003, an Expedia executive said, “This is an industry issue.” He added, “Solving this problem and getting to a situation where prices are accurate at all stages is an immense technical problem but we’re working extremely hard to make sure we get there and get there first.”

Bias Issues

The issue of bias within integrated travel Web sites represents a serious concern for consumers, and it’s a topic Consumer WebWatch treats seriously. Consumer WebWatch believes consumers inherently understand that branded travel Web sites are selling tools for the particular products of a given company or consortia, and in fact are dealerships for those products. Consumer WebWatch further believes that integrated travel Web sites displaying multiple products offered by competing companies should be held to a higher standard.

All three of the integrated Web sites tested — Expedia, Orbitz, and Travelocity — maintain business relationships with car rental companies and other travel suppliers, including airlines, hotel chains, and vacation packagers. These relationships can take many forms, including advertising, direct marketing, and promotional projects.

The critical issue is whether or not car rental companies or any other travel suppliers can purchase preferential placement in the integrated pricing displays provided in response to consumers’ queries for fares and rates. In conversations with Consumer WebWatch, all three of these integrated Web sites have flatly stated that their proprietary business partnerships do not include preferential display listings.

Yet serious questions have arisen for Consumer WebWatch testers during each travel Web site testing project. In fact, this project raised the most serious questions yet about potential bias.

Specifically, they concern Expedia and its method of displaying car rental rates, which we believe are serious enough to warrant further investigation.

The Expedia search function allowed the user to choose a specific car rental company (from a drop-down bar that listed the 10 largest domestic car rental companies and 1 European car rental company) or select the “Expedia picks” option. Consumer WebWatch testers, in seeking to obtain all of the available

lowest rates, used the “Expedia picks” option. In response to repeated queries for lowest car rental rates throughout these five tests, Expedia provided 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.

The “show more vendors” icon appeared in most of the 150 tests.

Illustrations C, D and E provide further evidence.

Illustration C: Example of initial query results on Expedia

Expedia.com Welcome - Already a member? [Sign in](#)

[home](#) [flights](#) [hotels](#) [cars](#) [vacation packages](#) [cruises](#) [deals](#) [destinations & interests](#) [maps](#) [corporate travel](#)

[Site Map](#) | [My Trips](#) | [My Profile](#) | [Customer Support](#)

Car Wizard ▾

Modify your search

Pick-up date: (MM/DD/YY)
9/12/2003
12:00 noon

Drop-off date: (MM/DD/YY)
9/14/2003
12:00 noon

Car class:
Midsize

Rental car company:
Expedia Picks

[Go](#)

San Francisco, CA (SFO-San Francisco Intl.)

Please note that prices shown on this page are for comparison purposes only. To see the actual rate, click on **Verify rate and continue**.

Here are the cars you requested


\$22.99 /Day (Weekend Rate)
Midsize Car: air conditioning, automatic transmission, in the airport terminal : [Full description](#) [Verify rate and continue](#) **Thrifty**


\$31.99 /Day (Weekend Rate)
Midsize Car: air conditioning, automatic transmission, in the airport terminal : [Full description](#) [Verify rate and continue **Dollar**](#)


\$37.99 /Day (Weekend Rate)
Midsize Car: air conditioning, automatic transmission, in the airport terminal : [Full description](#) [Verify rate and continue **AVIS**](#)


\$37.99 /Day (Weekend Rate)
Midsize Car: air conditioning, automatic transmission, in the airport terminal : [Full description](#) [Verify rate and continue](#) **Hertz**

Illustration D: User must scroll down to see “Show More Vendors” option

**\$63.99 /Day (Weekend Rate)**
Luxury Car: air conditioning, automatic transmission, in the airport terminal : [Full description](#)
[Verify rate and continue](#)

**\$63.99 /Day (Weekend Rate)**
Luxury Car: air conditioning, automatic transmission, in the airport terminal : [Full description](#)
[Verify rate and continue](#)

**\$81.99 /Day (Weekend Rate)**
Luxury Car: air conditioning, automatic transmission, in the airport terminal : [Full description](#)
[Verify rate and continue](#)

**\$81.99 /Day (Weekend Rate)**
Luxury Car: air conditioning, automatic transmission, in the airport terminal : [Full description](#)
[Verify rate and continue](#)

Select an option

[Show more vendors.](#)

[Cancel and go to the home page.](#)

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Illustration E: “Show More Vendors” page shows cheaper rates

Refine your search

Pick-up date: (MM/DD/YY)
9/12/2003
12:00 noon


Drop-off date: (MM/DD/YY)
9/14/2003
12:00 noon

Car class:
Midsize

Rental car company:
Expedia Picks

Go

Here are the cars you requested

 **\$18.89 /Day (Weekend Rate)**

Midsize Car: air conditioning, automatic transmission, outside the airport terminal : [Full description](#)




[Verify rate and continue](#)

 **\$22.97 /Day (Weekend Rate)**


Midsize Car: air conditioning, automatic transmission, in the airport terminal : [Full description](#)



[Verify rate and continue](#)

 **\$22.99 /Day (Weekend Rate)**

Midsize Car: air conditioning, automatic transmission, in the airport terminal : [Full description](#)



[Verify rate and continue](#)

 **\$26.99 /Day (Weekend Rate)**


Midsize Car: air conditioning, automatic transmission, in the airport terminal : [Full description](#)




[Verify rate and continue](#)

 **\$31.99 /Day (Weekend Rate)**


Midsize Car: air conditioning, automatic transmission, in the airport terminal : [Full description](#)



[Verify rate and continue](#)


 **\$31.99 /Day (Weekend Rate)**


Midsize Car: air conditioning, automatic transmission, in the airport terminal : [Full description](#)




[Verify rate and continue](#)

QUESTIONS?

 Can I use a credit card with a billing address outside the U.S.?

 Is it safe to buy online?

 Need help with this page?

 Other FAQs

Expedia's Web site offered no explanation for why some car rental companies were included in the initial display of rates and other car rental companies were only included in the subsequent "show more vendors" display of rates.

Furthermore, the vendors omitted from the initial displays could not be considered secondary in any way. All six were name-brand car rental companies: Avis, Alamo, Budget, Enterprise, National, and Payless.

Although some car rental companies were listed as "In the Airport Terminal" and others were listed as "Outside the Airport Terminal," these distinctions had absolutely no bearing on how rates were listed in either the initial or the subsequent displays.

In addition, some of the car rental companies that tied with identical rates in the initial display were sometimes listed in a different order in the subsequent displays. Also, in both the initial and subsequent displays, some car rental companies providing more than one rate for the same request were listed more than once.

For TEST #5, a Consumer WebWatch tester printed complete sets of initial and subsequent rate displays for all 30 airports. In 27 of these 30 cases, the "show more vendors" display contained between one and five car rental companies not included in the initial display of rates. The "show more vendors" icon was not available for 3 airports: New York's LaGuardia (LGA); New York's Kennedy (JFK); and Newark Liberty (EWR). The Expedia display offered no explanation for why the "show more vendors" icon was not available for these 3 airports.

Furthermore, in 10 of these 27 cases, at least one of the additional car rental companies provided a rate that was lower than the lowest rate provided on the initial display.

What follows is a detailed breakdown of those results for TEST #5, with all car rental companies listed in the same order as they were listed in both the initial and subsequent displays. Car rental companies omitted in the initial displays are in boldface type (but car rental companies listed more than once in either display are not listed more than once here). Rates that were omitted in the initial displays but were lower than the initial lowest rates are also included.

<u>AIRPORT</u>	<u>INITIAL LOWEST DAILY RATES</u>	<u>SUBSEQUENT LOWEST DAILY RATES</u>
BOS	Avis (\$59.99) Hertz Thrifty Dollar	Budget (\$56.99) Alamo (\$57.99) Avis Enterprise Hertz Thrifty

		Dollar
IAD	Thrifty (\$61.99) Avis Dollar Hertz	Budget (\$50.99) Alamo (\$55.99) Thrifty National Avis Dollar Enterprise Hertz
DCA	Avis (\$54.99) Dollar Thrifty Hertz	Alamo (\$46.99) Budget (\$52.99) Avis Enterprise Dollar Hertz Thrifty
ATL	Dollar (\$47.87) Avis Hertz Thrifty	Dollar (\$47.87) Enterprise Alamo National Avis Hertz Thrifty
MCO	Thrifty (\$46.86) Avis Dollar Hertz	Payless (\$39.44) Thrifty Budget Alamo National Avis Dollar Hertz
TPA	Dollar (\$58.28) Thrifty Avis Hertz	Payless (\$40.00) Budget (\$50.99) Dollar Thrifty Alamo National Enterprise Avis Hertz
PBI	Thrifty (\$39.90)	Payless (\$39.89)

	Dollar Avis Hertz	Thrifty Dollar Alamo National Enterprise Hertz Avis*
FLL	Thrifty (\$39.90) Dollar Avis Hertz	Thrifty (\$39.90) Budget Dollar Payless Alamo National Avis Enterprise Hertz
MIA	Thrifty (\$39.90) Dollar Avis Hertz	Thrifty (\$39.90) Budget Dollar Payless Alamo National Avis Hertz
SJU	Dollar (\$69.95) Avis Hertz Thrifty	National (\$43.89) Dollar Budget Avis Hertz Thrifty
ORD	Dollar (\$44.99) Thrifty Avis Hertz	Dollar (\$44.99) Thrifty Budget National Alamo Enterprise Hertz Avis
MDW	Thrifty (\$59.98) Avis Hertz Dollar	Thrifty (\$59.98) Alamo Enterprise National

		Hertz Avis Dollar
MSY	Dollar (\$44.99) Avis Hertz	Dollar (\$44.99) Budget Alamo National Enterprise Avis Hertz
DFW	Advantage (\$39.51) Thrifty Dollar Hertz Avis	Advantage (\$39.51) Thrifty Alamo National Enterprise Budget Dollar Hertz Avis
DAL	Advantage (\$39.51) Thrifty Dollar Avis Hertz	Enterprise (\$23.36) Advantage Thrifty Alamo National Budget Dollar Avis Hertz
IAH	Advantage (\$39.51) Dollar Thrifty Avis Hertz	Advantage (\$39.51) Dollar Thrifty Alamo Budget National Avis Hertz
HOU	Advantage (\$39.51) Dollar Thrifty Avis Hertz	Advantage (\$39.51) Dollar Thrifty Alamo Budget National

		Enterprise Hertz Avis**
DEN	Advantage (\$51.63) Thrifty Dollar Hertz Avis	Advantage (\$51.63) Thrifty Alamo Enterprise Payless National Dollar Budget Hertz Avis
SLC	Thrifty (\$49.83) Dollar Hertz Advantage	Thrifty (\$49.83) Avis Dollar Hertz Advantage
PHX	Advantage (\$59.69) Avis Hertz Thrifty Dollar	Advantage (\$59.69) National Budget Alamo Avis Hertz Thrifty Enterprise Dollar
LAS	Dollar (\$39.99) Thrifty Hertz Avis	Payless (\$35.89) National (\$38.95) Dollar Thrifty Budget Alamo Enterprise Hertz Avis
SEA	Advantage (\$40.52) Dollar Avis Thrifty Hertz	Advantage (\$40.52) Budget Dollar Avis Thrifty National

		Enterprise Alamo Hertz
SFO	Hertz (\$59.99) Dollar Thrifty Avis	Payless (\$56.89) Hertz Budget Dollar Alamo National Thrifty Avis
LAX	Dollar (\$45.87) Hertz Advantage Thrifty Avis	Dollar (\$45.87) National Hertz Enterprise Budget Advantage Payless Alamo Thrifty Avis
SAN	Dollar (\$49.87) Advantage Hertz Thrifty Avis	Dollar (\$49.87) Alamo Enterprise Advantage Budget Hertz Thrifty National Avis
HNL	Thrifty (\$54.99) Dollar Hertz Avis	Thrifty (\$54.99) Alamo National Dollar Enterprise Hertz Avis
OGG	Thrifty (\$54.99) Avis Hertz Dollar	Thrifty (\$54.99) Hertz Avis Alamo National

Budget
Dollar

*For West Palm Beach (PBI), the initial display included a lowest daily rate of \$64.99 for Avis; the subsequent display included a lowest daily rate of \$74.99 for Avis. No explanation for the missing rate was provided on the subsequent display.

**For Houston's Hobby Airport (HOU), the initial display included a lowest daily rate of \$60.99 for Avis; the subsequent display included a lowest daily rate of \$84.99 for Avis. No explanation for the missing rate was provided on the subsequent display. These two cases are discussed on page 21.

In TEST #5, certain patterns emerged quite clearly. In these 27 cases, only five car rental companies were listed in the initial displays: Advantage, Avis, Dollar, Hertz, and Thrifty. Of these five companies, Dollar and Hertz were listed in the initial displays for all 27 airports, Avis and Thrifty were listed for 26 airports, and Advantage was listed for 10 airports. The order of these five car rental companies in the initial displays did change from airport to airport.

[Interestingly, Avis was the only car rental company that was both included in and omitted from an initial display. For Salt Lake City (SLC) only, Avis was omitted from the initial display and included in the subsequent display. Avis was included in the initial displays for the remaining 26 airports. Of even more interest was the fact that SLC was the only airport among the 27 in which Alamo, Budget, Enterprise, National, and Payless were all omitted from both the initial and subsequent displays.]

In the subsequent displays, the omitted car rental companies in all 27 cases were one or more or all of the following: Alamo, Budget, Enterprise, National, and Payless (in addition to the one case with Avis already cited). In addition, all five of these car rental companies provided at least one rate that was lower than the lowest rate provided in the initial display. The order of these five car rental companies in the subsequent displays did change from airport to airport.

These omissions were costly for consumers. As noted, for 10 of the 27 airports in TEST #5, at least one of the omitted car rental companies offered a lower rate than the lowest rate provided in the initial display. The differentials in lowest rates between the initial displays and the subsequent displays for TEST #5 ranged from 1¢ to \$26.06 per day, or 3¢ to \$78.18 for the entire rental period.

It's ironic that by excluding several major car rental companies from the initial displays, Expedia undoubtedly damaged its standing in Consumer WebWatch's rankings of lowest car rental rates. (In compiling its rankings, Consumer WebWatch used only the initial displays. This was done in fairness to other Web sites, which did not require a two-step resorting process to obtain lowest rates.)

More importantly, it is beyond question that an untold number of consumers were unaware that they were not receiving a complete and unedited display of lowest available car rental rates when shopping on Expedia. In many cases, there can be little doubt that they booked higher rates, either through Expedia or one of Expedia's competitors.

It's impossible to know if any car rental companies were allowed to "buy" preferential placement on Expedia's initial car rental rate displays. It's equally impossible to know if any car rental companies on the subsequent displays failed to "buy" preferential placement. But it is beyond question that Expedia's initial display was a far more preferential listing than the subsequent display. And based on a comparison of the rates and companies provided, no valid reason exists to determine why some car rental companies were included in Expedia's initial display and some were only included in the subsequent "show more vendors" display.

Consumer WebWatch contacted Expedia and provided hard-copy documentation to support these findings. In September 2003, Expedia responded by stating: "Expedia does in fact fully explain how our rental car rates are listed in the FAQ section of our site."

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."

Integrated Rates vs. Branded Rates

One of the most interesting findings of this extensive testing arose when car rental rates provided by the integrated Web sites were compared with rates provided by the branded Web sites.

Among the 150 tests, there were 31 cases in which one or more of the three integrated Web sites — Expedia and/or Orbitz and/or Travelocity — provided a lowest rate from one of the four branded car rental companies included in this testing. In all 31 cases, those lowest rates were for Alamo or Dollar vehicles; in none of the 31 cases were those lowest rates for Avis or Hertz vehicles.

Interestingly, in 22 of these 31 cases, the branded Web site — either Alamo or Dollar — matched the lowest rate provided by the integrated web site(s), for a percentage of 71%. Put another way, in 9 out of 31 cases, or 29% of the time, either Alamo or Dollar failed to match one or more of the three integrated Web sites when they provided a lowest rate for one of its own vehicles.

Here is a breakdown of these 31 cases in which one or more of the integrated travel Web sites provided a lowest rate that was or was not matched by Alamo and/or Dollar:

<u>TEST/ AIRPORT</u>	<u>LOWEST RATE PROVIDED BY INTEGRATED WEB SITE</u>	<u>LOWEST RATE MATCHED BY BRANDED WEB SITE</u>	<u>LOWEST RATE NOT MATCHED BY BRANDED WEB SITE</u>
#1/IAD	Orbitz/Travelocity	Alamo	
#1/DCA	Expedia/Orbitz/ Travelocity	Dollar	
#1/ORD	Travelocity	Alamo	
#1/MSY	Orbitz/Travelocity	Alamo	
#1/DEN	Orbitz/Travelocity	Alamo	
#1/SFO	Expedia/Orbitz/ Travelocity	Dollar	
#2/IAD	Orbitz/Travelocity	Alamo	
#2/DCA	Expedia/Orbitz/ Travelocity	Dollar	
#2/ORD	Orbitz/Travelocity	Alamo	
#2/MDW	Orbitz		Alamo
#2/MSY	Orbitz/Travelocity	Alamo	
#2/DFW	Orbitz/Travelocity	Alamo	
#2/IAH	Travelocity	Alamo	
#2/HOU	Orbitz/Travelocity	Alamo	
#2/SEA	Orbitz		Alamo
#3/DCA	Expedia/Orbitz/ Travelocity		Dollar
#3/ORD	Expedia/Travelocity	Dollar	
#3/MDW	Expedia/Orbitz/ Travelocity	Dollar	
#3/MSY	Orbitz	Alamo	
#3/HNL	Travelocity		Alamo
#4/BOS	Orbitz/Travelocity		Alamo
#4/MDW	Orbitz		Alamo
#4/HOU	Expedia/Orbitz/		Alamo/Dollar

	Travelocity		
#4/SEA	Orbitz		Alamo
#4/HNL	Orbitz/Travelocity		Alamo
#5/JFK	Expedia/Orbitz/ Travelocity	Dollar	
#5/ATL	Expedia/Orbitz/ Travelocity	Dollar	
#5/ORD	Expedia/Orbitz/ Travelocity	Dollar	
#5/MSY	Expedia/Orbitz/ Travelocity	Dollar	
#5/LAX	Expedia/Travelocity	Dollar	
#5/SAN	Expedia/Orbitz/ Travelocity	Dollar	

A closer analysis reveals certain factors. In the 9 cases in which the integrated travel Web sites provided a lowest rate that was not matched by the branded Web sites, Alamo did not match in 8 cases and Dollar did not match in 2 cases. (This included one interesting case in which the lowest rate was provided by Expedia and Travelocity for Dollar and matched by Orbitz for both Alamo and Dollar, but was not matched by either Alamo or Dollar.)

Of those 9 cases, Orbitz provided a lowest rate that was not matched by the branded Web sites in 8 cases, Travelocity was not matched in 5 cases, and Expedia was not matched in 2 cases. Among the three integrated travel Web sites, clearly Orbitz was the most aggressive price leader when it came to undercutting the branded Web sites' own rates.

And just how much price-cutting was in effect? Quite a bit. In those 9 cases, the lowest rates provided by the branded car rental Web sites ranged from \$6.00 to \$207.84 higher for the rental period than the lowest rates offered by the integrated Web sites. On average, the lowest rate provided by the branded Web sites was \$59.81 higher for the rental period than the lowest rate provided by the integrated Web sites for the branded company's own vehicle.

The "Big Three" integrated travel Web sites choose not to discuss the proprietary aspects of their business relationships with travel suppliers, including car rental companies, airlines, hotel chains, and other travel providers. Clearly there are instances in which the integrated Web sites are offering lower rates for travel products than are being offered by the suppliers themselves for their own products on their own branded Web sites.

This could be due to any combination of three likely factors:

- 1) The integrated Web sites enjoy lower overall distribution costs;
- 2) The integrated Web sites are purchasing blocks of inventory (such as car rentals) at significant discounts — which may or may not be due to "distressed inventory" conditions — and passing along a percentage of those discounts to consumers; and

3) The integrated Web sites are pricing at a loss, for any number of competitive reasons.

It's impossible for Consumer WebWatch to know if any or all of these factors applied in any given situation. What is clear is that the "Big Three" integrated travel Web sites are aggressively pursuing new "travel partners" as well as new customers. Whether or not consumers will continue to benefit from these conditions remains to be seen.

Competition Issues

Through this project, Consumer WebWatch found much more competition within the car rental sector than previous Web site testing had revealed within the airline and hotel sectors of the travel industry. As noted earlier, many of the closest car rental rates were just pennies more per day than the lowest rates (see page 40).

Obviously this pricing battle was good news for consumers and Consumer WebWatch strongly supports healthy competition. It seemed apparent that some of the Web sites — particularly the "Big Three" integrated Web sites of Expedia, Orbitz, and Travelocity — were using technological tools to monitor their competitors' pricing and adjust their own rates accordingly.

One word of caution: This type of close monitoring and matching can cut both ways. In the future, one or more of these Web sites could "signal" their competitors to raise rates as well. This has been a long-standing competition issue within the airline industry, where such fare-raising has manifested itself through more traditional sales methods, such as global distribution systems (GDSs) used by reservations agents and travel agents.

Through its ongoing testing and analysis of travel Web sites, Consumer WebWatch will continue to examine such issues.

Listing of Taxes, Fees, and Surcharges

There can be little doubt that renting a car requires paying more additional taxes, fees, and surcharges than purchasing most other travel products, including airline seats, hotel rooms, cruise berths, and even vacation packages. This is due in large measure to the historic trend of the car rental industry being heavily taxed by local municipalities and airport operators.

It seems certain that most consumers will be quite confused about the total price of a rental car, regardless of the booking medium. Unfortunately, some of these Web sites only added to that confusion, particularly the integrated sites offering multiple brands. Specifically, some of these Web sites did not offer detailed breakdowns of all the applicable fees, and some listed the generic percentages without calculating the specific amounts for the rental periods being queried.

In addition, Consumer WebWatch was disturbed to find different tax rates for identical queries from one Web site to another, and even different tax rates from one car rental company to another within the same Web site.

What follows is a side-by-side comparison of how all seven Web sites listed the taxes, fees, and surcharges for an identical query in real-time for one specific test. All information is reprinted exactly as it was listed on the Web site's page, and in the same order.

Here's an example from TEST #5:

Maui, Hawaii/Kahului Airport (OGG); minivan; rental period of 3 days; booked 130 days in advance

WEB SITE: ALAMO

Base Rate	\$302.97
Concession Recoupment Fee (8.1%)	\$24.54
Vehicle Registration Fee	
And Weight Tax (32¢/day)	\$0.96
Sales Tax (4.16%)	\$13.66
Hawaii State Surcharge (\$3/day)	\$9.00
Total Price	\$351.13

RENTAL COMPANY: ALAMO

WEB SITE: AVIS

Base Rate	\$227.97
Total Surcharges	\$29.09
Hawaii State Surcharge (\$3/day)	NOT CALCULATED
Vehicle License Fee ("up to" 50¢/day)	NOT CALCULATED
Concessionaire Fee (8.1%)	NOT CALCULATED
Total Tax (4.166%)	\$10.33
Total Price	\$267.39

RENTAL COMPANY: AVIS

WEB SITE: DOLLAR

Base Rate	\$269.97
Rental Vehicle Surcharge	\$9.00
Vehicle License Fee	\$1.35
General Excise Tax	\$11.68
Airport Concession Recovery Fee	\$21.98
Total Price	\$313.98

RENTAL COMPANY: DOLLAR

WEB SITE: EXPEDIA

Base Rate	\$164.97
Sales Tax (4.166%)	NOT CALCULATED
Concession Recovery Fee	NOT CALCULATED
Vehicle License Fee ("ranges" 12¢-41¢)	NOT CALCULATED
State Surcharge (\$3/day)	NOT CALCULATED
Frequent Flyer Tax Recovery Surcharge (6¢)	NOT CALCULATED
Total Price	NOT CALCULATED

RENTAL COMPANY: THRIFTY

WEB SITE: HERTZ

Base Rate
 Tax (4.16%)
 Airport Concession Fee Recovery (7.50%)
 Vehicle Licensing Fee
 Rental Surcharge
 Total Price

RENTAL COMPANY: HERTZ

\$232.97
 NOT CALCULATED
 NOT CALCULATED
 \$1.29
 \$9.00
 NOT CALCULATED

WEB SITE: ORBITZ

Base Rate
 (All Taxes, Fees, and Surcharges)
 Total Price

RENTAL COMPANY: BUDGET

\$161.97
 NOT CALCULATED
 \$192.88

WEB SITE: TRAVELOCITY

Base Rate
 (All Taxes, Fees, and Surcharges)
 Total Price

RENTAL COMPANY: BUDGET

\$161.97
 CALCULATED BUT NOT
 RECORDED
 \$192.88

In comparing each of these seven Web sites for providing clear, concise, and complete information to consumers on car rental taxes, fees, and surcharges, Consumer WebWatch ranked them in the following order, from best to worst:

ALAMO/TRAVELOCITY
 DOLLAR
 AVIS
 HERTZ
 EXPEDIA/ORBITZ

Alamo and Travelocity were ranked first because they provided clear percentages for each additional fee, and then calculated the specific amount of that percentage for these specific rentals. Dollar ranked a close second because although it did provide the specific amounts, it did not provide the percentages. Avis ranked third because it provided the percentages for each fee but did not calculate the specific amounts for each specific fee. Hertz ranked fourth because for each fee it provided either the percentage or the specific amount, but not both.

It should be noted that in some cases, Expedia and Orbitz did provide specific surcharge information. But these cases were the exception and not the rule.

Two of the three integrated travel Web sites — Expedia and Orbitz — ranked at the bottom. Expedia at least provided percentages for the additional fees, although it did not even provide an estimated total. Orbitz provided estimated totals but no percentages or specific amounts for any fees.

Clearly, these two integrated Web sites performed very poorly at providing detailed information on additional charges. In fairness to these Web sites, this failure may be due to communication problems between the integrated Web sites and the individual car rental companies. Nonetheless, consumers who are seeking a “bottom-line” car rental rate are not well served by using these two integrated travel Web sites.

The testing also revealed discrepancies on the percentages and amounts of fees charged for identical rentals. For example, in one test Expedia stated that the state and local taxes for a rental in New Orleans through Avis totaled 10.75%, while Expedia also stated that the same taxes for the same rental through Hertz totaled 13.75%. If this discrepancy was due to charges levied by the companies themselves, it was not spelled out as thus.

Furthermore, at the two Washington, D.C. airports (IAD and DCA), Expedia stated that Thrifty charged 31¢ for a “license plate fee,” while Dollar (a sister company of Thrifty) charged 49¢ for a “vehicle license fee.” Again, if this discrepancy was due to a difference in the charges levied by the companies themselves, it was not stated.

There is no denying that tabulating the total cost of a car rental is a daunting task for a car rental company reservations agent, a travel agent, or a car rental Web site. But Travelocity and the branded Web sites — particularly Alamo and Dollar — deserve credit for developing such consumer-friendly interfaces. Conversely, the integrated Web sites Expedia and Orbitz demonstrated that they are severely lacking in this area.

Car Rentals Testing Results, Rankings, and Conclusions

The findings of Consumer WebWatch's car rental Web site testing are presented below. There are four major categories of rankings:

- 1) Lowest rates
- 2) Closest rates
- 3) Lowest rates by test
- 4) Lowest rates for major car rental companies only

There are many factors to be considered when a consumer is choosing a travel Web site. This is true whether the user is "looking" or "booking." The extensive testing undertaken by Consumer WebWatch yielded rich data and significant findings. A key component of these findings were the rankings of the Web sites, detailing which sites provided the highest number of lowest rates. While this is not the only criterion that should be used to select a Web site, it is critically important in that it demonstrates how each Web site performed in providing lowest rates in real-time, repetitive, "apples-to-apples" testing.

This project yielded results unlike any other project undertaken by Consumer WebWatch and *Consumer Reports Travel Letter*. Some of these findings are quite troubling, and were discussed on page 16. It is also critical to note that these rankings must be viewed in the context of concerns about pricing display issues and bias issues previously discussed.

However, the rankings themselves differ from past rankings published by Consumer WebWatch for airline and hotel Web sites, and reflect intense competition within the car rental industry. A detailed analysis of the rankings follows.

Lowest Rates

As Figure 1 makes clear, Orbitz led all seven Web sites, by providing 109 lowest rates in response to 150 queries, for a percentage of 73%. This was quite impressive. Put another way, Orbitz provided a lowest rate (that may or may not have been matched by one or more other web sites) for nearly three out of four queries.

One of the key factors that contributed to Orbitz's ranking was the inclusion of lowest rates from smaller car rental companies. This issue is discussed at length below.

The performance of Travelocity was also impressive. The Web site provided 93 lowest rates in response to 147 queries, for a percentage of 63%. Both Orbitz and Travelocity far outpaced Expedia (at 26%) and the four branded car rental Web sites.

Two of the branded Web sites — Avis and Hertz — performed very poorly. In fact, both of these Web sites failed to return a single lowest rate in response to 150 queries each.

As further evidence that these rankings were statistically valid, separate rankings for closest rates (within \$1 per day of the lowest rate) were computed and are detailed below and in Figure 2. When the lowest rates and closest rates were combined, the rankings of all seven Web sites remained the same.

It should be stressed that these rankings were much more polarized than past rankings, which compared fares and hotel rates provided by some of these sites. The Web sites' percentages of providing lowest rates were not tightly grouped together, as Consumer WebWatch has seen in the past. Instead, Orbitz and Travelocity dominated the rankings by clear and distant margins. At the same time, Hertz and Avis trailed by distant margins as well.

As a point of comparison: In April 2003 Consumer WebWatch analyzed seven leading travel Web sites providing hotel rates. The percentage of those lowest rates ranged from 10% for the worst Web site to 29% for the best Web site, a spread of 19%. These lowest rates ranged from 0% for Hertz and Avis to 73% for Orbitz, a spread of 73%.

In short, the divide between the "Big Three" integrated travel Web sites — Expedia, Orbitz, and Travelocity — and branded travel Web sites was never more apparent than it was in this testing of car rental sites.

Furthermore, these tests provided contradictory evidence to refute long-standing advice to consumers offered by Consumer WebWatch and *Consumer Reports Travel Letter*. In the past, Consumer WebWatch strongly recommended that shoppers who found a low rate on an integrated travel Web site should then check the travel company's own branded Web site to see if a lower rate was available; in many cases, it was.

The results provided by this project strongly suggest that when searching for low car rental rates, the car rental companies' branded Web sites rarely offer the lowest rate. However, it is still recommended that consumers comparison-shop, since this is the best method to secure low rates in the fast-changing environment of Internet pricing.

Closest Rates

As noted earlier, none of these car rental rates were rounded off to the nearest dollar because so many of the rates provided were just pennies higher than the lowest rates provided. Clearly, this was due to the intense price competition that exists within the car rental industry. (This competition was much more apparent than the price differences Consumer WebWatch found in past studies with airline fares and hotel rates.)

- As an illustration of this competition, there were 59 cases in which the closest rate was less than \$1 more per day than the lowest rate. Further details are provided in Figure 2.

Here is a breakdown of the total number of closest rates (within \$1 per day of the lowest rate) for each Web site:

<u>WEB SITE</u>	<u>NUMBER OF CLOSEST RATES</u>
Travelocity	18
Expedia	15
Orbitz	12
Dollar	8
Alamo	3
Hertz	2
Avis	1
TOTAL	59

Just as the most intense price competition for lowest rates occurred among the three integrated Web sites, the most intense competition for closest rates also occurred among these three Web sites. The strong showings by Travelocity, Expedia, and Orbitz exemplify the razor-thin price differentials within the car rental market. They may also demonstrate how the “Big Three” integrated Web sites use technological tools to closely monitor the competition and adjust their own rates accordingly.

- As a comparison of Figure 1 and Figure 2 shows, there were absolutely no changes in the rankings when the closest car rental rates were combined with the lowest car rental rates. Once again, Orbitz provided the highest number and percentage, followed in order by Travelocity, Expedia, Dollar, Alamo, Hertz, and Avis.

In addition, the four tiers established in the rankings for providing lowest rates remained in place when the closest rates were combined with lowest rates. That is, Orbitz and Travelocity established a first tier, Expedia established a distant second tier, Dollar and Alamo established an even more distant third tier, and Hertz and Avis just barely established a fourth tier at the bottom.

- In addition, there were 14 cases in which the closest rate was less than \$1 more for the entire rental period (ranging from 3 days to 7 days). Here is a breakdown of how each of the seven Web sites performed in these 14 cases:

<u>WEB SITE</u>	<u>LOWEST RATES</u>	<u>CLOSEST RATES</u>
Orbitz	10	3
Travelocity	7	7
Expedia	3	5
Dollar	1	3
Alamo	0	1
Avis	0	1
Hertz	0	1

• Several of the closest rates were only pennies more than the lowest rates. In fact, there was 1 case where the closest rate was 5¢ more per day than the lowest rate, there were 6 cases where it was 2¢ more per day, and there was even 1 case where it was 1¢ more per day. Here are the specifics of those 8 cases:

<u>TEST/AIRPORT/ AMOUNT</u>	<u>LOWEST DAILY RATE</u>	<u>CLOSEST DAILY RATE</u>
TEST #1/IAH 1¢	\$14.89 Orbitz/Travelocity	\$14.90 Expedia
TEST #2/SLC 2¢	\$26.98 Expedia/Orbitz/ Travelocity	\$27.00 Avis/Hertz
TEST #3/BOS 2¢	\$50.97 Orbitz/Travelocity	\$50.99 Dollar/Expedia
TEST #3/LGA 2¢	\$74.97 Orbitz/Travelocity	\$74.99 Dollar/Expedia
TEST #3/JFK 2¢	\$66.97 Orbitz/Travelocity	\$66.99 Dollar/Expedia
TEST #3/SLC 2¢	\$37.59 Orbitz/Travelocity	\$37.61 Expedia
TEST #4/LAS 2¢	\$19.95 Orbitz	\$19.97 Travelocity
TEST #4/ORD 5¢	\$22.89 Orbitz	\$22.94 Travelocity
TOTALS	Orbitz (8) Travelocity (6) Expedia (1)	Expedia (5) Dollar (3) Travelocity (2) Avis (1) Hertz (1)

Lowest Rates by Test

When the results of each of the five tests were examined separately, the rankings of the seven Web sites differed somewhat. Figure 3 presents detailed findings.

Several findings are apparent:

- 1) Orbitz dominated the rankings by providing the lowest rates for three of the five tests.
- 2) Overall, the three integrated travel Web sites — Expedia, Orbitz, and Travelocity — performed much better at providing lowest rates than the four branded car rental Web sites.
- 3) Alamo and Dollar performed much better than Avis and Hertz; as noted above, neither Avis nor Hertz returned a single lowest rate for 150 queries each.

Although Orbitz provided the highest number and percentage of lowest rates for all 150 queries, it ranked first in three of the five separate tests, and second once. Travelocity ranked first in two of the tests, and second in the other three tests. Expedia ranked second in one of the five tests.

For all five tests, the 1-2-3 rankings were as follows:

<u>TEST</u>	<u>RANKED FIRST</u>	<u>RANKED SECOND</u>	<u>RANKED THIRD</u>
#1	Orbitz	Travelocity	Alamo & Expedia
#2	Orbitz	Travelocity	Alamo
#3	Travelocity	Orbitz	Expedia
#4	Orbitz	Travelocity	Dollar & Expedia
#5	Travelocity	Expedia	Orbitz

To better understand why the individual test results differed, it's important to note the differences inherent in these tests.

As Figure 3 shows, the results for TEST #1, TEST #2, and TEST #4 offered nearly identical rankings. In each case, Orbitz ranked first, Travelocity ranked second, and Expedia and the branded Web sites distantly trailed the two leaders.

It appears more than coincidental that these same two tests generated availability problems for several of the Web sites, as detailed below. In the case of TEST #3, the short advance booking window of 4 days appeared to hamper the ability to provide lowest rates. As for TEST #5, the request for a minivan also appeared to restrict the ability to provide lowest rates.

It's important to note that in both TEST #3 and TEST #5, Orbitz provided fewer lowest rates from smaller car rental companies, in comparison to the other three tests. (Orbitz's inclusion of these smaller companies is discussed at length below.) When compared to the other three tests, the Orbitz results did not measure up. It seems clear that this was due in part to the failure of these

smaller car rental companies to provide lowest rates, either in response to a short booking window or a request for a minivan.

Therefore it can be concluded that although Orbitz posted a very strong performance in these tests overall, that performance was due in large part to the inclusion of smaller car rental companies. When these smaller companies encounter difficulties in honoring booking requests (such as on short notice or for a specific vehicle type), Orbitz is not as adept at providing lowest rates.

- As noted above, there were two tests in which several Web sites had difficulty providing rates. These were TEST #3 (a query 4 days in advance for a premium car) and TEST #5 (a query 130 days in advance for a minivan). It appears certain that these difficulties arose from the short booking window in the case of TEST #3 and the vehicle type in the case of TEST #5.

Here's a more detailed breakdown of the failure of some Web sites to provide rates in airports they served in TEST #3:

TEST #3 (premium car; 4 days in advance)

Alamo	NOT AVAILABLE DALLAS/FT. WORTH (DFW)
Alamo	NOT AVAILABLE DALLAS/LOVE FIELD (DAL)
Alamo	NOT AVAILABLE SALT LAKE CITY (SLC)
Alamo	NOT AVAILABLE SAN DIEGO (SAN)
Avis	NOT AVAILABLE SAN JUAN (SJU)
Dollar	NOT AVAILABLE SAN JUAN (SJU)
Expedia	NOT AVAILABLE SAN JUAN (SJU)
Hertz	NOT AVAILABLE SAN JUAN (SJU)

As shown above, the 4-day booking window presented a problem in San Juan (SJU) for several of the Web sites: Avis, Dollar, Expedia, and Hertz. Only Orbitz and Travelocity provided rates for this query (Alamo did not serve San Juan). In fact, Expedia's failure to provide a rate for this query marked the only instance when one of the three integrated Web sites failed to provide a rate in response to a total of 450 queries.

In addition, Alamo encountered difficulty in providing rates in four other cities. Based on these findings, it seems apparent that Alamo is not a good choice when shopping for car rental rates on short notice.

It should be noted that not all Web sites made it clear if these availability problems occurred because the vehicle type was not available at that airport (at any time) or the vehicle type was sold out for the specific dates requested.

Here is a more detailed breakdown for TEST #5:

TEST #5 (minivan; 130 days in advance)

Alamo	NOT AVAILABLE SALT LAKE CITY (SLC)
Avis	NOT AVAILABLE LOS ANGELES (LAX)

Hertz	NOT AVAILABLE BOSTON (BOS)
Hertz	NOT AVAILABLE NEW YORK/LAGUARDIA (LGA)
Hertz	NOT AVAILABLE NEW YORK/KENNEDY (JFK)
Hertz	NOT AVAILABLE NEWARK (EWR)

Despite the fact that TEST #5 offered the longest advance booking window of any of the five tests, three Web sites encountered difficulties in providing rates for a minivan. As shown above, these Web sites were Alamo, Avis, and Hertz. Rates were provided at all 30 airports by Dollar, Expedia, Orbitz, and Travelocity.

In particular, Hertz was unable to provide rates for a minivan more than four months in advance at four separate airports, all located in the Northeast.

Once again, it should be noted that not all Web sites made it clear if these availability problems occurred because the vehicle type was not available at that airport (at any time) or the vehicle type was sold out for the specific dates requested.

Lowest Rates for Major Car Rental Companies Only

As noted earlier, Abrams Travel Data Services ranked the largest airport car rental companies in the U.S. in 2002 as follows:

- 1) Hertz
- 2) Avis
- 3) National
- 4) Budget
- 5) Alamo
- 6) Dollar
- 7) Enterprise
- 8) Thrifty

In addition, Abrams estimated that Payless and Advantage round out this list as the 10 largest domestic airport car rental companies.

Obviously, the four branded car rental Web sites only provided rates for their own products. Therefore this analysis focuses on the three integrated travel Web sites: Expedia, Orbitz, and Travelocity.

It's interesting to note that Expedia and Travelocity provided lowest rates only from the largest car rental companies. In addition to the 8 companies ranked by Abrams, Travelocity provided lowest rates for Payless and Advantage and Expedia provided lowest rates for Advantage (but not Payless). However, neither Expedia nor Travelocity provided lowest rates from any other car rental companies throughout all 150 separate queries.

(It should be noted that Expedia's failure to provide lowest rates from Payless in its initial displays undoubtedly hurt its rankings. In response to 8 separate queries, Orbitz, Travelocity, or both Orbitz and Travelocity provided a lowest rate

from Payless that was not matched by Expedia's lowest rate. The irony is that in some cases Expedia did provide lowest rates from Payless, but did not include them in the initial displays, only in the subsequent displays. This issue was discussed at length on page 23.)

Orbitz was another matter. Throughout this testing, it provided lowest rates from 9 of the 10 largest car rental companies (none of its lowest rates were from Avis). But overall, Orbitz provided lowest rates from a total of 19 car rental companies. In addition to the 9 listed above, Orbitz also provided lowest rates from the following car rental companies:

- Ace Rent a Car
- Americar Rental System
- Econo-Car Rent-A-Car
- E-Z Rent-A-Car
- Fox Rent A Car
- Holiday Rent-A-Car
- L&M Car Rental
- New Frontier Rent A Car
- Rent Rite
- Specialty Auto Rentals

The inclusion of these smaller car rental companies raised several issues. In one sense, Orbitz should be commended for providing consumers with the greatest array of choices, including some of the lowest rates available. Certainly there will be many consumers — particularly those who are driven primarily by price — to select Orbitz as a search engine for this reason alone.

[Furthermore, Orbitz also should be commended for offering a complete list of its “partners,” clearly labeled on a link from the Orbitz home page. These “charter associates” provide “web-only” rates and fares to Orbitz. The car rental partners listed by Orbitz were: Advantage; Alamo; Fox; Hertz; National; Payless; and Thrifty. Travelocity also deserves commendation for listing its “Featured Partners” on its web site. Travelocity's listed car rental partners were Advantage, Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, Payless, Practical, and Thrifty.]

At the same time, it's also a certainty that many consumers would not want to rent from some or all of these smaller car rental companies displayed on Orbitz. In some ways, the car rental sector of the travel industry may be a commoditized product in that most rental companies offer the same vehicle makes and models. But other considerations — such as corporate reliability, customer service, optional features, value-added services, repair facilities, and the availability of frequent renter program benefits — are factors in the purchasing decision as well.

Note that in certain cases some smaller car rental companies may or may not be discounters or franchisers for larger car rental companies. However, they are branded under these lesser-known logos in the “Orbitz Display Matrix,” so even if

they were affiliated with larger companies, consumers are not aware of such relationships.

Providing lowest rates from these smaller car rental companies was an important reason Orbitz ranked first among the seven Web sites. In fact, the inclusion of these lowest rates is actually the reason that Orbitz ranked first. As Figure 4 makes clear, eliminating these smaller car rental companies' lowest rates affected Orbitz's position in the rankings. Without these lowest rates, Orbitz ranked second to Travelocity in providing the highest number and percentage of lowest rates. Orbitz's total number of lowest rates fell from 109 to 74 and its percentage fell from 73% to 49%.

Further, as Figure 5 shows, eliminating these smaller car rental companies' closest rates affected Orbitz's position in those rankings as well. Orbitz's total number of lowest and closest rates fell from 121 to 85 and its percentage fell from 81% to 57%. Once again, Travelocity ranked first.

In summation, Consumer WebWatch has provided both sets of rankings so that consumers can make their own choices. If a shopper wants to be presented with a broad spectrum of car rental companies, then Orbitz clearly provided the highest number of lowest rates. However, if a consumer is only concerned with renting from the largest car rental companies, then Travelocity provided the highest number of lowest rates.

Online Customer Service Policies

All seven Web sites offer round-the-clock assistance to customers via toll-free telephone lines.

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

<u>WEB SITE</u>	<u>TOLL-FREE NUMBER</u>	<u>HOURS OF OPERATION</u>
Alamo	800-462-5266	24 hours/7 days
Avis	800-230-4898	24 hours/7 days
Dollar	800-800-3665	24 hours/7 days
Expedia	800-397-3342	24 hours/7 days
Hertz	800-654-3131	24 hours/7 days
Orbitz	888-656-4546	24 hours/7 days
Travelocity	888-709-5983	24 hours/7 days

Consumer WebWatch Tips for Booking Car Rentals Online

Booking a car rental via the Internet can bring great cost savings. Unfortunately, this project also uncovered several potentially serious problems for consumers. Here are some practical tips and suggestions designed to help consumers use car rental Web sites to their best advantage.

- Beware of potential bias. The screens on some integrated travel Web sites are inundated with banners, pop-ups, pop-unders, and even rate listings that are bought and paid for with car rental company advertising and marketing dollars. Don't confuse a rate listing with an ad.
- Make sure you've viewed all the appropriate choices in response to your queries for rates and availability. Some Web sites make it quite difficult for you to see all the available choices, and provide better placement for selected car rental companies.
- Avoid being suckered by an attractive but unavailable rate. Make sure that the rate you've selected is still available when you're ready to request total pricing and booking.
- Make sure that a low car rental rate includes all taxes, fees, and surcharges, as well as any online booking fees. The car rental sector is notorious for add-on charges, and in some cases they can equal or even exceed the base rate.
- Don't select any online options — particularly insurance products such as collision damage waiver (CDW) — without thoroughly understanding what you are purchasing, whether or not you need it, and how much it will cost.
- Always ensure that the rate you've found is available for immediate booking. The better sites will provide explanations of their booking policies. Also, make sure you are qualified to obtain that rate, since sometimes the best rates are only available for certain consumers, such as Government employees, military personnel, or members of organizations such as AAA or AARP.
- Always take time to thoroughly understand the cancellation policy. Some rates on integrated travel Web sites may include no-cancellation clauses. The Web site also may charge additional fees for changes and cancellations, in addition to fees levied by the car rental company.
- Make sure that you input all your travel information accurately. That means double-checking dates and times, confirming the correct class of vehicle, and selecting the correct airport. Considerably lower rates may be available for slightly alternative dates, other vehicle types, and nearby airports.
- Be very careful when comparison shopping from Web site to 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.

- Use a charge card for online 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.
- We’ll say it again: Shop Around! None of car rental Web sites tested completely blew away the competition. If you’ve found a good rate, it’s more important than ever to see if another Web site can beat it.

Appendix I: Car Rental Web Site Ease-of-Use Factors

While this research report includes extensive analysis of the rates and products provided by these seven Web sites, it's important to note that there were also significant differences in the navigation and booking tools provided. After hundreds of hours spent evaluating these Web sites, the Consumer WebWatch testers encountered features that made shopping and booking both helpful and bothersome.

What follows is a summary of comments offered by the testers on the ease-of-use and navigational aspects of the car rental Web sites.

- When the seven Web sites were compared side-by-side, certain functionality issues arose. The four branded Web sites — Alamo, Avis, Dollar, and Hertz — all offered fairly clean booking pages and intuitive booking tools. However, since each of these sites provided rates for only one company, their product offerings were simpler than those provided by the integrated Web sites.
- Among the three integrated Web sites, there was a significant difference: Expedia and Travelocity offered traditional vertical listings of rates while Orbitz offered the “matrix” listing. (A more detailed analysis of the matrix rates provided by Orbitz is included on page 16.) Theoretically, the Orbitz matrix seemed to be the best alternative, but in practice the Orbitz matrix contained numerous incorrect rates and listings.
- Another important note about the Orbitz matrix: the car rental companies are listed in price order, based upon the lowest rate provided for an economy car, regardless of the rates provided for all other vehicle types. In other words, if you are searching for the lowest rate for a minivan, and Car Rental Company A provided the lowest rate for an economy car but Car Rental Company B provided the lowest rate for a minivan, Car Rental Company A will be listed first.
- A nice feature of the Orbitz matrix was a pop-up box that provided information for U.S., Canadian, and international airports in a clear fashion.
- For those shoppers who prefer to print the rates provided, it should be noted that the Orbitz matrix often requires additional pages and horizontal printing.
- Among the three integrated Web sites, Travelocity's listings of rates was the hardest to decipher. When the specific rates are provided, they are listed alongside an icon offering “Total Prices.” But this total pricing feature does not provide clear and specific information about the applicable taxes, fees, and surcharges. For further information about this issue, see page 36.
- Expedia earned points for providing an intuitive booking calendar. For example, if the pick-up date was in August, the drop-off date automatically flashed forward to August as well. Such smart functionality undoubtedly reduces errors as well.

- In some cases, Expedia was unable to provide specific pricing information, and the tester was advised to try again later.
- Among all seven Web sites, Alamo offered the clearest and easiest-to-read line-by-line breakdown of prices, options, and additional taxes, fees, and surcharges. The user can easily add optional features (such as a child safety seat, a ski rack, or an additional driver), and the totals are clearly recalculated.
- Avis also offered a very clear and easy-to-read “Rate Confirmation” page.
- While Dollar’s Web site was easy to navigate and use, the process of determining the total price (including taxes, fees, etc.) was cumbersome, requiring the additional step of selecting the “Reserve Now” tab.
- Shoppers on the Dollar site may be confused when searching for rates in cities with more than one major airport. The full names of the airports were not provided, so the consumer should be certain that he or she is using the correct three-letter airport code. For example, the site listed rates for “Dallas, TX (DFW)” and “Dallas, TX (DAL)” without specifying that the first selection was Dallas-Fort Worth International Airport and the second selection was Love Field.
- The Hertz Web site offered a helpful shopping feature: It not only saved the dates and times but also the vehicle type.
- However, the Hertz site also had a glitch. When testers shopped for rates in more than one city, the Web site repeatedly defaulted by inserting the city from the previous search as the drop-off point for a rental in the second city.

Table of Figures

FIGURE 1 LOWEST CAR RENTAL RATES

WEB SITE	% OF LOWEST RATES PROVIDED	NUMBER OF LOWEST RATES PROVIDED	NUMBER OF VALID TESTS PERFORMED
Orbitz	73%	109	150
Travelocity	63%	93	147
Expedia	26%	39	150
Dollar	11%	16	150
Alamo	8%	12	150
Hertz	0%	0	150
Avis	0%	0	149

FIGURE 2 LOWEST AND CLOSEST CAR RENTAL RATES (within \$1 per day of lowest rate)

WEB SITE	% OF LOWEST AND CLOSEST RATES PROVIDED	NUMBER OF LOWEST AND CLOSEST RATES PROVIDED	NUMBER OF VALID TESTS PERFORMED
Orbitz	81%	121	150
Travelocity	76%	111	147
Expedia	36%	54	150
Dollar	16%	24	150
Alamo	10%	15	150
Hertz	1%	2	150
Avis	1%	1	149

FIGURE 3: LOWEST CAR RENTAL RATES BY TEST (winners in bold; includes ties)

WEB SITE	TEST #1 (mid-size car; 87 days in advance)	TEST #2 (mid-size car; 65 days in advance)	TEST #3 (pre-mium car; 4 days in advance)	TEST #4 (full-size car; 28 days in advance)	TEST #5 (mini-van; 130 days in advance)	NUM-BER OF LOW-EST RATES PROVIDED	NUMBER OF VALID TESTS PER-FORMED
Orbitz	24	28	21	20	16	109	150
Travelocity	18	14	25	15	22	93	147
Expedia	4	4	11	3	17	39	150
Dollar	3	2	2	3	6	16	150
Alamo	4	6	1	1	0	12	150
Hertz	0	0	0	0	0	0	150
Avis	0	0	0	0	0	0	149

FIGURE 4: LOWEST MAJOR CAR RENTAL COMPANY RATES*

WEB SITE	% OF LOWEST MAJOR CAR RENTAL COMPANY RATES PROVIDED	NUMBER OF LOWEST MAJOR CAR RENTAL COMPANY RATES PROVIDED	NUMBER OF VALID TESTS PERFORMED
Travelocity	63%	93	147
Orbitz	49%	74	150
Expedia	26%	39	150
Dollar	11%	16	150
Alamo	8%	12	150
Hertz	0%	0	150
Avis	0%	0	149

*Consisting of 10 largest U.S. airport rental companies: Advantage, Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, Payless, Thrifty

FIGURE 5: LOWEST AND CLOSEST MAJOR CAR RENTAL COMPANY RATES (within \$1 per day of lowest rate)*

WEB SITE	% OF LOWEST AND CLOSEST MAJOR CAR RENTAL COMPANY RATES PROVIDED	NUMBER OF LOWEST AND CLOSEST MAJOR CAR RENTAL COMPANY RATES PROVIDED	NUMBER OF VALID TESTS PERFORMED
Travelocity	76%	111	147
Orbitz	57%	85	150
Expedia	36%	54	150
Dollar	16%	24	150
Alamo	10%	15	150
Hertz	1%	2	150
Avis	1%	1	149

*Consisting of 10 largest U.S. airport rental companies: Advantage, Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, Payless, Thrifty