

APPENDIX B.

CR CONSUMER REPORTS
Survey Research Report

WTFee Survey

2018 Nationally Representative Multi-Mode Survey
January 3, 2019

INTRODUCTION

In October 2018, Consumer Reports conducted a nationally representative multi-mode survey. The purpose of this survey was to assess Americans' experiences with unexpected or hidden fees in several service industries as well as their attitude and behaviors regarding unexpected or hidden fees. NORC at the University of Chicago administered the survey to a nationally representative sample of 2,057 adult U.S. residents through its AmeriSpeak Panel.

For the purposes of this survey, "unexpected or hidden fees" are defined as ***"fees that make it difficult to compare prices when you shop, to know what you are going to be asked to pay BEFORE you get the actual bill, or to know what you are getting for your money."***

HIGHLIGHTS

Experiences with Unexpected or Hidden Fees

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Of the services we included in the survey, telecommunication providers are the worst offenders when it comes to charging unexpected or hidden fees. Nearly seven in 10 Americans say they have encountered unexpected or hidden fees from a cable, internet, or phone service provider that they've used in the past two years.

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A larger percentage of Northeasterners than Americans from any other region say they have experienced unexpected or hidden fees with the "gas and electric utilities" service they've had or used in the past two years.

The Annoyance of Unexpected or Hidden Fees

Nearly all (96%) of those who have encountered unexpected or hidden fees or any services they used in the past two years say they find them annoying. Nearly two-thirds (64%) say they are extremely or very
□ annoying.

The Cost of Unexpected or Hidden Fees

A third of Americans say they've spent \$100 or more on unexpected or hidden fees in the past 12 months
□ for the bills they regularly pay and 17% say they are unsure.

Nearly two-thirds (64%) of Americans say they think they are paying more now in unexpected or hidden
□ fees than they did five years ago.

Actions Taken in Response to Experiencing Unexpected or Hidden Fees

Nearly eight in 10 Americans who have experienced unexpected or hidden fees in at least one of the industries we asked about have taken some action because of their experience with unexpected or hidden fees in the past two years.

- Nearly half (47%) say they've shared information about their experience with friends, family, or coworkers.
 - Forty-six percent say they stopped using the particular provider that charged the fee and/or decided not to use a service provider.
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A larger percentage of males (50%) than females (42%) stopped using the service provider who charged the fee and a higher percentage of Millennials than any other generational group filed a complaint with the company, government agency, or the Better Business Bureau.

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We asked Americans who had encountered an unexpected or hidden fee in any of the industries we had asked about if, in the past two years, they decided not to follow through with a purchase or sign up with a service provider because of an unexpected or hidden fee. Nearly two-thirds (63%) say they had chosen NOT to follow through with a purchase or sign up with a service provider.

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More than a third (35%) of Americans who have encountered a hidden or unexpected fee for any of the services we asked about that they used in the past two years say they have tried to fight an unexpected or hidden fee.

□

- Of those who tried, nearly two-thirds (64%) were successful.

Experiences with Unexpected or Hidden Fees Using Third Party Companies

Nearly half (48%) of Americans say they've used a third party company in the past two years for making a purchase or service transaction.

□

- Of those who have, four in 10 were charged an unexpected or hidden fee and nearly a quarter (23%) are unsure if they were charged.

Researching Unexpected or Hidden Fees

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Nearly six in 10 Americans (58%) say they typically research extra fees that might be added to the cost of their purchase PRIOR to making the transaction.

- When we asked how they research these fees prior to purchase, about three quarters of them (74%) say they read the fine print of the purchase/service agreement and seven in 10 Americans say they do online searches.

FINDINGS

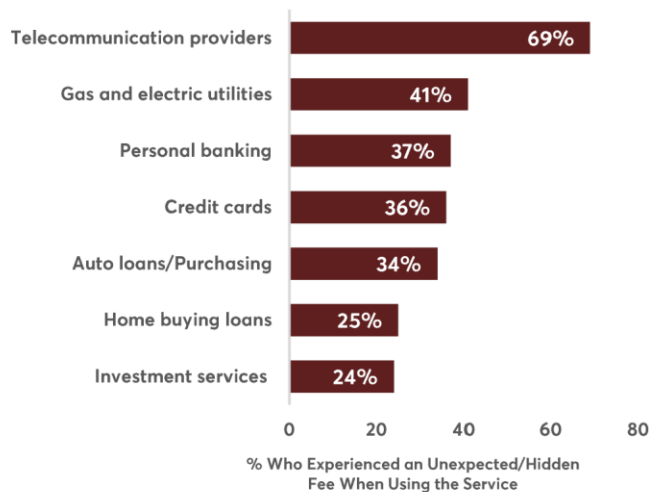
Experiences with Unexpected or Hidden Fees

We asked Americans the following two questions regarding their experiences with unexpected or hidden fees for a variety of services people use.

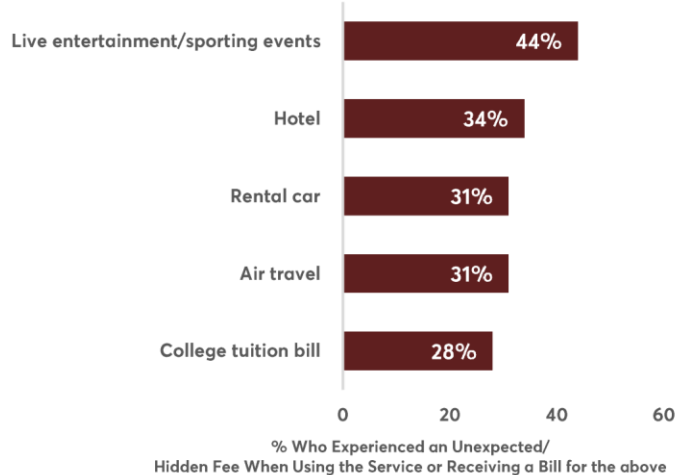
- ❖ For each of the following services that you've had or used in the past two years, have you encountered unexpected or hidden fees at any time from when you signed up or during use of each service?
- ❖ In the past two years, did you encounter an unexpected or hidden fee when you used or received a bill from the following? Responses included college tuition bills, hotels, air travel, rental cars, and live entertainment or sporting events.

Of the services we included in the survey, telecommunication providers stood atop the list of the worst offenders when it comes to charging unexpected or hidden fees. Nearly seven in 10 Americans say they have encountered unexpected or hidden fees from a cable, internet, or phone service provider that they've used in the past two years.

Percent Experiencing an Unexpected or Hidden Fee When Using the Service



Percent Experiencing an Unexpected or Hidden Fee When Using or Receiving a Bill from the Following



Base: Respondents who have used the above-mentioned service in the past two years

Uncertainty about Experiencing Unexpected or Hidden Fees

When it comes to these sneaky unexpected or hidden fees, Americans report more uncertainty about whether they've encountered these unexpected or hidden fees for travel services, live entertainment ticketing, and college bills. It is quite likely that Americans just don't pay attention to bills for these services as they do for their more regular services that they monitor more closely. However, it is also possible that it is more challenging to understand the "real" cost of these services because these industries intentionally withhold transparent pricing.

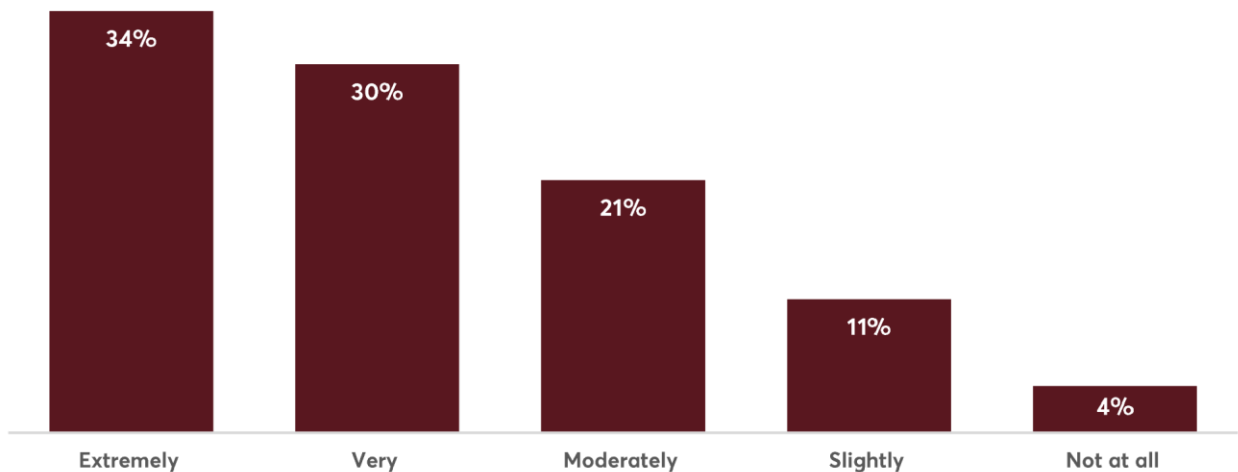
Regional Differences

A higher percentage of Northeasterners than Americans from any other region say they have experienced unexpected or hidden fees with their "gas and electric utilities" service they've had or used in the past two years. A smaller percentage of Midwesterners than any other region report that they have NOT experienced unexpected or hidden fees with their home buying loan experience.

The Annoyance of Unexpected or Hidden Fees

Nearly all (96%) of those who have encountered unexpected or hidden fees for any services they used in the past two years say they find them annoying. Nearly two-thirds (64%) say they are extremely or very annoying.

How Annoying Do You Find Unexpected or Hidden Fees?



Base: Respondents who have encountered an unexpected or hidden fee in the past two years for any of the services that we asked about

For those who said they find unexpected or hidden fees extremely or very annoying, we asked them to elaborate with the following prompt...

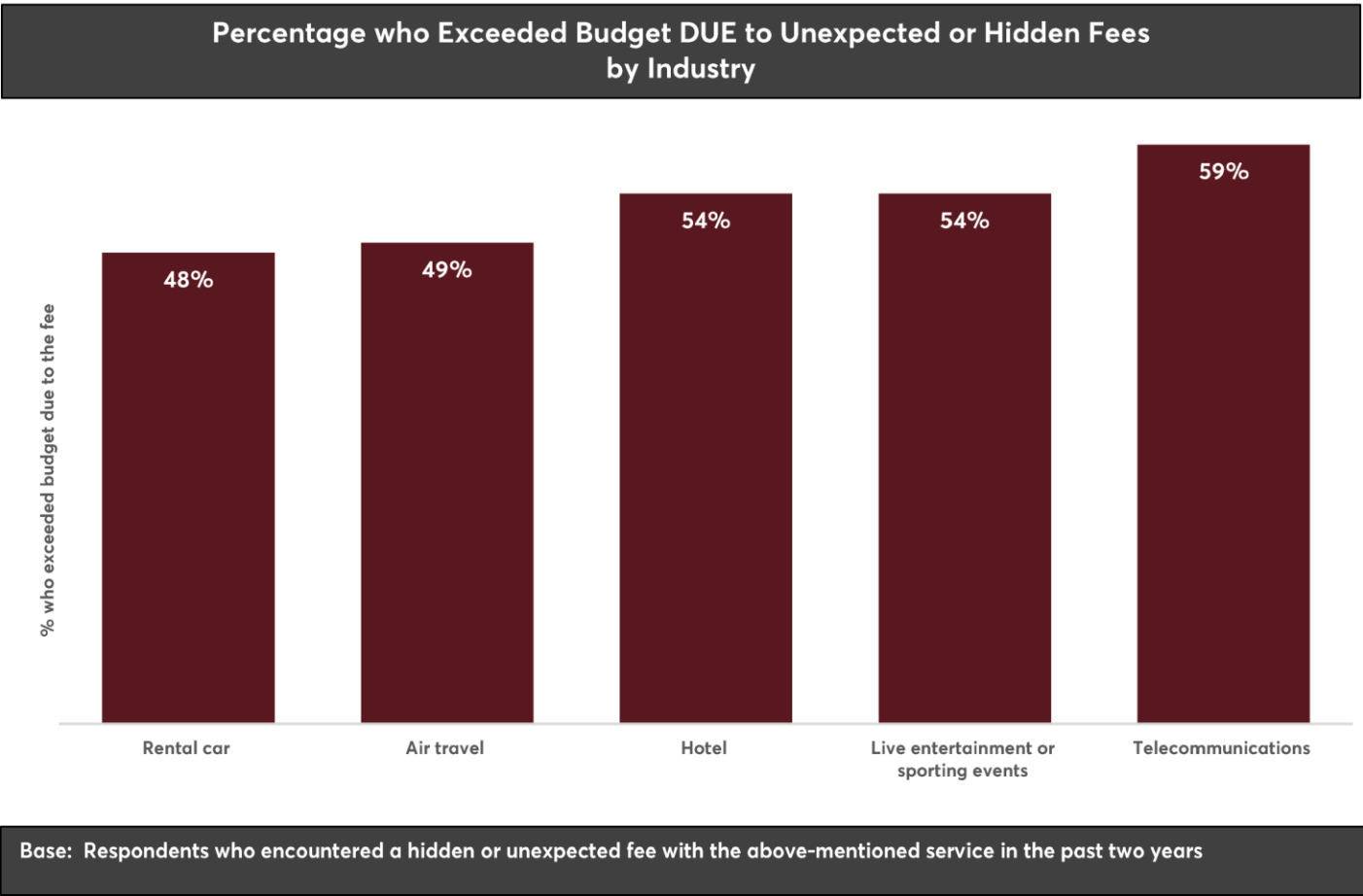
"Which industry or service that you've used during the past two years had the most annoying unexpected or hidden fees? What was the fee for and what made it so annoying?"

All responses to these questions are included in the tabulations document (Q16_Open Ends).

Breaking the Bank

We asked respondents who said that they've encountered a hidden fee for the services they used in the past two years that we asked about if they have exceeded their budget when using the service or business DUE to unexpected or hidden fees. For the purpose of this survey, budget refers to ***"the amount of money you expect to pay, or could afford to pay, for the service."***

For the services we asked about, the worst budget buster was telecommunications providers. Nearly six in 10 Americans who used these services and encountered an unexpected or hidden fee say those fees caused them to exceed their budget. A higher percentage of females (62%) than males (53%) say they exceeded their budget due to unexpected or hidden fees for telecommunication services and live entertainment or sporting event fees.

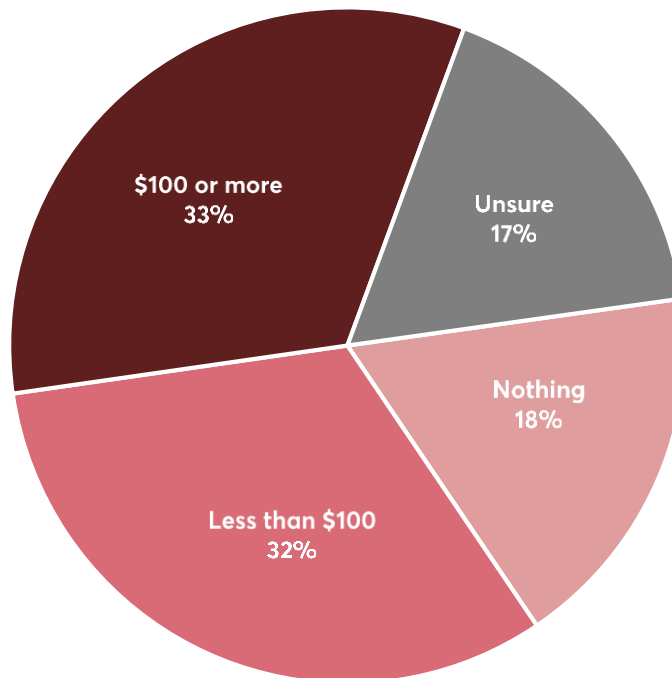


The Cost of Unexpected or Hidden Fees

We asked Americans, *"Thinking about the bills you regularly pay (e.g., cable, telephone, travel, and entertainment expenses, etc.) approximately how much do you think you've spent JUST on unexpected or hidden fees in the past 12 months?"*

A third of Americans say they've spent \$100 or more on unexpected or hidden fees in the past 12 months for the bills they regularly pay, and 17% say they are unsure. Nearly two-thirds (64%) of Americans say they think they are paying more now in unexpected or hidden fees than they did five years ago.

Money Spent JUST on Unexpected or Hidden Fees in Past 12 Months



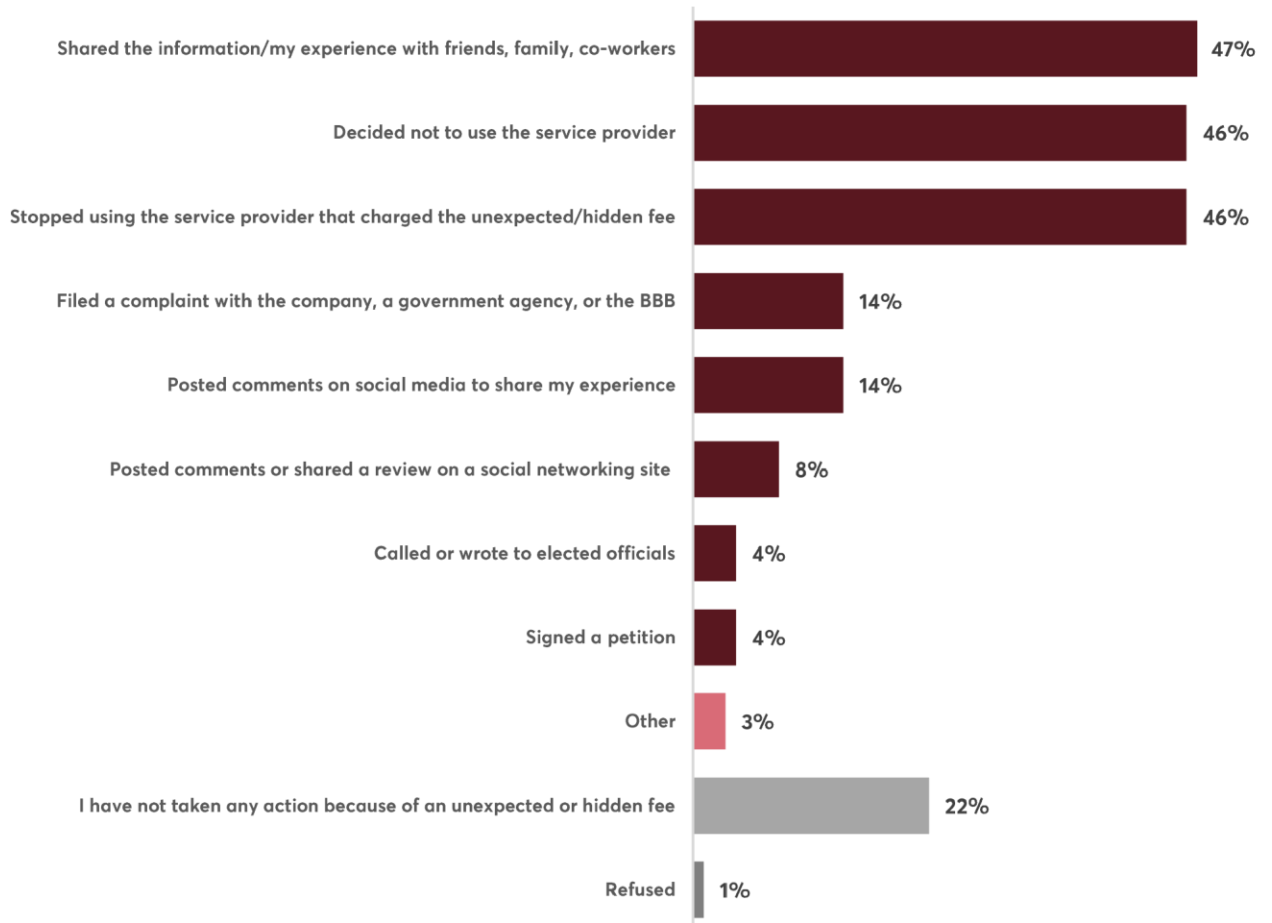
Base: All respondents

Actions Taken in Response to Experiencing Unexpected or Hidden Fees

Nearly eight in 10 Americans who have experienced unexpected or hidden fees in at least one of the industries we asked about have taken some action because of their experience with unexpected or hidden fees in the past two years. Nearly half (47%) say they've shared information about their experience with friends, family, or coworkers. Forty-six percent say they stopped using the particular provider that charged the fee and/or decided not to use a service provider.

A larger percentage of males (50%) than females (42%) stopped using the service provider who charged the fee and a higher percentage of Millennials (18%) than any other generational group (Gen X, 9%; Baby Boomers, 13%; Silent, 12%) filed a complaint with the company, government agency, or the Better Business Bureau.

Actions Taken in Response to Unexpected or Hidden Fees



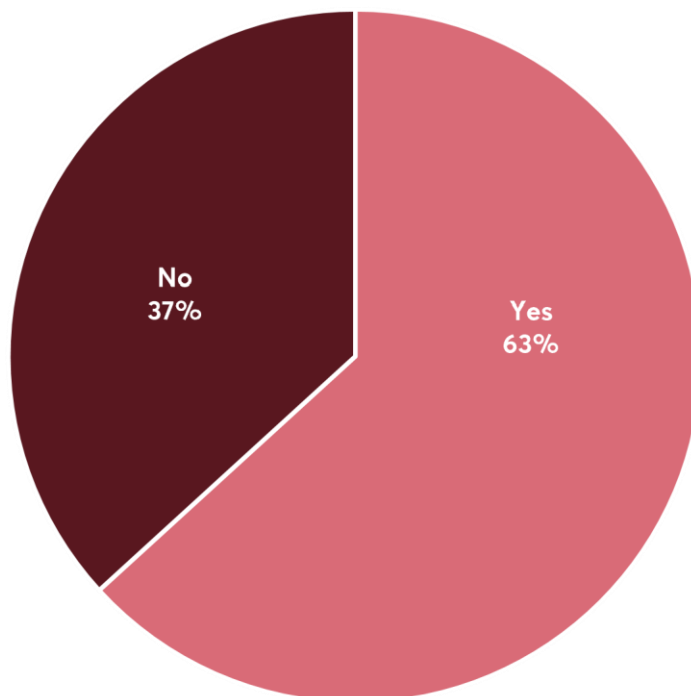
Base: Respondents who have encountered an unexpected or hidden fee in the past two years for any of the services that we asked about

Opting Out

We asked Americans who had encountered an unexpected or hidden fee in any of the industries we had asked about if, in the past two years, they decided not to follow through with a purchase or sign up with a service provider because of an unexpected or hidden fee. Nearly two-thirds (63%) say they had chosen NOT to follow through with a purchase or sign up with a service provider.

A higher percentage of Millennials (70%) and Gen Xers (70%) than either Baby Boomers (55%) or Silents (46%) to say they've done this and a higher percentage of Southerners (67%) than Northeasterners (60%) opted to not to follow through with a purchase or sign up with a service provider due to their experience with unexpected or hidden fees.

In the past two years, have you ever decided to NOT follow through with a purchase or sign up with a service provider because of an unexpected or hidden fee?



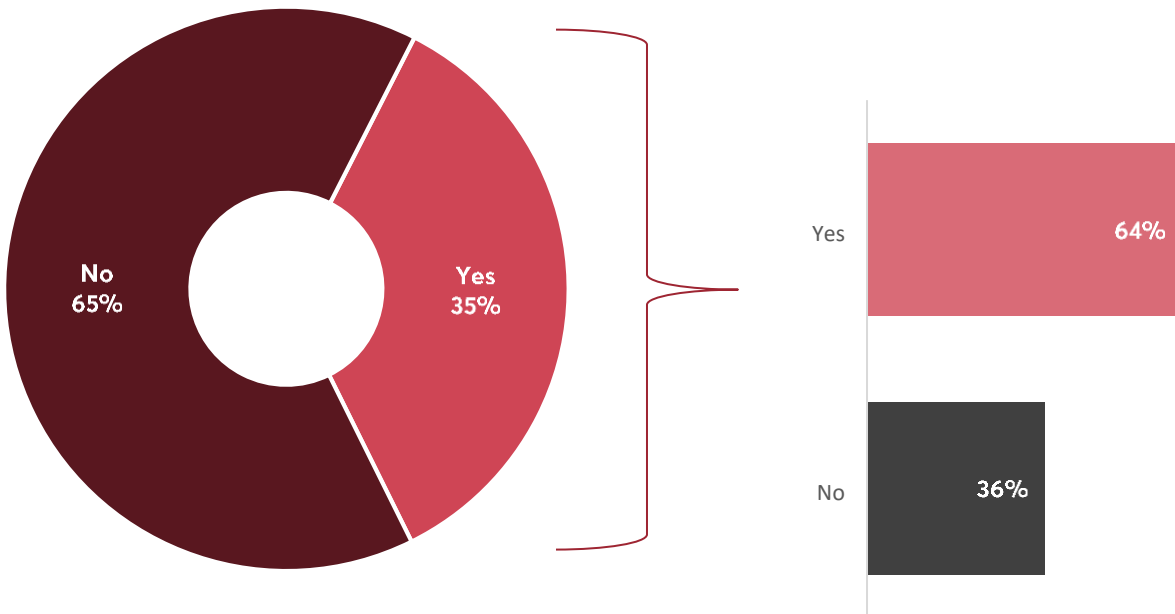
Base: Respondents who have encountered an unexpected or hidden fee in the past two years for any of the services that we asked about

Fighting Unexpected or Hidden Fees

More than a third (35%) of Americans who have encountered a hidden or unexpected fee for any of the services we asked about and they used in the past two years say they have tried to fight an unexpected or hidden fee. Of those who tried, nearly two-thirds (64%) were successful.

Tried to Fight Unexpected or Hidden Fees

Success in Fighting Unexpected or Hidden Fee



Base: Respondents who have encountered unexpected or hidden fees for one of the services we asked about

Base: Respondents who have encountered unexpected or hidden fees and tried to fight them

We also asked respondents to share their experiences fighting unexpected or hidden fees, including what the fees were for and how they attempted to resolve the matter.

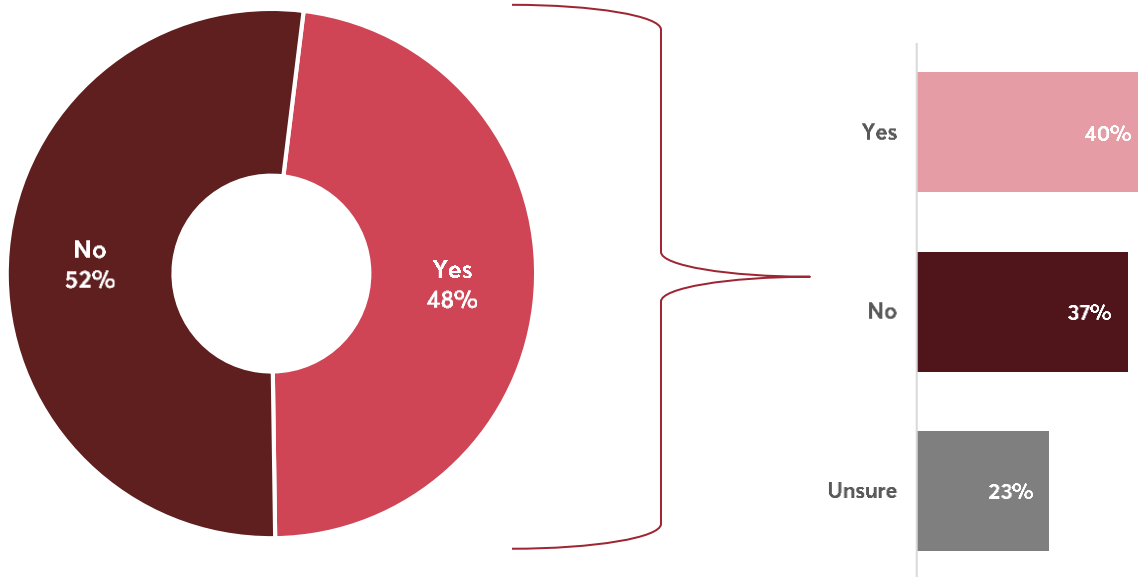
Many of the responses included fighting telecommunications fees, but others included rental car issues, credit card and bank fees, and hotel fees, to name just a few. Please see the sheet (Q7_Open Ends) in the tabulations document for all the experiences shared by respondents.

Experiences with Unexpected or Hidden Fees Using Third Party Companies

Nearly half (48%) of Americans say they've used a third party company, such as Expedia or StubHub, in the past two years for making a purchase or service transaction. Of those who have, four in 10 were charged an unexpected or hidden fee and nearly a quarter (23%) are unsure if they were.

Used a Third Party Company in Past 2 Years

Charged an Unexpected or Hidden Fee



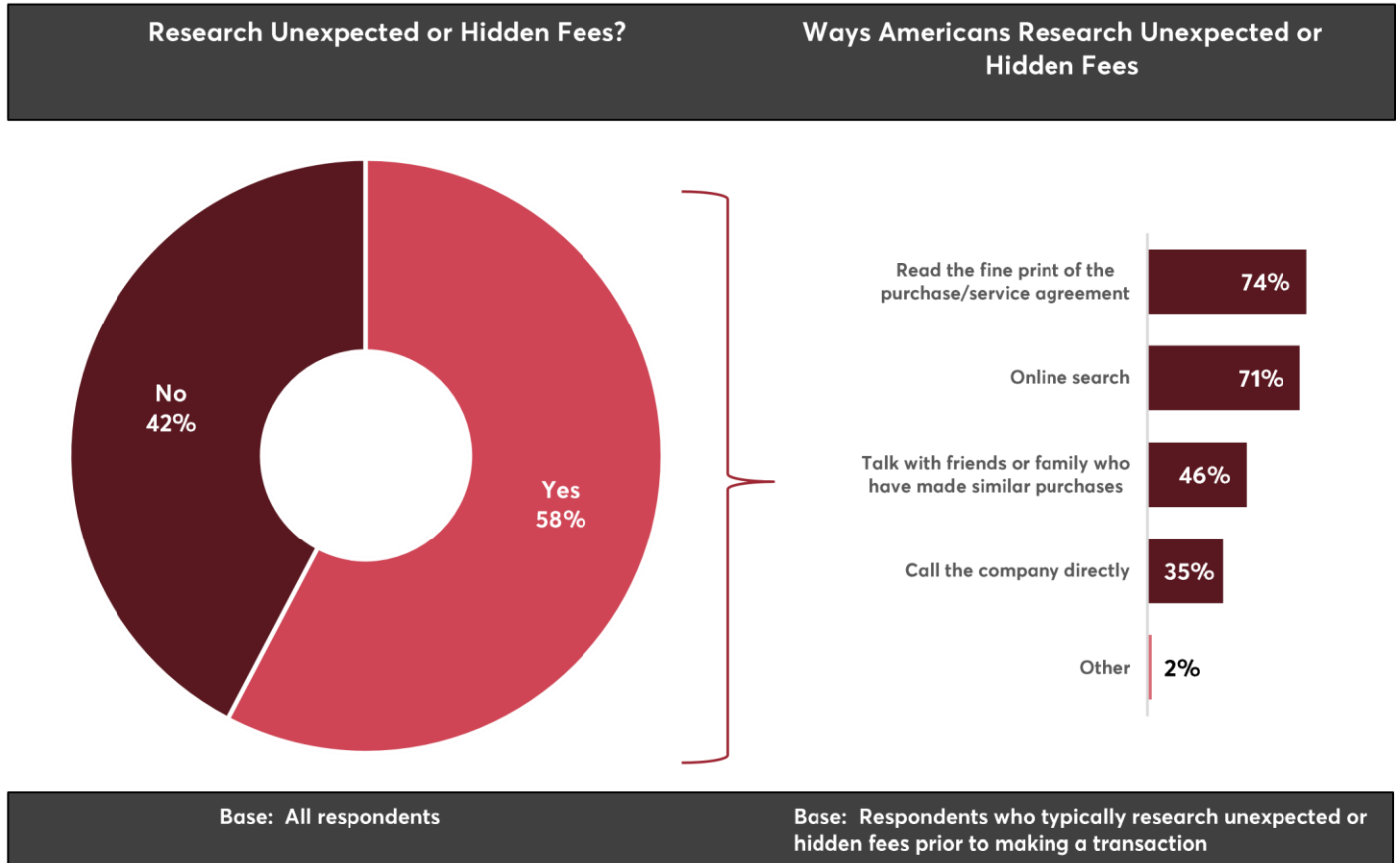
Base: All respondents

Base: Respondents who have used a third party company for making a purchase or service transaction in the past two years

Researching Unexpected or Hidden Fees

Nearly six in 10 Americans (58%) say they typically research extra fees that might be added to the cost of their purchase PRIOR to making the transaction.

When we asked how they research these fees prior to purchase, about three quarters of them (74%) say they read the fine print of the purchase/service agreement and seven in 10 Americans say they do online searches.



Time Spent Researching Fees

We asked Americans *"Prior to making a purchase or service transaction, approximately how much time do you spend researching fees to make sure you understand the "REAL TOTAL COST" of the purchase?"*

19% of Americans say they don't spend any time researching fees.

12% of Americans say they are unsure.

Of those who do research fees, they typically spend about 20 minutes doing so.

Undisclosed and deceptive fees have become far too commonplace. Americans have learned to “expect” unexpected or hidden fees and many are doing something about it. Most say they have taken some action because of their experiences with unexpected or hidden fees. The majority of respondents we surveyed say they take precautionary measures such as researching fees that might be added to the cost of the purchase PRIOR to making a transaction. For those who get duped, all hope is not lost. The majority of those who tried to fight these fees were successful.

METHODOLOGY

This multi-mode survey was fielded by NORC at the University of Chicago using a nationally representative sample. The survey was conducted from October 17 – November 2, 2018.

A general population sample of U.S adults age 18 and older was selected from NORC’s AmeriSpeak Panel for this study, using sampling strata based on age, race/Hispanic ethnicity, education, and gender. In total, NORC collected 2,057 interviews, 1,896 (92%) by web mode and 161 (8%) by phone mode. The margin of error for the sample of 2,057 is +/- 2.88% at the 95% confidence level. Smaller subgroups will have larger error margins.

To encourage study cooperation, NORC sent three email reminders and one SMS message to sampled web-mode panelists, and dialed sampled phone-mode panelists throughout the field period. Panelists were offered the cash equivalent of \$2 after successfully completing the survey. Where appropriate, question blocks or response answer choices were randomized. Final data are weighted by age, gender, race/Hispanic ethnicity, housing tenure, telephone status, education, and Census Division to be proportionally representative of the U.S. adult population.

Key demographic characteristics (after weighting is applied) of this sample are presented below:

- ☐ 52% female
- ☐ Median age of 47 years old
- ☐ 63% White, Non-Hispanic
- ☐ 33% four-year college graduates
- ☐ 54% have a household income of \$50,000 or more