



TESTIMONY

OF

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PRESIDENT**

THE TRAVEL TECHNOLOGY ASSOCIATION

BEFORE THE

**SUBCOMMITTEE ON COMMERCE, MANUFACTURING, & TRADE
HOUSE COMMITTEE ON ENERGY & COMMERCE**

HEARING TITLED:

“LEGISLATIVE HEARING ON 17 FTC BILLS”

MAY 24, 2016

Travel Tech Opposes H.R.4526

Summary

Travel Tech is proud to represent an industry that created an entire marketplace where consumers can shop for hotels, flights, car rentals, and other travel-related activities across thousands of brands on a single platform, all while making informed choices and saving money in the process. Competition leads to lower prices and better service offerings for consumers.

Travel Tech strongly opposes this legislation, as it seeks to solve a problem that simply does not exist. There is no tangible record of consumer harm that warrants this government action.

The national association representing the largest hotel chains is fabricating a problem as a means to boost its members' margins by scaring consumers away from online travel companies and toward their own websites. Any legislation in this regard should be based on a tangible record of consumer harm, and Congress should not be drawn into what is clearly a marketing dispute between suppliers and their distribution partners.

The new requirement would force reputable online travel companies to disclose to the consumer that it is not "affiliated with" the hotel appearing on the site. But online travel companies are indeed "affiliated" with hotels through contractual agreements.

The bill as proposed would mandate a new requirement...and then authorize a study by the Federal Trade Commission to find if there is any reason for the requirement in the first place. Typically it is helpful to identify the problem first, and then propose a solution.

H.R.4526 would amend a law (*Restore Online Shoppers' Confidence Act*) that addressed an issue in which companies were sharing credit card information with other entities without consumers' knowledge or official consent. By baselessly associating the online travel community – an industry with decades of demonstrable consumer satisfaction – with such deceptive practices is insulting.

The travelers who book hundreds of millions of hotel room nights each year through online travel companies are testament that booking hotel rooms via our reputable member companies is safe, reliable, convenient, and effective.

H.R.4526 is unwarranted and unnecessary and should not be enacted in any form.

Thank you Chairman Burgess, Ranking Member Schakowsky, and all members of the subcommittee. I am grateful for the opportunity to share my industry's perspective on H.R.4526.

My name is Steve Shur and I am president of The Travel Technology Association. Our association represents the online travel agent industry, the global distribution systems, commonly referred to as GDSs, and the short-term rental industry. Like millions of consumers across the globe, you are likely familiar with many of our members, such as Expedia, Priceline.com, TripAdvisor, Skyscanner, Airbnb, Amadeus, Sabre, and Travelport. Although our members are diverse and make up many different segments of the travel community, the common thread throughout the association is the independent distribution of travel.

Our online travel company members have created – in just two short decades – an entire marketplace where consumers can shop for hotels, flights, car rentals, cruises, restaurants, tours, and countless other travel-related activities across thousands of brands on a single platform. Travelers from all over the world have benefited immeasurably from the ability to search, research, compare, and book travel through the highly advanced technological systems created and operated by the members of Travel Tech.

Without our members and the highly-efficient marketplaces that they have established, consumers would have to manually visit dozens and dozens of websites and waste

valuable time in order to make an informed booking decision. Further, when suppliers have to compete in a dynamic marketplace, consumers benefit in the form of lower prices and better service offerings. The scale and popularity of third-party online booking sites illustrate consumers' preferences for using these efficient, third-party aggregators for researching and booking travel:

- Last year, Expedia helped travelers book over 200 million room nights.
- TripAdvisor makes up the largest travel community in the world, reaches 340 million unique monthly visitors, and hosts more than 350 million reviews and opinions covering more than 6.5 million accommodations, restaurants, and attractions.
- Priceline.com **partners** – and that's a very important point to make today in this context – **partners** with over 370,000 hotels in 170 countries.

Integrity in the hotel bookings marketplace is critical. Without it, companies that fail to deliver reliable customer service and seamless transactions with their hotel partners will not survive. Online travel companies thrive on ensuring that customers have a pleasant experience each and every time they book travel. Each of our members has 24-hour customer service teams ready to assist travelers.

The Travel Technology Association strongly opposes H.R.4526 on all fronts. We categorically reject the premise of the need for such legislation. This bill would impose new burdensome requirements on online travel sites without any justification for doing so. Online travel companies would needlessly have to provide additional notification to the consumer – beyond what is already perfectly obvious to the tens of millions of

people who book on our sites every day – that they are “not affiliated with” the hotel with which the consumer is about to book a stay. But online travel companies are absolutely “affiliated” with hotels. In fact, it is the reliability of our members to drive customers to their businesses and to help them fill rooms that leads the hundreds of thousands of hotels, motels, inns, and B&Bs in every corner of the United States and around the globe to sign contracts with our members. Further, it is unclear why this heightened standard is needed for online travel but not for the online purchase of any other goods, including consumer goods, automobiles, healthcare services, and so on.

In addition to the new disclosure requirements that this bill would apply to online travel companies, which again would serve no consumer benefit whatsoever, H.R.4526 would authorize the Federal Trade Commission to study...**whether** the new disclosure requirements are necessary and if consumers are indeed confused about where they are booking their rooms.

It seems bizarre to apply new onerous regulations on American businesses without a demonstrable record of consumer harm, while simultaneously acknowledging that a study is needed to confirm whether these regulations are necessary in the first place.

Further, and most egregiously, H.R.4526 would amend the *Restore Online Shoppers' Confidence Act*, a law that was passed several years ago to address an issue in which people were harmed by companies sharing credit card information with other entities without their knowledge or official consent. What H.R.4526 would do is insert a new

finding into that law that alerts consumers to the supposed threat of online travel companies.

Associating an entire reputable industry with the deceptive activity addressed in the *Restore Online Shoppers' Confidence Act* is a gross misappropriation of the facts and an assault on our industry's reputation and integrity.

The travelers who book hundreds of millions of hotel room nights each year through online travel companies are testament that booking hotel rooms via our reputable member companies is safe, reliable, convenient, and effective.

There is no tangible record of consumer complaint justifying any part of this legislation; only unsubstantiated claims offered by the hotel industry in an effort to scare consumers away from online travel companies and toward booking directly with the hotels, thereby making those hotels' business models more profitable. The trade association representing the largest hotel chains says that 15 million people are scammed every year by third-party booking sites. 15 million. That's 41,000 people...every day...showing up at a hotel only to find that their reservation was lost and that they were scammed.

Where are these numbers coming from? The first phone call a consumer would likely make in a situation where a hotel reservation has been lost and there is no way to contact the supposed reservation site would be to his or her credit card company to report the fraud. Neither credit card issuers Capital One or American Express publish any demonstrable evidence that this fraud is taking place, and certainly not at the level that the hotels claim.

Further the FTC has no record that such complaints have been lodged. Consumers groups, blogs, newspaper reporters who make it their mission in life to root out issues like this, have no record of such activity taking place. Not a peep. According to AH&LA, 41,000 people every single day have been scammed by third-party booking sites...and the only place you've heard about this problem is from the trade association representing the largest hotel chains? I think we all know what is going on here.

The association representing the largest hotel chains is fabricating a problem as a means to boost its members' margins by scaring consumers into thinking that booking anywhere other than direct is risky and riddled with fraud. It is just not true. It is insulting to consumers. It is insulting to Congress.

Any government action in this regard should be predicated on a tangible record of consumer harm rather than anecdotes provided by a trade association that wants to dismantle the transparency of a marketplace where consumers can compare across brands.

Booking through third-party websites is safe, effective, and transparent, and consumers should apply the same level of discretion and caution as they would with any other online transaction.

I urge the members of the subcommittee not to wade into what is essentially a contractual battle between the hotel industry and their own distribution partners. Online travel companies will continue to help consumers save money by giving them more choices by creating an open, transparent marketplace where hotel properties compete on location, price, and amenities. Consumers know what this is about and they are much smarter than to believe that booking through an online travel company is anything other than safe, effective, and transparent. The marketplace has proven this.

Thank you for the opportunity to speak in opposition to H.R.4526. I look forward to your questions.
