



## MEDIA RELEASE

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### CCCS proposes Guidelines on Price Transparency after Online Travel Study raises Consumer Protection Concerns

1. The Competition and Consumer Commission of Singapore (“CCCS”) has released its findings from a market study on the online travel booking sector in Singapore. Following from the study, CCCS has developed a set of guidelines on price transparency containing the “dos and don’ts” for suppliers of all consumer-facing industries relating to various pricing practices, to avoid misleading consumers. CCCS is seeking public feedback on the proposed guidelines.

#### Market Study on the Online Travel Booking Sector in Singapore

2. The online travel booking segment in Southeast Asia was worth US\$19.4 billion in 2015, accounting for 61% of the internet economy in Southeast Asia. Between 2015 and 2018, online travel booking grew at 15% driven by growth in online airline and hotel bookings, to a size of US\$29.7 billion in 2018. Singapore was estimated to be the third largest in Southeast Asia in terms of online booking market value in 2018, with the highest per-capita online travel booking expenditure in the region. By 2025, the online travel booking market in Southeast Asia is estimated to reach US\$78 billion<sup>1</sup>.
3. Singapore consumers are increasingly turning to online channels in making their travel bookings, including searching for, comparing, and purchasing travel-related products such as air tickets and hotel accommodation online, whether directly from the websites of service providers (e.g. airlines and hotels), online travel agents (e.g. Expedia, Booking.com) or web aggregators, also known as metasearch engines (e.g. Skyscanner, Trivago) (collectively referred to as “online travel booking providers”).
4. Against this backdrop, CCCS conducted a market study on the online provision of bookings for flight tickets and hotel accommodation to Singapore consumers. The study examined various business practices adopted by the industry players, and the associated competition and consumer protection issues. This is the first market study by CCCS that examined both competition and consumer protection issues, since CCCS took on the additional function of administering the Consumer Protection (Fair Trading) Act (“CPFTA”) from 1 April 2018.
5. The study identified four common practices of online travel booking providers that give rise to consumer protection concerns.
  - a. **Drip pricing**, by not disclosing both mandatory and optional charges upfront, can lure consumers into making a purchase based on incomplete price

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<sup>1</sup> Google-Temasek “e-Conomy SEA 2018” report

information, and restrict competition by making it harder for consumers to compare product offerings across suppliers;

- b. **Pre-ticked boxes** can result in consumers buying unwanted add-on products, as a result of failing to opt-out by unchecking the pre-ticked boxes;
  - c. **Strikethrough pricing** can mislead consumers into making a purchase (or paying a higher price) should the comparison between a current and a crossed-out price be false or misleading; and
  - d. **Pressure selling using false or misleading claims** can create a false sense of urgency for consumers to make a purchase based on inaccurate information.
6. CCCS has set out its recommendations in its market study report regarding how businesses should conduct themselves to address these concerns. The recommended positions are intended to encourage online travel booking providers to adopt transparent pricing practices, such that prices and their accompanying terms and conditions are communicated clearly. This will enable consumers to make an informed choice and allow businesses to compete on a level playing field.
7. The full report is available on CCCS's [website](#). CCCS will continue to monitor market developments in the online travel booking sector in Singapore.

### **Proposed Guidelines on Price Transparency**

8. Following from the study, CCCS has developed a set of guidelines on price transparency to assist suppliers of all consumer-facing industries in their display and advertisement of prices to avoid misleading consumers and infringing the CPFTA. These guidelines apply to both online and offline transactions.
9. Price, being an important factor for most consumers and required for comparing between alternatives, is essential to consumers making well-informed purchasing decisions. In the absence of clear disclosure on prices and pricing practices, consumers may be misled and hence suffer harm.
10. The guidelines will provide more clarity on what constitutes an infringement of the CPFTA and how suppliers should display and advertise prices in a clear manner. The guidelines will also provide some of the factors and circumstances that CCCS may consider when assessing whether displayed/advertised prices and pricing practices are sufficiently transparent, or potentially misleading. Through this, CCCS aims to educate suppliers and over time, reduce misleading pricing practices, thereby enabling consumers to shop confidently.
11. The proposed guidelines on price transparency makes the following recommendations with respect to how suppliers should display and advertise their prices:
- a. Drip pricing and pre-ticked boxes: Suppliers should ensure that any unavoidable or mandatory fees/charges (e.g. taxes, surcharges) are included in the total headline price. As good practice, suppliers should avoid using pre-ticked boxes to automatically include add-ons. If pre-ticked boxes are used,

suppliers must provide proper disclosures of the goods or services offered in a clear and prominent manner.

- b. Price comparisons (with other suppliers): When comparing their price with others, suppliers should ensure that any representations and price comparisons with other suppliers' prices or the use of terms such as cost price, are not false or misleading.
- c. Discounts: When comparing their price with a previous price to represent a discount, suppliers should use an actual, bona fide previous price (i.e. usual price) that provides a legitimate basis for the price comparison.
- d. Use of the term "free": When using the term "free", suppliers should ensure that any representation that the price is \$0 or "free" is not false or misleading and any qualifiers, terms and conditions as well as subsequent/deferred charges should be stated upfront clearly and prominently.

### **Public Consultation**

- 12. CCCS is inviting public feedback in relation to the proposed Guidelines on Price Transparency. The closing date for submissions is **21 October 2019**. More information on the proposed Guidelines on Price Transparency and the public consultation can be accessed and downloaded from the CCCS website at [www.cccs.gov.sg](http://www.cccs.gov.sg) under the section "[Public Consultation](#)".

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### **About The Competition and Consumer Commission of Singapore**

The Competition and Consumer Commission of Singapore ("**CCCS**") is a statutory board of the Ministry of Trade and Industry. CCCS administers and enforces the Competition Act (Cap. 50B) which empowers CCCS to investigate and adjudicate anti-competitive activities, issue directions to stop and/or prevent anti-competitive activities and impose financial penalties. CCCS is also the administering agency of the Consumer Protection (Fair Trading) Act (Cap. 52A) or CPFTA which protects consumers against unfair trade practices in Singapore. Our mission is to make markets work well to create opportunities and choices for business and consumers in Singapore.

For more information, please visit [www.cccs.gov.sg](http://www.cccs.gov.sg).

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