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## Aviation Group Client Update

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### COMMERCIAL AVIATION: INFORMATION ON AIRLINE FEES FOR OPTIONAL SERVICES

On September 20, 2017, the Government Accountability Office (GAO) released aviation [research](#) on airlines' disclosure of information about optional service fees on their websites.

**Background.** The GAO conducted this research based on the increases in charged fees for optional services that were previously included in the price of a ticket. Due to questions raised about the transparency of these fees and their associated rules, the Department of Transportation (DOT) issued a final rule requiring, among other things, that certain U.S. and foreign airlines disclose information about optional service fees on their websites.

**Summary.** This report discusses: (1) how selected U.S. airlines have modified their offering and pricing of optional services since 2010, (2) the factors that selected U.S. airlines consider when determining whether and how much to charge for optional services, and (3) actions DOT has taken since 2010 to improve the transparency of optional service fees and views of selected aviation stakeholders about these actions.

**Findings.** GAO interviewed 10 airlines, of which 9 stated that the process of "unbundling" allows passengers to customize their flight by paying for only the services that they value. In addition, airline officials said that charging fees for optional services allows the airlines to offer lower base fares to customers. However, GAO found that customers traveling with at least one checked bag paid more in total for the airfare and bag fees than they did when fares included checked baggage. Officials from the 10 airlines said they also consider customer demand and willingness to pay when setting prices for optional services, and officials from 8 of these airlines noted that competitors' prices for similar services are another factor used in determining the amount of fees.

DOT has taken or has proposed a range of actions to improve the transparency of airlines' fees for optional services including (1) monitoring and enforcing airlines' compliance with existing transparency regulations; (2) collecting, reviewing, and responding to consumers' complaints; (3) collecting additional data on revenue generated from fees; and (4) educating airlines and consumers about existing regulations and consumer rights related to optional service fees.

GAO also found that DOT's regulations requiring certain airlines to disclose optional service fees on their websites have improved consumer transparency but have faced challenges, such as optional services not being available for purchase and fees for such services not being disclosed for customers who book through online travel agents. As a result, consumers are not always able to determine the full cost of their travel and compare costs across airlines before they purchase their tickets.

If you have any questions or would like further information, please contact Shelley Ewalt.

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McBreen & Kopko's Aviation Group represents air carriers, fixed base operators (FBOs), airport managers, aviation service providers, and business aircraft owners and operators on a wide range of aviation issues including regulatory matters, commercial transactions, aircraft finance matters, and bankruptcy and creditors' rights.

