

Why Do Travelers Still Fall for Drip Pricing?

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Andrew Taylor keeps falling for drip pricing. He finds a low price on an airline ticket, car rental or hotel room — and then, once he starts the booking process, the cost rises until he reaches the final screen. But he buys anyway.

“I think many of us know that the given price on an advertisement will never actually be the real price,” he says. “We’re just naturally drawn to a low price and work through the process to discover the real price.”

Taylor should know better. He runs a Suffolk, England, legal services company that specializes in creating clearly worded “gotcha-free” contracts. But he says he doesn’t want to go through the trouble of finding a more honest price.

Travel sites are drip pricing when they advertise a low price and then add mandatory charges and taxes after the booking is underway. Drip pricing typically raises the final cost of a purchase by 20 percent or more.

The practice is becoming familiar because of hotel resort fees, which are added after the initial price quote but before the stay is booked. These extra charges, widely reviled by travelers, are a significant source of hotel revenue and the subject of proposed congressional legislation and lawsuits by two state attorneys general.

“Companies do it for a reason,” says Jeffrey Galak, associate professor of marketing at Carnegie Mellon University’s Tepper School of Business. “It works.”

Why? It turns out that people are hard-wired to fall for drip pricing. But there are ways of short-circuiting that instinct when you book travel.

Experts say travel companies use low base prices to grab your attention online. Consumers often use online sites that let them make comparisons, such as [Kayak.com](https://www.kayak.com). Price is the top search criterion on those sites, so it’s in the airline’s or hotel’s best interest to offer the lowest rate — at least initially.

The rate is what psychologists call an “anchor.” “It’s a conceptual foundation to which all subsequent prices will be compared,” says Jennifer Talarico, a psychology professor at Lafayette College in Easton, Pa. Most subsequent increases are seen in relation to that initial price.

“Most folks will think it’s only a little bit more than what they’ve already internally committed to paying,” she says.

If you draw travelers in with a low price, they may develop a psychological attachment to the fare or

rate, experts say.

“They get excited about the offer,” says Abir Syed, an accountant from Montreal, who has fallen for drip pricing and seen the effects of aggressive pricing on a company’s bottom line. “They might start researching a beautiful hotel that seemed like it was in their budget, and they’ll begin picturing themselves at the wonderful resort and think about how much fun they’ll have.”

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