

# **SPRING BROKE:**

## **How to Avoid a Spring Break Ripoff**

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## EXECUTIVE SUMMARY

Spring Break has become an annual ritual for more than a million college students each year. It is a time for students to take a break from the rigorous demands of their academic programs in order to relax before tackling the flurry of exams that awaits them at the end of the semester.

Many students choose to travel to a tropical destination such as Cancun or Acapulco to enjoy the sunshine and celebrate with friends. They often leave with expectations for a relaxing week; unfortunately, many end up coming home with horror stories about paying hidden fees or suffering through itinerary changes that turn a trip to paradise into a spring break nightmare.

Thousands of students choose to buy travel packages, in which students pay one price for their entire vacation and all arrangements are made on their behalf. These packages can be a tempting option for students – they often appear to offer competitive prices on airfare and accommodations while removing the burden of organizing the trip from the student.

We surveyed spring break travel ads found at colleges in a dozen communities around the country. Our survey found that travel agencies offering spring break packages often engage in deceptive advertising. Our findings:

- Every single advertisement we examined contained hidden, confusing, and misleading fees.
- Hidden fees for each trip, usually mentioned only in very fine print, totaled an average of up to \$367.
- The resulting price for a spring break trip was on average up to 62 percent higher than the prices advertised.
- The largest percentage difference between an advertised price and an actual price was for Paradise Parties, whose actual price of \$1016 was more than double the advertised price of \$499.
- In addition to deceptive pricing, companies also require travelers to give up many of their rights. Travel companies reserve the right to change travel and accommodation plans at their discretion. In addition, companies require travelers to sign contracts in which they must waive or limit their legal rights to file disputes with the travel company.

When shopping for a spring break travel package, students should be aware that hidden fees and terms and conditions that are difficult to read are commonplace. They should read these flyers critically.

In addition, travel companies should take the following steps to avoid deceiving their customers:

1. Advertise prices that include any mandatory fees, such as departure taxes and processing fees. Potential fees and price increases should be listed in readable type next to the base price.
2. Stop the use of contracts that require travelers to give up their legal rights. All parties to a dispute should be allowed their day in court.

3. Web sites and literature should prominently display a company's terms and conditions and privacy policies.

4. Contracts should be written in plain English so that what consumers read is what they get. Disputes about flight and accommodation logistics often result from intentionally confusing contracts.

## INTRODUCTION

It's that time of year again. The time to take a break from school and escape to tropical paradise. But what happens when you find out that your week in paradise is going to cost a lot more than you expected?

This year, more than half a million college students will travel to Florida for spring break,<sup>1</sup> and at least 300,000 more will travel outside the country to places like the Bahamas<sup>2</sup> and Mexico.<sup>3</sup> An entire industry now exists to provide college students with their ideal spring break.

Unfortunately, that industry has adopted a set of deceptive marketing practices that make their trips appear less expensive than they really are. Many students get caught unaware when they don't scour the fine print of their travel contracts, forcing them to pay hidden charges and unwanted fees.

Travel companies have created half a dozen different small hidden fees, in the form of departure taxes, processing fees, peak week surcharges, late booking fees, departure city surcharges, cancellation charges, and travel insurance. Alone, none of these fees amount to a significant sum of money. However, the cumulative effect of these fees is to increase the trip's cost dramatically.

The state PIRGs looked at travel advertisements posted on a dozen college campuses around the country. We found advertisements from 17 different travel companies, most of them large companies that offer their trips to students across the country. We found that, without exception, the actual cost of a spring break trip was far higher than the price advertised.

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<sup>1</sup> Warren Richie, "No More Spring Breakage." *The Christian Science Monitor*. March 13, 1998. Available at <http://esmweb2.emcweb.com/durable/1998/03/13/us/us.6.html>.

<sup>2</sup> U.S. Department of State, fact sheet, "Spring Break In the Bahamas."

<sup>3</sup> U.S. Department of State, fact sheet, "Spring Break In Cancun."

## **SURVEY FINDINGS**

In the winter of 2004, the state PIRGs conducted a survey of travel ads posted on college campuses for spring break trips. The survey discovered a number of ways in which travel companies drive up the price of their travel packages.

With all of the companies surveyed, we looked at the price for a one-week spring break trip to Acapulco. As a standard, we looked at trips departing in mid-March and the per-person price for a four-person hotel room.

Our survey found that the price advertised on a flyer is not the price that a student will pay for a trip. We found the following:

- Every single advertisement we examined contained hidden, confusing, and misleading fees.
- Hidden fees for each trip, usually mentioned only in very fine print, totaled an average of up to \$367.
- The resulting price for a spring break trip was on average up to 62 percent higher than the prices advertised.
- The largest percentage difference between an advertised price and an actual price was for Paradise Parties, whose actual price of \$1016 was more than double the advertised price of \$499.
- In addition to deceptive pricing, companies also require travelers to give up many of their rights. Travel companies reserve the right to change travel and accommodation plans at their discretion. In addition, companies require travelers to sign contracts in which they must waive or limit their legal rights to file disputes with the travel company.

## **HIDDEN FEES**

We found that none of the companies included the hidden fees described below in their advertised price. The travel ads we found usually printed the advertised price in large letters and bright colors. This contrasts with these hidden fees, which were typically listed in fine print at the bottom or the back of flyers, if they were listed at all. In many cases, these hidden fees were not mentioned at all, and could only be found by calling the company or searching their website. Several companies held off until the last possible moment to reveal the existence or amount of these fees, only mentioning them on the phone or on their website at the point when it is time for a student to pay for the trip.

Travel companies use a number of different hidden fees:

### **International Departure and Arrival Taxes**

A large percentage of spring break travelers go to foreign destinations. The U.S. requires travelers to pay a fee to exit the country, and foreign countries require a fee for travelers to enter. Every travel company we surveyed charged this fee, ranging from \$95 to \$154 per person. Spring Break Direct charged the highest departure and arrival fees: \$154.

### **Processing Fees**

Nine of the 17 companies charged a fee to cover the processing of trip reservations. This fee was typically \$15. The highest processing fee was \$44.89 for Inertia Tours.

### **Peak Week Surcharges**

Many colleges and universities schedule their spring breaks during the same weeks in March and April. As a result, demand for spring break trips increases greatly during these weeks. Thirteen (13) of the 17 travel companies capitalized on this by charging extra fees for trips at these times. Peak week surcharges ranged between \$30 and \$80 per person. The highest fee, \$80, was charged by Inertia Tours.

### **Late Booking Fees**

Travel companies provide incentives to encourage students to book their trips as early as possible. In addition to providing free meals, t-shirts, drinks and activities for early reservations, many companies also charge students a fee for “late” bookings. Ten (10) of the 17 companies surveyed added this fee to every reservation postmarked after mid to late December. These fees cost between \$10 and \$30 for students who do not book their trip three or four months beforehand. Penalizing students who do not book their trips extremely early may lead to more trip cancellations, resulting in a higher percentage of students who lose their deposits or the entire cost of their trip.

### **Departure City Surcharges**

Advertised prices are based on flight departures from certain cities, typically Houston, Texas. Sixteen (16) of the 17 travel companies surveyed frequently charged an additional fee to fly from any other airport. These fees varied from \$20 to a whopping \$240. This was by far the largest of the hidden fees we discovered.

### **Travel Insurance**

Thirteen (13) of the 17 companies surveyed charged a travel insurance fee of \$35 to \$68. The coverage provided varied between companies, but typically allowed travelers to get a full refund on their trip price if they are forced to cancel due to emergency. In some cases, it also included limited medical coverage for the duration of the trip. However, the fine print on most of the insurance policies specifies that the company will only provide a refund in a very limited number of circumstances. If a traveler has to cancel for a reason other than one of the reasons listed, they typically forfeit their deposit AND their insurance fee. In addition, the insurance fee is the only hidden fee that is optional. However, companies add the fee automatically to the bill, and customers have to read the fine print to find out that they can waive the insurance fee if they do not want or need it.

### **Fuel Surcharges**

Four (4) of the 17 companies charged an additional fuel surcharge of between \$30 and \$44. This fee is usually imposed by the airlines on the travel companies, who then pass the fee onto consumers. But rather than raise the advertised price of their trips to take this added cost into account, they hide this cost in the assorted fees. In addition, several of the other travel

companies reserved the right to add this fee to their price, even after the trip has already been bought and paid for.

## **OTHER PROBLEMS IN THE FINE PRINT**

In addition to hidden fees, students need to watch out for several other caveats in the small print.

### **Flights and Accommodations**

One of the primary attractions of a spring break travel package for students is that the company will arrange the travel logistics in advance. This removes the burden of trip planning from the student. But students also are forfeiting control over their itinerary. In their terms and conditions, companies reserve the right to alter flight departure dates, times, and even cities. They also reserve the right to change hotel accommodations.

### **Arbitration**

Many travelers that become involved in disputes with travel companies pursue their legal claims in court. However, many of the travel companies surveyed require students to waive their legal rights in order purchase their travel packages. Some companies in our survey, such as Student City Travel, require students to agree that any disputes must be settled using binding arbitration under the rules of the American Arbitration Association. Participants at an arbitration hearing do not have any of the mandatory legal rights that govern court proceedings.

Other companies limit the geographic location where disputes can be filed. Student Express requires travelers to sign a contract that any and all disputes with the company be filed in Denver, Colorado. Another company, Bianchi-Rossi Tours, requires that any legal action against the company be filed in the courts of Hennepin County, Minnesota, as a way to discourage students from around the country from having access to legal recourse.

This trend toward removing disputes from the legal arena is nothing more than an attempt by businesses to avoid the legal protections provided by the courts to consumers. For this reason, it is a highly questionable practice in which reputable businesses should not engage.

## **POLICY RECOMMENDATIONS**

Companies marketing travel packages to college students should take the following steps to avoid deceiving consumers:

1. Advertise prices that include any mandatory fees, such as departure taxes and processing fees. Potential fees and price increases should be listed in readable type next to the base price.
2. Stop the use of contracts that require travelers to give up their legal rights. All parties to a dispute should be allowed their day in court.
3. Web sites and literature should prominently display company's terms and conditions and privacy policies.
4. Contracts should be written in plain English so that what consumers read is what they get. Disputes about flight and accommodation logistics often result from intentionally confusing contracts.

## RECOMMENDATIONS TO STUDENTS

### How to Avoid a Spring Break Rip-off

Unfortunately, many travel companies do not operate with students' best interests in mind. As a consumer, you must protect yourself from deceptive and misleading practices. Here's how:

1. Read ALL of the fine print carefully. This is by far the best step you can take to protect yourself. Companies need to tell you how your trip will operate. Even if they make their policies difficult to read, smart consumers will look them over before sending any money. If you can't get answers to your questions, or are misled or deceived, you should avoid using that company.
2. Avoid any company that mandates arbitration for disputes. Don't give up your legal rights.
3. Read your invoice. You should understand the purpose and amount of each fee.
4. Research a company before sending money. Do not assume that a company is legitimate based on its flyer. Ask friends if they know anyone who has used the company before. If you're unsure, contact your Attorney General's office to find out if any complaints have been made against them.
5. File a complaint if you have a dispute. In most states, you can do this through the Attorney General's office. This calls attention to the company so that future travelers will not repeat your experience. Also, the attorney general may mediate your dispute to help resolve it.
6. Be aware of cancellation policies. Before sending any money, you should know how much you will lose if you need to cancel.

## **METHODOLOGY**

Students at a dozen different colleges and universities surveyed their campuses in search of posters, leaflets, and ads for spring break trips. After using the surveys to identify 17 travel companies that advertise on campus, the authors determined the hidden fees charged by each company by searching company websites and calling company customer service hotlines.

With all of the companies surveyed, we looked at the price for a one-week spring break trip to Acapulco. As a standard, we looked at trips departing in mid-March and the per-person price for a four-person hotel room.

## APPENDIX: SURVEY RESULTS

| Company                     | Website                  | Advertised Price | International Taxes/Fees | Processing Fees | Peak Week Fees | Late Fees | Maximum City Surcharges* | Fuel Surcharge | Insurance | Total Hidden Fees | Total Trip Price | % Increase Over Advertised Price |
|-----------------------------|--------------------------|------------------|--------------------------|-----------------|----------------|-----------|--------------------------|----------------|-----------|-------------------|------------------|----------------------------------|
| Beach Life Vacations        | beachlifevacations.com   | \$499.00         | \$95.00                  | \$15.00         | \$60.00        | \$30.00   | \$240.00                 |                |           | \$440.00          | \$939.00         | 88.18%                           |
| Bianchi-Rossi Tours         | bianchi-rossi.com        | \$579.90         | \$112.00                 |                 | \$30.00        |           | \$120.00                 |                |           | \$262.00          | \$841.90         | 45.18%                           |
| Endless Summer Tours        | endlesssummertours.com   | \$619.00         | \$97.00                  | \$14.00         |                | \$10.00   | \$140.00                 |                |           | \$261.00          | \$880.00         | 42.16%                           |
| Epicurean Tours             | epicureantours.com       | \$609.95         | \$99.00                  |                 | \$35.00        | \$30.00   | \$120.00                 |                | \$49.00   | \$333.00          | \$942.95         | 54.59%                           |
| Extreme Vacations           | xxvacations.com          | \$499.00         | \$110.00                 |                 | \$50.00        | \$30.00   | \$240.00                 |                | \$39.79   | \$469.79          | \$968.79         | 94.15%                           |
| Inertia Tours               | inertiatours.com         | \$719.00         | \$97.00                  | \$44.89         | \$80.00        |           | \$200.00                 | \$44.00        |           | \$465.89          | \$1,184.89       | 64.80%                           |
| Leisure Tours International | springbreakdiscounts.com | \$619.00         | \$110.00                 |                 | \$50.00        |           | \$150.00                 |                | \$39.79   | \$349.79          | \$968.79         | 56.51%                           |
| Paradise Parties            | paradiseparties.com      | \$499.00         | \$99.00                  | \$15.00         | \$50.00        | \$30.00   | \$240.00                 | \$44.00        | \$39.00   | \$517.00          | \$1,016.00       | 103.61%                          |
| Spring Break Direct         | springbreakdirect.com    | \$499.00         | \$154.00                 |                 | \$50.00        | \$30.00   | \$240.00                 |                | \$39.00   | \$513.00          | \$1,012.00       | 102.81%                          |
| Spring Break Travel         | springbreaktravel.com    | \$719.00         | \$114.00                 |                 | \$30.00        |           | \$50.00                  |                | \$68.00   | \$262.00          | \$981.00         | 36.44%                           |
| STA Travel                  | statravel.com            | \$669.00         | \$95.00                  | \$30.00         |                | \$30.00   | \$80.00                  |                | \$43.00   | \$278.00          | \$947.00         | 41.55%                           |
| Student City                | studentcity.com          | \$509.00         | \$99.00                  | \$15.00         | \$50.00        | \$30.00   | \$240.00                 | \$44.00        | \$39.00   | \$517.00          | \$1,026.00       | 101.57%                          |
| Student Express             | studentexpress.com       | \$449.00         | \$110.00                 |                 |                |           |                          |                | \$39.00   | \$149.00          | \$598.00         | 33.18%                           |
| Student One Travel          | studentonetravel.com     | \$619.00         | \$95.00                  | \$15.00         | \$30.00        | \$30.00   | \$150.00                 |                | \$45.00   | \$365.00          | \$984.00         | 58.97%                           |
| Student Travel Services     | ststravel.com            | \$689.00         | \$95.00                  | \$15.00         |                |           | \$80.00                  |                | \$39.00   | \$229.00          | \$918.00         | 33.24%                           |
| Sun Splash Tours            | sunsplasztours.com       | \$529.00         | \$99.00                  | \$15.00         | \$50.00        |           | \$240.00                 | \$30.00        | \$39.00   | \$473.00          | \$1,002.00       | 89.41%                           |
| Vagabond Tours              | vagabondtours.com        | \$619.00         | \$110.00                 |                 | \$30.00        | \$30.00   | \$150.00                 |                | \$35.00   | \$355.00          | \$974.00         | 57.35%                           |

|                 |            |
|-----------------|------------|
| <b>Average:</b> | <b>62%</b> |
|-----------------|------------|

\* The City Surcharge varies from city to city. The amount listed here is the maximum surcharge that each company charges.