

## CMA Draft Guidance – ‘Drip Pricing’

### UKHospitality comments

#### About UKHospitality

UKHospitality is the leading trade body for hospitality, representing more than 740 members and 130,000 venues across the UK. As a sector, hospitality contributes £93 billion to the economy, employs 3.5 million people and generates £54 billion in tax for the Treasury.

The body speaks on behalf of a wide range of leisure and ‘out-of-home’ businesses, from FTSE 100 enterprises to medium-size groups and independent single-site operators, as well as 6,000 affiliated operators.

Engaging with Government, the media and the public, UKHospitality works to develop a robust case on how to unlock the industry’s full potential as the biggest engine for growth in the economy and ensure that the industry’s needs are effectively represented.

Hospitality represented 10% of UK employment, 6% of businesses and 5% of GDP in 2019.

#### UKHospitality comments

- We welcome the opportunity to provide comments on the draft guidance and appreciated the opportunity to attend the recent CMA industry body roundtable and provide feedback and views as part of the workshop. A number of the points below were raised as part of the roundtable, included here for completeness.
- As an overall comment, for clarity (especially for smaller businesses) it may be useful to include some visual aids and/or worked examples – for example decision trees/flow diagrams.
- As a sector, we strongly supported the decision to remove non-mandatory services from the scope of the regulations, and we are pleased to see the guidance reflect this.
- Regarding display of ‘local taxes and other fees’ as set out in 9.19 (d), we have concerns around how recent ‘tourist tax’ legislation in Scotland (the Visitor Levy) and similar upcoming legislation in Wales, will interact with drip pricing legislation.
- There are also various local schemes in England (Accommodation Business Improvement Districts) which will interact with the provision of the drip pricing requirements – primarily in relation to hotel rooms - under the Business Improvement Districts (England) Regulations 2004. As discussed at the CMA roundtable, how such taxes are established are outside the control of businesses, and there are grey areas around what point and who pays said local tourist taxes (and how this is defined) which may come into conflict with the drip pricing requirements.

Situations must be avoided where tourist tax requirements may clash with pricing regulations, potentially placing hotels in legal jeopardy, and certainly businesses should not bear responsibility if this is the case. We would be happy to explore this in more detail.

- We also discussed display of charges such as delivery fees at the roundtable. If a customer is 'building a basket' of items – with the whole order once 'built' attracting a mandatory delivery fee - questions remain as to where it is acceptable to display the delivery or service fee during the basket building journey, given these can vary. One interpretation that could be taken from the guidance is to list the fees (e.g. for delivery/service) multiple times against each product line the customer may or may not wish to add to their basket – which in our view could make pricing less transparent for customers and add complexity which is not required by the regulations themselves. A total price should only be required at basket level.
- Regarding enforcement, we would encourage the CMA to take an educational approach in the first instance. The new regulations are complex, especially around variable fee display, and final guidance is not likely to be available until close to the April 2025 implementation date. We would be happy to work with the CMA on an educational/discussion based approach during the post-implementation phase.
- Please do not hesitate to contact us if it would be useful to discuss the above or points made at the recent roundtable in more detail.