

**Before the National Commission to Ensure Consumer Information and  
Choice in the Airline Industry**  
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**Written Testimony**  
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My name is Bob Kern, president of PNR Travel, Inc., located in Los Angeles, California. PNR Travel opened its office in February of 1991. We are a full-service travel agency that deals with all consumer travel needs. I personally have been a travel agent for more than 30 years.

I would like to open my statement by saying that I do not have a problem with the airlines looking for or finding a better way to distribute their product. What I have a problem with is the way that they have set out to do it. Over the years, the travel agency industry has earned the respect and trust of the consumer. The consumer knows that a travel agent is their only source of unbiased information when it comes to travel. There are not many industries left today that have their main focus as a consumer advocate. We live everyday trying hard to make the consumer's life easier and more efficient. Being a travel agent is a very enjoyable occupation. The airlines have done everything in their power over the last few years to set policies and procedures to make the travel agents job more difficult. The following are examples of how the airlines have changed in their everyday dealings with PNR Travel.

The most obvious way that the airlines have changed policies is the lowering of commissions. This commission that was once paid at a rate of 10% has now been lowered to 0%. PNR Travel during the year 1995 brought in \$106,022 in airline commissions off of total airline sales of \$1,249,390. During 2001, PNR Travel sold a total of \$1,161,585 in airline sales and as you are well aware the commission is now zero. We have tried to pass this loss of earnings to the traveler as best as we can. Our service fees for airline tickets are averaging \$4400.00 per month. This is no where near the

amount that we have lost over the last few years. It is next to impossible to recoup that loss of commission by passing it on to the consumer. If we were to do that, we would drive the business in to the waiting arms of the airlines. What instead has happened at PNR Travel is that we have lowered our expenses to compensate for the amount that service fees do not cover. Some examples of our cost cutting have been the lowering of employee pay from what was already known as a low paying job. We have 11 employees in an office with 907 square feet of space. When you add all of the office furniture and equipment along with clients, we do tend to be very uncomfortable. Our employees work more hours now than ever before. We have not purchased any new office furniture since the airlines began their strategy of lowering commissions. All of our money goes into employee pay, basic expenses and technology. PNR Travel has not made a profit since the beginning of 1995. I personally have not been paid a salary since 1995. My acceptance of not receiving pay and my constant loans has kept PNR Travel afloat. The fear that I have as time goes along is the moral of employees and the less time everyone is spending at home with their families. In the long term it will effect the quality of work, the quality of employees and the consumer's well being. It is very difficult for PNR Travel to work for someone (airlines) with no pay. I cannot believe how an entity believes that they should not compensate for someone's work.

Debit memos have been another force that we as travel agents have had to endure. *Debit memos are a way of invoicing travel agents for errors that they have made. All travel agencies receive their share of debit memos.* There are many ways that a travel agency can receive a debit memo that they do not owe. Some examples are as follows; airline

employee misinforms agent on how to do a particular ticketing situation, a discount code is put in the wrong ticketing box on the ticket, procedures followed according to the ARC handbook but airlines think otherwise, over inflated penalty fees for doing something in error, and ignoring of airline generated approvals for overriding fare rules to get someone a lower price. When this happens we know that we are in it for the long haul. It is next to impossible to get someone to talk to you about it. They always tell you that you need to do it in writing. They do not even have a phone number on the debit memo itself. Once you have thoroughly researched it and found out that you do not owe you than proceed to copy all pertaining documents and send it to the airline. One of two things will then happen. You will never receive a reply or you will receive a reply stating something that absolutely makes no sense and does not even pertain to what you were stating. In the majority of the cases, we will never hear back in response to our dispute letter. However, they will continue to send one invoice after another requesting payment. Every time we get one of these invoices, we have to reply with our original dispute letter.

Sometimes we get a letter that states that if you do not pay the debit memo (one that you really believe you do not owe), they will pull your plate and not allow you to sell them anymore. Usually what happens then, is the travel agent will go ahead and reluctantly pay the debit memo, knowing full well that they did not owe it. PNR Travel has done this on many occasions. . Usually these debit memos are very complicated and most small travel agencies only have one person that really understands how to reply to them. This causes the best agent in the office to be spending a large amount of time dealing with debit memos. This agent's time would be better spent on dealing with the consumer's needs. Travel agents should have some sort of recourse whether it is through

the legal system or an arbitration system to say their side of the story on a particular dispute. The travel agent always has the burden of proof. We are guilty until proven innocent. The way that it works now is that it is very difficult to prove innocence.

The airlines are riddled with consumer complaints. I have on many occasions as other travel agents have, received client's phone calls from the airport telling us that the reason that something is not going the way it should be, is because the travel agent made an error. Nearly all the time, this is not true. A person working for the airline is giving us as the fall guy for not having the correct seat, a reservation, not knowing about a schedule change, an upgrade or many other situations that arise at an airport. The good that usually comes from this is that we are given the opportunity to fix the problem and become the good guy. The bad thing about it is that we are always given a black eye when we do not deserve it. That is not right. Whether you are a company or an individual when you make a mistake, be a good citizen and admit it.

As the airlines started their joint efforts in lowering commission payments to us, I kept asking myself, why? Why are they destroying such a great system, that they themselves help cultivate? I personally believe that it is because they want more control over their pricing. The travel agent is a very creative force. We develop many ways for the consumer to be more efficient and cost effective in their travel needs. Because we are small business' we have the ability to spend more time and energy on these travel arrangements. We are able to take the time that is needed to locate the best deals for them. This was just recently proven in the Topaz survey that stated that travel agents compared with some of the top internet sites have the best airfares 93 percent of the time.

The airlines are not happy with this statistic. They would much rather be receiving the control that the internet offers. The internet is the travel agent's best friend. It has helped us help our clients in so many ways. The problem that we have with the internet is the fares offered are sometimes better than we have access to. When this happens, we are forced to purchase through the internet site for our client. Many difficulties arise because of this. The internet sites take a lot more time to book than our GDS, future changes are very difficult and expensive, upgrades cannot be done, and many other items are undoable. When the internet offers a better price for the client, we inform them of all the negative items. If they are willing to accept those negatives, we proceed to book in that fashion.

People ask me all of the time, why do you keep working so hard with all of the problems that you face. I tell them that I believe in the system and that someone needs to carry on the battle of getting someone to listen and help us and the consumers become whole again. I believe that the pendulum will swing back and after going through all that I have, I want to be there ready for it. With all of the options available in the market place, the professional travel agent is needed more now than ever before. I just want to have a level playing field. We need access to all fares. We need to be compensated for our work. The consumer needs that and the travel agency industry needs that. I will be there to see the day that the travel agency industry is profitable again.

I thank you for giving myself, the small guy an opportunity to explain my side of the story. This is what makes America Great. Thank you.