

**Before the National Commission to Ensure Consumer Information and
Choice in the Airlines Industry.
July 11, 2002**

**Written Testimony of David L Rojahn, President, DTR Travel Inc
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Mr. Chairman and members of the Commission,

My name is David Rojahn, president of DTR Travel Inc. located in Englewood Colorado, a suburb of Denver. We are a small agency that my wife and I opened in 1993. Prior to that I was a programmer for United Airlines, now Galileo, and had been a programmer for System One and Sabre. I started in the industry in 1978 as a reservation agent with Eastern Airlines. I feel my travel agency, airline, technical and small business experience is valuable to this commission.

DTR Travel has 3 agents, having generated \$237,000 in gross commission revenues in year 2000, \$209,000 in year 2001 and \$115,000 year to date. In year 2000, \$86,000 (37%) was generated from airline ticket sales, \$54,000 (26%) in 2001 and \$19,000 (17%) year to date. I quote these figures rather than saying we are a 2-3 million gross sale agency for in today's environment, gross sales is a meaningless number. Our business mix is primarily leisure and small corporate accounts. What I consider, the everyday consumer, trying to make a living, just like myself.

As you can see just in the past 2 1/2 years, the airlines have reduced what amounted to almost 40% of our revenues to zero; not because of our inability to serve the consumer or the consumer demanding to be able to purchase on the Internet, but because **“they can”**, pure and simple. As with any small business, we have quickly adapted by charging service fees and re-focusing on other products and services other than airline tickets.

But today, I do not want to focus on my business issues for those are for me to work through or airline practices since you have a fair understanding of how business is conducted. What I do want to focus on today is the impact of Internet distribution of airline tickets on the consumer. I think this is the real issue.

I would like to also state I am a proponent of the Internet. With other ventures and my own agency, I have spent the last two years making more bookings using the Internet than anyone else has in this room. I understand from the airline perspective that they must look at alternatives to the GDS systems to cut costs and travel agencies must now recognize that the Internet will probably be the distribution channel of choice for all airlines. My agents do not just rely on our GDS; they also must be experts at navigating the multitude of web booking sites. If we are to charge for our services, we must be faster, better and smarter than someone who does this once or twice a year.

Having spent much time making online bookings, this is where my concern really lies. The marketing tactics of the airlines and Orbitz has inferred that if you want a cheaper airfare, the Internet is the easiest and **ONLY** place to get it. The underlying message is why pay a travel agent a fee when you can do it yourself online. With the click of a mouse, look at all the money you can save. Knowing the complexities of fares and inventory management, I know things are not as simple as they are touted. Remember, I used to work on the other side of the fence. And this more than anything else concerns me.

I equate this to Las Vegas where the odds are always stacked in favor of the house. People flock to Las Vegas in hopes of striking it big. Everyone has heard of someone who came back winning money. But in reality, many people do not win money. Professionals have a better chance, but ultimately the odds are always in favor of the house.

Let's bring this analogy back to the world of distributing airline tickets directly to the consumer on the Internet. Consumers have always been able to buy directly from the airlines but there is a big difference now. The fact is that the "On Hold" messages with the airlines say, you might be able to find a better fare on our web site. This strategy encourages the consumer to not even call but to go directly online for the best value. If the call volumes to reservation offices decrease, why not reduce headcount? The real cost savings is in the reduction of salaries and benefits and if I were a reservation agent working for an airline, I would be a bit concerned.

I hope you can see the strategy in driving consumers away from the most expensive cost of business (employees) and the third most expensive cost (distribution over the GDS and agent commissions). I cannot blame the airlines for taking this strategy. It makes perfect sense through their eyes. But, as in the Las Vegas analogy, it stacks the cards in their favor, not the consumers.

On average, who can generate more profit for the airlines? An amateur consumer who thinks they know what they are doing and are encouraged to buy through one distribution channel or a professional who understands the market, price points, inventory management and alternative sources of distribution? If I am in their shoes, I lay my odds on the amateurs.

The Internet and web fares in my opinion are not the issue. The real issue is allowing major competitors to own and drive one distribution channel. There is a reason why railroad companies cannot own the whole track, and there is a reason why telecommunication companies must allow competitors access to their fiber networks and infrastructure. He who controls and limits the distribution channel for their products ultimately wins, not the consumer. The odds will continue to be stacked in favor of the house.

In conclusion, I ask this commission to look beyond the surface of what is happening. Your job is to not solve or care about my business problems or for that matter, the business problems the airlines face. In a free capitalistic society, the market will determine who survives and who does not in the business world. Yes, the market will decide so I ask you to put on your consumer hat and make decisions based on what is best for the consumer. All I ask as you make your decisions and come forth with recommendations remembering simple fact; there is a reason why the railroad companies cannot own the entire track.

I appreciate your time today and the opportunity to address my concerns before this commission.