

CORRESPONDENCE

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U.S. Department of
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Office of the Secretary
of Transportation

DEPARTMENT OF TRANSPORTATION

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GENERAL COUNSEL

400 Seventh St., S.W.
Washington, D.C. 20590

DOCKET SECTION

27457-0A

October 1, 1997

Mr. Henry Herzig
360 DeMott Lane, Suite 510
Somerset, New Jersey 08873-2763

OST-97-2881-2

Dear Mr. Herzig:

I am responding to your letter asking for information on participation in the Department's reexamination of its rules on airline computer reservations systems. Enclosed is a copy of the advance notice of proposed rulemaking issued by the Department, which was published in the Federal Register on September 10. The notice asks for comments on whether the rules should be kept and modified and lists a number of specific issues that the Department would like commenters to address. Commenters may, of course, discuss any other issues related to the rulemaking if they wish.

Comments and reply comments are due November 10 and December 9. The beginning of the notice gives a description of how comments should be filed under the heading "Addresses". Comments do not have to use any particular format, so you may file your comments in the form of a letter if you wish. Comments should include the name of the proceeding and the docket number to ensure that they are placed in the correct docket.

I hope this information is helpful.

Yours truly,

Thomas Ray
Thomas Ray

4pp

HENRY HERZIG

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September 16, 1997

U.S. Department of Transportation
400 7th Street, SW
Washington, DC 20590

ATTENTION: Thomas Ray
General Counsel's Office

Re: DOCKET 49812 - AIRLINE CRS'S

Dear Mr. Ray:

I hereby refer to **TRAVEL WEEKLY'S** report, in its September 15, 1997 issue, a copy whereof is annexed hereto, regarding the forthcoming hearings with respect to the above-captioned matter.

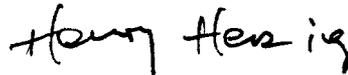
Indeed, I do wish to submit my comments on the subject. My present status is that of a "private citizen", retired, and "representing" no one at all.

My professional background covers a lifetime employment in various "segments" of the travel industry, including retail travel agencies, tour operators, air charter operators and cruise lines.

Please be so kind as to forward to me whatever material you have available and, at the same time, please let me know whether there is any particular required "submission format".

Your early attention and response to this request will be appreciated.

Sincerely yours,



Henry Herzig, CTC

CERTIFICATE OF MAILING

1 I N R E A D E R S H I P

TRAVEL WEEKLY

THE NATIONAL NEWSPAPER OF THE TRAVEL INDUSTRY/VOLUME 56, NUMBER 73/MONDAY, SEPTEMBER 15, 1997

Agents Discover 'Hidden Groups' In Govt. Travel Can Be Bumped

BY FRAN DURBIN

ALEXANDRIA, Va. — Travel agents in the government market are discovering a "hidden group" rule that entitles airlines to bump federal travelers if their agency booked more than 20 of them on the same flight.

It came as a rude awakening to one agent — a veteran in the government market who asked not to be identified — whose office happened to get 26 individual military bookings over a period of weeks for the same international flight.

Unaware his travelers could be considered a group, the agent thought nothing was amiss until the airline refused to take all 26 clients when they showed up at the airport.

The government was furious with the agent because it had to fly the people out on a military charter, and the airline was furious. *Continued on Page 4, Col. 1*

TAP Test Earns High Marks at ASTA Congress

BY JENNIFER DORSEY

GLASGOW, Scotland — The brand-new Travel Agent Proficiency test earned high marks from two industry professionals who took it here at the ASTA World Travel Congress.

Blake Smith, president of Universal Heritage Travel in Racine, Wis., said he

whisked through the 100 multiple-choice questions in just 30 minutes, even though test takers get two hours.

It was no surprise to Smith, a 16-year agency veteran who holds the Institute of Certified Travel Agents' Certified Travel Counselor designation, that the test was easy for him.

In his view, the test — which is option-

al — is difficult enough to accomplish its goal, which is to measure the basic entry-level knowledge to be a professional travel agent.

ICTA, a key player in the test's design, plans to post the names of those who pass the test on its Web site for agency owners and managers who want to use it as an *Continued on Page 4, Col. 4*



Gordon Allan, manager of Trossachs Pier in Loch Katrine, Scotland, and his daughter Brooke show off their booth at the ASTA congress in Glasgow.

DOT: Should We Tweak CRS Rules?

BY STEPHANIE KANG

WASHINGTON — The government's CRS rules, last updated in 1992, are due for another face-lift, and the Transportation Department is circulating a list of questions for travel agents, CRS vendors, airlines and consumers about what to do.

Technically, the rules will expire at the end of the year, but the DOT is expected to roll them over while it gathers input from the industry.

The DOT has made it clear that it believes the rules should be extended and updated rather than allowed to lapse. Comments are due by Nov. 10, and reply comments are due by Dec. 9.

That timetable suggests that formal changes to the regulations won't be drafted and adopted until next year.

In requesting comments, the DOT recited a litany of familiar talking points that have long characterized the CRS debate, such as whether vendors impose onerous contract terms on agents or whether screen displays incorporate hidden forms of bias against particular carriers.

The DOT said it wants to know if rules should be changed to make it easier for travel agents to use third-party hardware and software and to access other databases.

That was one goal of a package of revisions adopted five years ago, and the DOT wants to know if those changes were effective.

Overall, the department also wants to know if the rules are adequate and appropriate in light of technological changes. *Continued on Page 65, Col. 1*

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Preview Travel, Excite in Web Pact

BY ISAE WADA

SAN FRANCISCO — America Online's primary ticketing agency and a popular Internet search engine are developing an on-line service that they claim will reach more travelers than Travelocity, Microsoft's Expedia and Internet Travel Network combined.

Under an exclusive, five-

year, \$15 million agreement, Preview Travel and Excite are establishing "cobranded areas" where travelers can obtain travel information and make bookings, according to a Preview spokesman.

These areas, which are being launched in phases, will be accessible through Preview's Web site and through the Excite *Continued on Page 65, Col. 1*

L A T E N E W S

Virgin Renames Tour Division

GLASGOW, Scotland — Virgin renamed its tour unit Virgin Atlantic Vacations to associate the product more closely with the airline, it was announced at the ASTA congress here. *Continued on Page 65, Col. 1*

Preview Travel, Excite Sign Pact to Develop On-Line Service

Continued from Page 1
cite Network's two flagship sites, Excite and WebCrawler.

"We expect this to be a significant change in the on-line travel landscape," said Ken Orton, chief executive officer of Preview here.

The pact calls for Preview Travel to pay Excite \$15 million over the life of the contract for exclusive rights and promotional benefits.

Excite, meanwhile, will promote Preview and bolster its travel "channel" with a number of major travel-related content providers on the Web.

Content providers that have

committed to the new service include Disney (Family.com), HarperCollins (Access Press), Web Flyer magazine, GeoSys-

will provide cruise information.

Preview and Excite will share advertising, content

tal Airlines, Embassy Suites, Virgin Atlantic and Volvo.

Preview and Excite will have a joint sales force effort to promote the product.

Preview reports between \$1.5 million and \$2 million per week in travel volume from the combination of America On-line, its own Web site and Excite, where it has had a presence for five months.

Orton declined to specify how much of its revenue has come from its partnership with Excite. However, Preview has said that about 70% of its revenue is derived from AOL.

With this agreement, Preview emphasized future rather

than current market conditions.

Orton pointed to the promise of the Web, where travel companies are hoping to capture a 5% to 10% share over the next five years of the \$100 billion market currently served by traditional travel agencies.

Orton dismissed concerns that \$15 million was an enormous sum to pay for a relationship in a medium that is still new and largely untested.

"We are comfortable coming out and saying that's the value based on the amount of time we've spent on the Web," he said.

The agreement calls for Preview Travel to pay Excite \$15 million over the life of the contract for exclusive rights and promotional benefits.

tems (MapQuest) and The Weather Channel.

The Weather Channel will provide travel weather updates, while the Access Guides

partnership and transaction revenue.

Advertisers that have committed to the product include MasterCard, AT&T, Continen-

Government Polls Industry on CRS Rules Revision

Continued from Page 1

Other questions posed by the DOT included the following:

- Do the decisions by some airline owners to reduce their CRS ownership interests indicate that there is less need for CRS regulation?

- Does the mandatory participation rule, which requires airlines that own CRSs to participate in all other airline-

owned systems, strengthen or weaken competition in the airline and CRS business?

- Should the DOT address the level and structure of booking fees? Are airlines inappropriately charged for agency transactions that are unnecessary or valueless for the airlines?

For more information, contact Thomas Ray in the DOT's general counsel office at (202) 366-4731.

Comments should be sent to Room PL-401, Docket 49812, U.S. Department of Transportation, 400 7th St. SW, Washington, D.C. 20590.



Clara Rosas, a travel counselor at Josy's Travel Agency in Union City, N.J., won a sketch of the Little Mermaid at the Disney ASTA congress booth by knowing the answer to the trivia question: What country does Donald Duck's wealthy uncle come from? Uncle Scrooge McDuck is from Scotland, of course.

Amexco Predicts Rise in Business Travel Expenses

BY DAVID JONES

NEW YORK — Business travel prices are expected to rise between 3% and 5% next year as the U.S. economy continues to grow, according to a forecast by the American Express consulting services group.

The forecast calls for business air fares to rise 5% to 6% in 1998, corporate hotel room rates to rise 4% to 5% and car rental rates to rise 5% to 6%.

American Express said low inflation, low unemployment and record levels of consumer confidence are driving much of the strong demand for travel.

The major airline and hotel companies thus far in 1997 have posted strong financial results.

Airline passenger traffic continues to increase in 1997, although at a pace slower than in 1996. Capacity increases are expected to be consistent with passenger growth in 1997, at about 3.5%.

The 1998 trends and forecasts preview replaces American Express' mid-year update, in which trends for the second half of 1997 were forecast.

American Express said its corporate travel clients requested the change to help them plan travel and entertainment expenses.

American Express suggested companies need to improve the rate of travel policy compliance if they expect to save travel costs.

The company said better compliance can save 2% to 3% on spending by making sure the travel policy is comprehensive, by annually updating the policy and by taking action on exceptions to the policy, for example by refusing to reimburse for travel expenses that fall outside of policy rules.

L A T E N E W S

Continued from Page 1

The unit, previously named Virgin Vacations, said it is offering a 15% commission on bookings for travel between Nov. 1 and March 31.

With the rebranding, Virgin Atlantic Vacations contracted with Farmingdale, N.Y.-based Travel Impressions, dropping its affiliation with New York-based Travel Bound, which had handled the unit's back-office operations since its introduction three years ago.

Vanguard Sets 20% Commission

KANSAS CITY, Mo. — Vanguard Airlines said travel agents can earn their regular 10% commission plus an additional 10% in flight credit on every booking.

Mexicana Pays 13% on FITs

GLASGOW, Scotland — Mexicana Airlines is paying 13% commission on its MexSeaSun Vacations FIT packages to such destinations as Los Cabos, Ixtapa, Cozumel and Cancun, effective immediately.

Additionally, the carrier said it will resume New York (Newark) service to Cancun on Oct. 31 with daily flights.

Costa Names Chief Executive

MIAMI — Costa Crociere, the Italy-based parent of Costa Cruise Line, appointed Pier Luigi Foschi, an Otis Elevator executive, as its new chief executive officer.

Tropicale to Sail W. Caribbean

MIAMI — Carnival's Tropicale will offer three- and four-night western Caribbean sailings year-round from Tampa, Fla., beginning April 20. The ship will undergo a multimillion-dollar refit before undertaking the new itinerary.

New SeaEscape Cruises to Launch Bahamas Itineraries in December

BY ERNEST BLUM

FORT LAUDERDALE, Fla. — New SeaEscape Cruises, which operates day cruises from Port Everglades, said it will launch two- and three-night Bahamian cruises from the port in early December with a second ship.

The 450-passenger, 15,400-ton vessel will be called the Island Holiday and sail to Nassau on Mondays, Wednesdays and Fridays year-round, according to chairman Dean Hofmeister.

Explaining New SeaEscape's entry into the short Bahamian cruise market, Hofmeister noted that shorter cruises were the fastest-growing segment of the cruise market.

"Today many travelers like to take short vacations or have short travel options within their vacations," he said.

With the program, New SeaEscape will extend its relations with the travel trade, according to the company's president, Joe Ewart, a former principal in the Cruise Holidays franchise chain.

New SeaEscape will pay cus-

tomary agent commissions on the Island Holiday, he said, adding that agents already are booking the Ukraina, although mainly for group business.

Tariffs will start at \$198 per person, including port and government charges.

Bookings will be accepted by telephone in about five or six weeks at New SeaEscape's reservations center, (800) 327-2005, after the program receives certification from the Federal Maritime Commission, Ewart said.

In other news, New SeaEscape Cruises said it will operate marketing, sales and passengers services for two 300-passenger, high-speed ferries between South Florida and Key West, beginning in the fall of 1998.

Hofmeister said the company has not yet decided whether to utilize Port Everglades or the Port of Miami for the service, to be called the Key West Connection.

Ewart said the six-hour trip will be priced at \$49 each way and be commissionable to travel agents.