

**BEFORE THE
UNITED STATES DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.**

In the Matter of)
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)
EXTENSION OF COMPUTER)
RESERVATION SYSTEMS (CRS))
REGULATIONS)
)
Notice of Proposed Rulemaking_____)

Docket OST-2002-11577

**COMMENTS OF THE
NATIONAL BUSINESS TRAVEL ASSOCIATION**

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The National Business Travel Association (NBTA), representing corporate travel managers for the Fortune 1000 companies, recommends the Department of Transportation (DOT) keep open the window through which travelers are allowed to see their options, and close the windows through which travel suppliers are allowed to see consumer and corporate choices.

NBTA asks that the DOT make it a **priority** to **immediately** address the misleading and inaccurate information contained on the airlines' sites and sites like Orbitz, and more importantly, address the data privacy issues that are being born out of the existing CRS rules.

For the past decade the travel industry has been introduced to new and dynamic distribution channels that promise to revolutionize the way travel services are sold by suppliers and bought by consumers. While these systems have contributed to visible reductions in travel costs, they have also opened the door for consumer and corporate abuses.

While the CRS rules instituted a decade ago were not established in an effort to address consumer and corporate concerns, the recent emergence of new on-line distribution channels have created abuses that have directly impacted consumers and corporations. The historical neutral and intermediary nature of customer reservation systems has been replaced with systems that are inherently biased and damaging to consumers and corporations ability to freely and securely shop for travel services.

Monitoring Misleading and Inaccurate Information

NBTA urges the DOT to address whether consumers, corporations and travel agents should be given full access to web fares offered outside of the Customer Reservation Systems (CRS).

Currently, many of the web fares found on the airlines' sites and on websites like Orbitz are not found in the CRS, the traditional method of reservation acceptable for corporations and travel agents. Over the near and long term, as the independent, neutral distribution channels, such as CRSs and online and off-line agencies are weakened; the largest carriers will gain ever more control over the window through which travelers are allowed to see their options.

What is the current environment?

As the events of September 11 have demonstrated, when corporate travelers locate and book cheaper fares online that are unavailable through their designated corporate travel office, the corporations cannot track the employee, help them if something happens on the trip or arrange last minute changes, upgrades or refunds. Web fares are misleading to business travelers and almost impossible for corporations to track. Corporate travel agencies and travel managers continually searches for lower web fares discovered by the business travelers and do not find them in the CRS or on various sites. This confusion

increases corporations' distribution costs, misleads travelers and wastes employee time and resources.

In a survey completed this month by NBTA, 99% of corporate travel managers stated that giving corporations equal access to web fares or distressed inventory contained on the airline websites and Orbitz, would best address the issue of Web fares. When asked what corporations could offer airlines in exchange for this equal access, the top responses were consideration of additional business (53%) and ability to track volume (46%). In addition, some corporate travel managers expressed that access to these Internet fares would increase corporate-airline loyalty and clean up the disparity between business and leisure fares.

In a follow-up survey, corporate travel managers said web fares have affected their company's ability to manage its corporate travel program (49%), influence traveler choices (45%), or reach volume thresholds or contractual commitments with airlines (27%). Currently, when an employee purchases an airline ticket over the Internet, whether through an airline's own website or through an online distribution site like Orbitz, the purchase will not be counted towards a corporations' negotiated contract in most cases. As a result, many corporations (51%) forbid their employees from booking travel on the Internet, even if they find a cheaper fare.

Why is this a DOT issue?

Without DOT oversight, the major airlines will use their control over the windows through which traveler's are allowed to make choices and cloud the transparent consumer choices that existed prior to the birth of non-CRS linked Internet sites. Why are consumers, corporations, and the online and off-line travel agencies that serve corporate and consumer needs any less deserving of protection against abuses that the DOT has many times determined airlines owning the distribution channels for airline tickets have both the incentive and means to commit?

NBTA is calling for the DOT to address the fares contained on the airline websites and Orbitz in its rulemaking. The DOT should ensure that the airlines do not use their sites or Orbitz to unfairly prejudice the competitive position of other airlines or to provide misleading or inaccurate information to travel agents and their customers.

The disparities between airfares offered over the CRSs and those offered over the Internet lead to major problems for American corporations. If the airlines do not give their corporate clients first and full access to fares, they are impeding progress towards a free and fair market. And if the DOT does not address this issue, then consumers will be subjected to opaque pricing and misleading choices.

Data Privacy

NBTA would also urge the DOT to please investigate the management and handling by travel suppliers of corporate and personal proprietary data.

As Congress and the Administration renew its focus on privacy, it is vital that the DOT investigate privacy concerns born out of the growth in corporate and personal travel trend analysis. Suppliers of travel services are engaged in sophisticated "data mining" to learn more about passengers and corporate travel profiles. As travel suppliers consolidate by merger or alliance and collaborate to streamline marketing and services, the risks increase for personal and corporate travel data to be mismanaged.

What is the current environment?

Corporations are sensitive to compliance with market share commitments that require the exchange of corporate and employee travel data. Corporations will make reasonable efforts to collect current, accurate data and allow for needed disclosure, provided there are effective safeguards for protecting ownership of company information and traveler privacy. Disclosure of travel information either directly to travel suppliers or to third parties depends on compliance with privacy laws and regulations, contractual commitments and consistency in observance of ethical rules in dealing with all suppliers. However, there are no current laws to ensure that third parties, agencies, data processors and consultants must observe privacy requirements, protect data ownership and comply with contractual confidentiality.

What does the absence of data privacy allow for?

- ◆ It allows corporate information to be shared among affiliated companies without the corporation's consent.
- ◆ In many instances it allows personal information to be shared between financial and travel institutions and unaffiliated third parties, including marketers, travel agencies, without the corporations or consumers consent.
- ◆ In several instances it allows institutions to avoid meeting even the minimum notice of information practices required under the law.
- ◆ It does not require travel suppliers to provide corporations with access to information about them that the travel supplier holds, despite the fact that the law allows this information to be shared, sold and otherwise used to generate profit

Why is this a DOT issue?

The rules set forth in 14 CFR Section 255.10 allows a dominant hub carrier, through purchase of global distribution system (GDS) transaction tapes, to obtain information about other carriers' transactions including the class of services, price paid, date of purchase and route selected. The current rules allows carriers to monitor the ticketing activities of travel agencies and major corporations, which not only damages corporate negotiations, but also creates privacy issues between the corporation, carrier and the travel agency. Under these rules, the corporation will have no control over how an airline uses *their* data and the proprietary nature of the data. The current rule unmask the travel patterns and tendencies of corporations, allowing airlines, including ones a corporation is not contracted with, to sell and purchase a company's travel data.

NBTA believes that there is a need for a clear and stable regulatory framework to guarantee free movement of personal and corporate data while maintaining privacy, confidentiality and security. More importantly, this framework will help to ensure consumer and corporate confidence in the exchange of information through sophisticated mediums.