

## The Role of Travel Agents

Good afternoon. My name is Rick Hurlbut. I hold a diploma in Travel Consulting from MacEwan University, and a BA in Recreation and Leisure Studies from the University of Alberta. I have worked in the travel industry for 27 years, most of that time as a retail travel agent, and more recently as a consultant specializing in the LGBTQ2 market.

When it comes to advocacy on behalf of air travellers, there has historically been no greater activist than the retail travel agent. We provide unbiased options on fares, routings and carriers. We review the rules of carriage and ensure proper documentation for boarding and entry to a foreign country. We are available to assist with unexpected emergencies and delays of every kind.

And up until about twenty years ago, we did all this in exchange for a very small percentage of the airfare. Indeed, before the advent of the Internet, airlines gratefully paid us commission, knowing we provided these services at a far lower cost than having their own reservation staff do the same job.

But with the Internet and electronic ticketing, and following deregulation that was driving legacy airlines into bankruptcy, carriers could suddenly sell directly to the consumer at very low cost. Travel agent commissions were first slashed and then largely eliminated. We could still issue tickets, but with little or no compensation.

More recently, legacy airlines, mainly in Europe, have instituted a surcharge on tickets issued through travel agent computer reservation systems. This both offloads the cost of ticket distribution to the agent and consumer, and further discourages the involvement of the travel agent in ticketing transactions.

IATA – the International Air Transport Association – has further complicated the airline-travel agent relationship. With the advent of electronic ticketing and online banking, ticket sales reporting now happens in real time, rather than the previous weekly paper report.

This means that small errors, which previously would have been rectified by voiding and reissuing a ticket, are no longer possible. A spelling error in the passenger's surname or changing that nickname the client first gave you to the one on their passport, now often results in penalties.

IATA appointments – the authorization to issue tickets – have also becoming increasingly hard to acquire. Using isolated instances of fraud as an excuse, a travel agency must now meet incredibly high financial standards. For a small agency, these requirements outweigh the benefits of being able to issue tickets, and many have abandoned their appointments, which again undermines their supportive consumer role.

IATA's behaviour isn't so surprising. After all, it's the sum of its member airlines. Its mandate is to serve its members, not consumers.

I don't want this to sound like so many sour grapes. The world has changed, and the retail travel agency model had adapted by charging service fees and concentrating on other travel product.

However, the net effect has been to undermine the travel agent's role as consumer advocate. Well over 50% of airlines tickets worldwide are now sold directly through the internet, both on the airline's own dedicated website and through OTAs. This represents millions of lost opportunities for travel agents to improve the travelling consumer experience.

In the Canadian domestic market, some token commissions remain, but only as a result of competition in the marketplace. So long as one airline offers travel agent compensation, the others do the same. But even this has diminished over time, with each carrier playing a game of chicken with their competitors to see who can be the first to reduce or eliminate commissions for certain routes or classes of service. So long as consumers continue to migrate to direct booking, this will keep happening.

Without travel agents to explain the consumer's options, and to caution against making choices based on price alone, the air travel experience has slowly degraded.

Fare rules have become more inflexible, with change and cancellation penalties sometimes being more than the original fare. With price as the only obvious deciding factor, consumer behaviour has driven airfares to ever lower levels. You'd think this was a consumer win, but to compensate, airlines now charge for what were traditionally free services – meals, checked baggage, entertainment, seat selection and more.

The airlines call this unbundling, but it's really just a means of obscuring the real cost of the trip. The overall effect is the slow and insidious downward spiral in customer service. Leg room has shrunk to the point where a whole new class of service – premium economy – has been invented. For an added cost, passengers now get the legroom they once enjoyed a decade ago at regular economy levels.

Taking inflation into account, airfares are lower today than they were decades ago. But it's an illusion. Fares may be lower, but you are also getting less. Airlines aren't charities, and their return to profitability has less to do with improved efficiencies, and more to do with this new unbundling business model and cramming more passengers onto a plane.

Had the travel agent been more engaged, if consumers had access to their wealth of product knowledge and made informed choices about what they were actually buying, perhaps things would be different. Travel agents sell on value, not price. It's the difference between buying a \$20 shirt that only lasts 3 washings, and a \$100 shirt that still looks good after 50 washings.

The federal government and this agency could do no greater service to the travelling public than to find ways to re-engage the retail travel agent into air ticket purchasing.

Maybe this means reinstituting commissions. Maybe regulations which require mandatory consumer-centric engagement before, during and after the purchasing process – much like already happens with travel agents. Or licensing, requiring any person or entity that distributes airline tickets to meet proficiency requirements, as is currently the case for insurance and other financial products.

It could also mean giving ACTA – the Association of Canadian Travel Agencies – a more significant role in all the above. ACTA already has a strong, established consumer advocacy. And making the designation of CTA - Certified Travel Agent – an actual requirement to sell travel. For now, CTA is strictly voluntary, since there is currently no domestic standard for being a travel agent.

Maybe it means something else. But for certain what's happening now cannot be allowed to continue.