

Len Rosen: *- For NPA Newsletter*

The Travel Agents

Viewed in the current light of airline service which has been squandered, trashed and subverted to the lowest possible denominator by inept legacy airline managements as well as to the complete detriment of their customers, it is interesting how Nonsked airlines pioneered the low cost air coach markets of yesteryear. Today's ~~airline world~~ legacy airline management eliminates blankets, pillows, food and beverages as a cost savings necessity. They might consider those bonus packages they give each other, but oh well!

In recent years the legacy airlines, ever adept at shooting themselves in the foot, reduced travel agent commissions from 10% to 7% to \$25 per ticket above a certain value level to finally no commissions at all ~~would be paid to~~ travel agents. The latter decision was based on using the internet and competing with bulk fare purchasers of their tickets. The Bulk fare operators quickly rose to be major competitors. Ever mindful of their management's intensive MBA training programs on how to learn and love the "Peter Principal", the legacy and their commuter feeder airlines, sought to by-pass the costly segment expenses extracted by computer reservations systems such as AMR's Sabre. The legacy lines moved to the internet.

Here the legacy lines learned an extremely costly lesson. I question if it has sunk in even today. The public was now able to surf in to view all the airline's air fare offerings and discounts - but so were their competition and ~~it~~ did so. An internet posted discount fare to attract traffic in a competitive market was immediately matched by competitors. No quid pro quo and now the fare could not be returned to a higher revenue value because competition would keep the price artificially low. End result! Legacy airlines saved millions by eliminating the 10%, 7% and 25 dollar commission costs they formerly paid to agents that booked flights, reserved seats and provided valuable PR on the airline to passengers. However it has and will continue to cost them billions as every quarterly financial report demonstrates. ATC agents handled all financial arrangements and paid legacy airlines CRS service fees to book their passengers. ATC travel agents did all this, accompanied by mountains of forms and filing, for less than half of what it actually cost the airlines to so on their own. They now have to use their personnel, phones, tracking system and try to sooth ~~abd~~ calm the ruffled feelings of lost, displaced, delayed or cancelled flight passengers. Rebook them. Reticket them. All this was handled for a pittance by their travel agent distribution system - which unbelievably paid for all its costs itself. The combined as well as collusive legacy airline management eliminated one of the ~~most~~ world's most efficient and self financed distribution systems available. Just to steal pennies while managing to lose billions.

At the leagcy airline a major disturbing trend is the overt and disdainful employee attitude toward customers they are serving. Of course most legacy airline management's, to borrow from Rodney Dangerfield, "get no respect" from their employees and even less from their customers.

Given the (whorehouse) history and approach of legacy carriers, this isn't surprising. The public's attitude toward airline travel as a whole and TSA's intrusive German SS style of forcing the public to pay to travel barefoot, pinched and absurdly threatened each step of the way to a boarding gate should have AMTRAK raking in billions.

There is a weekly hourly program on cable and TV called "AIRLINE". It features Southwest Airlines operations all over the nation and their dealings with the traveling public. It concentrates on all the problems, delays, headaches, heartbreak and heart attacks inflicted on air travelers today by the airlines. This is done by people who should be expected to know and perform much better than they do. The program seeks to highlight the air travel realities of the 21st Century. It certainly doesn't do Southwest any PR favors or show them as the White Knight of air travel. Least ways not from my viewing point. The program targets problems of inebriated passengers, lost baggage, missed, delayed and cancelled flights. Passenger handling personnel are frequently depicted as quasi morality police emitting an air of sanctity more appropriate to a religious order. It certainly makes a case to avoid the LCC airlines like Southwest if you can afford it. A PSA Southwest is not and I suspect can never be!

During the heyday of air coach, the major airline propagandist's made sure our traveling public knew that flying on a nonsked was equivalent to a death sentence. Who would dare to fly on airplanes operated by inexperienced airline pilots in aircraft filled with crowded seats, narrow aisles, no food or drink services, lack of linen services? And their airplanes were dirty and manned by uncouth pilots? Some didn't even have a name painted on them! At least the Olive drab (OD) had been removed! Nonsked agents had a secret the legacy airlines refused to see, even to this day. That "price dictates the market" and it always will. It's why we see sales everywhere ending at 99 cents to \$299,999.99. That penny reduces by a factor of 100, not just 01. It's a vision thing, to quote Bush Sr.

Some significant nonsked agents and major producers were Maury Swidler and Murray Friedman in the Bay area. Clint Moen and Terry Grant in San Diego and Los Angeles. Buzz Scott, Wally Lamm, Herb Keilson and Bob Blake in New York and Miami. Chicago's Paul Carifio and of course Dinny McLynn of the clan of many McLynn brothers. Gordon Eggers was in St. Louis and Kansas City. There were many many agents over the decades. More about the further on.

Back in the 1930's most travel agents sold steamship passage but a few like Wagon-Lits offered airline reservations, tickets and even provided to and from city to airport limo services from their offices. Agent's for the legacy airlines were subjected to what amounted to a form of the Spanish inquisition, including spending a few months stretched on the (economic) rack. The airline agent was for an extended period allowed the high privilege of selling airline tickets to the public but not receiving the benefit of a modest 7% commission on the sales. Not until they were approved by the legacy carriers Air traffic Conference (ATC) were they allowed to have their share of the sale. To ensure agents adhered to ATC's religiously oriented requirements, ATC hired a former CAA/CAB enforcement investigator as it's Director. His fame though fleeting was enduring for a couple of decades.

ATC, as part of its primary control function, established special clearing bank accounts for travel agents as depository's for weekly sales and woe to agents failing to meet this mandatory demand. Punishment was swift and executionary.

During the rapidly expanding era of competition between the have legacy carriers and have not independent air coach operators the legacy airlines rigidly controlled every activity of their ATC "appointed travel agents". An appointed agent who dared sell nonsked services would suddenly become un-appointed, have their ATC appointment pulled and be on the street within 24 hours. Appeals took months. There were a few that successfully crossed this barrier such as Charlie Willett of Toluca Lake Travel. He specialized in booking off line travel, which did benefit legacy carriers. He was more an exception than the rule.

Since the mid 1990's legacy carrier management's, in a rather frenzied atmosphere determined travel agents were their competition and a deadly surreptitious enemy intent upon stealing the airlines life blood cash revenues. They had to be eliminated. First came very limited commission rates. Then further reductions of commission rates to a low dollar amount. For years legacy carriers complained about unfair competition. How nonskeds skimmed the cream of air traffic (??? Railroad passengers, Grayhound Bus passengers, Back packers ???) Some cream. The Nonsked's were unfairly competing against the higher fares of legacy carriers simply by offering fares below legacy airline seat costs. Now "their" travel agents were unfairly competing by deanding a commission to market the airline's product. It was unilaterally determined by the legacy airlines to simply eliminate the travel agent competition by elimination of travel agent commission. The fact the public wanted to use and did use agents to avoid the hassle of dealing direct with each airline seemed an insignificant factor to an industry founded upon monopoly principals from it's government sponsored inception.

Travel agents as an industry have virtually ceased to exist. Of the 56,000 travel agencies that sold air travel in 1990 less 10% survive today. Those that remain, many avoid dealing with airlines. It is simply not worth it. The ones that do charge customers a fee to handle airline ticketing booking. Most have shifted their energy to booking cruise ships, which pay a commission, treat agents with affection and are happy to see their ships are full of cruise passengers and their industry continues to expand and add more ships. Wonder if their might be a story there???

Nonsked agents were never subject to such antics. Non sked agents didn't get appointed by an industry regulator. Agents selling seats on nonskeds dealt directly with the carriers. In the early phases of the nonsked aircoach development the line was even shorter than that. Many a nonsked flight made it back to their East or West Coast base with a passenger load that might at least covered the cost of av gas. Agents haunted local airports to seek out nonsked aircraft and pilots. The "free" agent would negotiate the best deal they could get, sometime averaging above a 50% commission rate. The passengers boarded unknowing and uncaring of who the airline was. The nonsked was happy to have a passenger movement that provided revenue. Off they would go. Early non sked history is replete with war surplus aircraft and crews operating from city to city. There are cases

where cities anted up funds to buy enough fuel to send the aircraft and its passenger on to the next larger community to get rid of it and the press headlines of stranded aircraft and passengers. One NY agent would sell a trip to California at bargain rates. He would load His "ticketed" passengers aboard a bus ultimately destined for Teterboro, NJ. His driver, *DAVEN* equipped with a radio phone was instructed to drive , up the Hudson River Valley in one instance, while the agent went to Teterboro and negotiated for an aircraft. This particular day none were available. So he waited. His ticketed passengers were seeing the Hudson River Valley for about the third time when a C-46 became available. After some serious negotiation between crew, operator and agent a deal was agreed to. He then called his driver to have the passengers delivered. In this case when they arrived plane side they had been riding the bus for 14 + hours. There was no stopping to feed them where they could and would have abandoned the bus and driver. There was also the possibility of grievous harm to the driver caught alone in the open. The bus doors were electrically locked. The passengers were immediately herded and lured on the aircraft by promises of immediate food, drink and immediate departure, none true.

As the aircraft made its way westward it would have to make necessary fuel stops. If the crew were given sufficient cash they might order box lunches for the imprisoned sitting behind the cockpit door. They might even allow the passengers off the aircraft to walk around and stretch until refueling was completed. The aircraft interior would take a beating. Broken seat backs, torn covers, trashed floors, over filled honey buckets, but eventually they would get to their destination for a third of what a legacy airline charged.

As the travel agents for the nonsked expanded they formed a variety of marketing entities under the umbrella of Aircoach Agencies. They would in turn contract, covertly in some cases with ATC agents and with independent agents for passengers paying a smaller commission. They would in turn contract with different nonsked operators who would guarantee up to daily flight frequency's while the Aircoach Agency would guarantee a certain number of passenger each day. The premier master of the group was Maury Swidler and his associate Murray Freidman in San Francisco. They were the Bay area North American Airline Agency with offices in downtown San Francisco on Powell Street. In a San Diego Clint Moen and Terry Grant among other agents there would hire boats to meet Navy ships unloading personnel and sell seats to Chicago, Kansas City, Dallas, San Antonio, New York, etc. During the Korean War the non skeds moved the bulk of overseas military returning home and wanting to get home asap.

As the non skeds grew and organized into larger organizations and businesses there were rapid changes and growth. There were initially dozens of aircoach agencies. The newspaper travel sections in most major cities carried dozens of adds offering aircoach fares and services and importantly, the fare price. The legacy carriers avoided publishing their fares in the press until they no longer had that choice.

Most nonsked agents were independent businessmen. They had to meet some financial requirements but nothing as stringent and self serving as those of the legacy airlines. An agent with a bad credit record might not be provided ticket stock but rather an exchange order. In some case the exchange order could require a money order made to the carrier

less commission. This limited the economic damage the agent could inflict but still allowed them the leeway of selling travel and retaining their commissions. In Chicago, a famous but unnamed agent haunted the ~~the~~ 62nd street nonsked terminal. He moved considerable amounts of Great Lakes Naval Training Station's boot camp personnel finishing their training and heading for home on their first leave. This agent had very sensitive ears and a gambler's instinct for the best horse running that day – every day. He could hear the first bugle blow at the track - 4 miles north on Cicero Avenue, and most of the days proceeds would remain at the track.

^{Ticket}
With hundreds of young sailors traveling homeward via the non skeds, our Chicago agent expanded his oportunities and horizons. He acquired a bar and restaurant and several 4 flat apartments across the street on Cicero avenue. . He staffed the apartments with young desirable females and charged a commission for their servicing of naval needs. His restaurant and the terminal were located a long distance from Midway's main terminal which came in handy when weather grounded all flights at Chicago. His various enterprises ultimately ended when the non skeds were locked out of common carrier operations. He had to then support the local race track from his trade earnings as a machinist. I wonder how many ATC agents were born again machinists or emchanics, where such trades were set aside to be travel agents.

Commissions. The legacy airlines looked at commissions as "their" money. Nonsked agents had the same viewpoint. However they produced efficiently and effectively because they were well, respected and considered as partners in the industry. They were friends, drinking companions, buddies but most important they were performers.

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