



**TESTIMONY  
OF  
ROGER DOW, PRESIDENT AND CEO OF THE TRAVEL INDUSTRY ASSOCIATION  
BEFORE THE  
COMMITTEE ON SMALL BUSINESS  
UNITED STATES HOUSE OF REPRESENTATIVES  
HEARING ON  
“GROUNDED: HOW THE AIR TRANSPORTATION CRISIS IS AFFECTING  
ENTREPRENEURS AND THE TRAVEL INDUSTRY”**

**JUNE 26, 2008**

**TRAVEL INDUSTRY ASSOCIATION**  
1100 NEW YORK AVENUE, NW, SUITE 450  
WASHINGTON, DC 20005-3934  
202.408.8422  
FAX 202.408.1255  
[HTTP://WWW.TIA.ORG/INDEX.HTML](http://www.tia.org/index.html)

Chairwoman Velazquez, Ranking Member Chabot, and other distinguished Members of the Committee: It is a privilege and honor to appear before you today on behalf of the Travel Industry Association (TIA) and our strategic partner the Travel Business Roundtable (TBR) to discuss the impact a troubled air travel system is having on travel and tourism in America and to share with you the results of the air travel survey TIA released last month.

TIA is the national, non-profit organization representing 1,700 travel and tourism public and private entities across the country. TIA members encompass every sector of the diverse, \$740 billion travel community and our mission is to promote and facilitate increased travel to and within the United States.

Businesses all across the United States depend on reliable, efficient air travel to conduct business and stay connected to customers and suppliers. Economic studies show that easy access to a major airport is one of the most important factors in creating an environment where innovative small businesses can flourish. Entrepreneurs depend on reliable air service to raise capital, develop supply chains and make sales. It is no accident that a significant technology corridor grew up around Dulles International airport. Obviously, Chairwoman Velazquez and Ranking Member Chabot, you understand how important the airports of greater New York and Cincinnati are to the economies of your districts. The bottom line is that businesses of all types depend on air travel.

Businesses within the travel sector are particularly dependent on reliable and efficient air travel. Over 95 percent of travel and tourism businesses are small businesses: 98 percent have 100 or fewer employees and 99.5 percent have 500 or fewer employees. Anything that affects air travel in the United States hits these small businesses harder.

The problem America faces today is that our air travel system is in steep decline. This is not a problem solely for the aviation community, but for business across America. TIA's members feel the impact directly. TIA represents the breadth of the travel community, including travelers, hotels, restaurants, theme parks, destinations and many others. Less than one percent of our membership is in the aviation community, but all of our members are feeling the pinch of a deteriorating air travel system. That is why TIA recently partnered with two of the nation's premier political polling firms to garner a better understanding of travelers' concerns with the air travel process and what effect, if any, those concerns have on their decision to fly.

While much of the attention is on high fuel prices and new fees, we believe the air travel problems are more fundamental and longstanding. The survey we commissioned was not focused on the price of fuel or recent air travel cost increases. We chose to look at the systemic issues that have only been amplified by rising costs and cuts in airline capacity.

Between May 6 and May 13, Peter D. Hart Research Associates and The Winston Group interviewed a random sample of more than one thousand air travelers – Americans who had taken at least one round trip by air during the preceding 12 months. The results were surprising.

The survey revealed that deep frustration among air travelers led them to avoid an estimated 41 million trips during the 12 months preceding the survey. TIA estimates that represents a \$26

billion loss in consumer spending to the U.S. economy, including \$9.4 billion in lost airline revenues, \$5.6 billion in lost hotel receipts, \$3.1 billion in lost restaurant income and \$4.21 billion in lost federal, state and local taxes. As you know, Senator Charles Schumer and Congresswoman Carolyn Maloney of the Joint Economic Committee recently released a report which estimated that the indirect costs of wasted time, wasted fuel and lost productivity caused by flight delays is more than \$40 billion per year. Taken together, the direct and indirect costs of a broken air travel system approach \$70 billion per year. A U.S. economy that may be tipping into recession simply cannot afford this level of disruption.

The survey further revealed that businesses suffer most from an unreliable and inefficient air travel process. The most frequent travelers, typically business travelers, are the most dissatisfied with the air travel system and the most likely to avoid trips. The opportunity costs of the sales call forgone, the meeting cancelled and the site visit avoided are incalculable. A frustrating and unreliable air travel system is sand in the gears of American entrepreneurship. This is a very real and growing problem.

The traveling public recognizes that the problem is growing. Nearly 50 percent of air travelers surveyed think it is unlikely that the air travel system will improve anytime soon, while nearly 60 percent of frequent travelers – travelers who take five or more trips a year – express that level of pessimism about the future.

One of the more surprising findings from the survey is that travelers' frustration is not primarily directed at the airlines. In fact, despite all the bad publicity airlines have received, the survey results show that air travelers are most frustrated with the air travel process, including inefficient security screening and flight delays and cancellations, which we believe are largely caused by an outdated air traffic control system. This is important because airport security screening and air traffic control are both government functions. The traveling public is deeply dissatisfied with these two areas and we hope Congress will act to make improvements here.

The other interesting result is that travelers vote. More than 90 percent of the survey respondents identified themselves as likely voters. What that says to me is that there is an opportunity for political leadership here. Voters are looking for a champion to stand up for the traveling public.

We at TIA heard this message loud and clear. While we don't have all of the answers, we know that America needs a fresh approach to the problem. That's why TIA is working to bring the entire travel community together to seek a path forward to constructive solutions. We want to work with you, your colleagues on this Committee and Congress as a whole to reform America's air travel system, shore up American small business and get the U.S. economy growing again. This is not about helping any single industry, it is about fundamental improvements to the heart of the American economy.

Attached to this testimony, I have included a one-page overview of the survey results along with more detailed survey toplines.

Thank you Chairwoman Velazquez, Ranking Member Chabot and other distinguished Members of the Committee for inviting me to testify today. I would be pleased to answer any questions you may have.