

# IMPACT OF GENERATIVE AI ON THE TRAVEL AND HOSPITALITY INDUSTRY



impact better.

The travel industry is on the brink of a transformative shift as generative AI technology emerges, which is set to influence how travelers discover and book accommodation while also impacting the level of service they require. Examining past advancements and trends is essential to understand innovative technology's potential

In the past, travelers relied on travel guides, magazines, and agents to choose their accommodations. However, the emergence of online travel agencies (OTAs) such as Booking, Expedia, and Agoda changed the landscape by providing a more convenient way to discover and book hotels. OTAs expanded the total volume of hotel inventory sales and introduced a foundation of trust through review websites like TripAdvisor.

The sharing economy, led by platforms such as Airbnb, also revolutionized the industry by incentivizing growth in the vacation rental market. Traditional hotels responded by diversifying their product offerings, improving amenities, and focusing on quality service. The rise of social media influencers also opened up new destinations and expanded reach to lifestyle consumers.

Technological innovations inevitably change consumer behavior, and so will generative AI. With the help of machine learning, AI-powered chatbots, and robotic process automation tools, travelers will have new ways to discover destinations and book accommodations. Hotel websites will seamlessly integrate chatbots, making them a standard feature for customer interaction. This will allow small hotels and tour operators to offer quality service without the high costs of human-based customer service.

In addition, generative AI can make direct bookings and internal workflows more efficient, eliminating the need for complex software systems for smaller properties. This could benefit hotels with fewer than ten rooms, allowing them to compete in the market and cater to specific segments such as digital nomads or wellness-oriented travelers.

Also, generative AI has the potential to address the problem of over-tourism. By democratizing access to technology for small and medium-sized operators in lesser-known destinations, AI can redistribute tourism and alleviate the harmful effects of over-tourism, such as the lack of affordable housing and disruptions to local culture.

Although these changes may seem gradual, they will eventually impact the hospitality industry. The ease of converting a home into a vacation rental business will lead to a more excellent supply in the market, and hotels that do not adapt could be left behind. Therefore, companies must adopt AI technologies to stay competitive and thrive in the changing travel landscape.

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