

AIRLINES PLAN GREATER TECHNOLOGY INVESTMENT IN 2024



According to a recent report by Amadeus, airlines, including low-cost and full-service carriers, plan to invest more in technology in 2024. The "Travel Technology Investment Trends 2024" report states that 64% of airlines expect to increase technology spending. Of this, 46% of low-cost carriers predict a moderate increase, while 54% of full-service carriers expect the same.

Full-service carriers (FSCs) have identified modernizing their network management approach, enhancing the passenger experience at the airport, and delivering an excellent travel experience throughout the journey as their top three investment priorities.

On the other hand, low-cost carriers (LCCs) stated that **improving the passenger experience at the airport was a priority, followed by enhancing the travel experience**, modernizing the approach to revenue management, and improving the effectiveness of interline relationships, which they all considered equally important.

Regarding the primary drivers for investment, LCCs listed innovation, margin enhancement, and revenue increase as their primary objectives. At the same time, FSCs cited innovation as the main driver, then sustainability and margin improvement.

Lauren Woods, Southwest Airlines' Chief Information Officer, has revealed how her company approaches plans for a \$1.7 billion technology investment. She emphasized the importance of having a business case for every investment element.

According to a recent study by aviation technology specialist SITA, 78% of airline Chief Information Officers said technology investment will increase in 2024. The study also indicated that Business Intelligence and Artificial Intelligence are the top priorities for investment, with 73% and 64% of airlines planning significant investment in these areas, respectively.

LCCs have expressed that cloud computing, digitalization, and digital payments are the technologies that will have the most impact in the next 12 months. Meanwhile, FSCs have added that cybersecurity and generative artificial intelligence are essential investments.

According to the Amadeus study, most online travel agencies (OTAs) plan moderate investment in 2024; however, OTAs in the United States and Asia plan "aggressive investment" at 29% and 28%, respectively.

The main drivers for their investment are improving the user experience (59%), innovation (58%), and sustainability (57%).

OTAs focus on data analytics, machine learning, and generative AI as the technologies likely to have the most impact in the coming months. In the long term, most OTAs are experimenting with conversational search and plan to implement it within five years. Additionally, machine learning, generative AI, and self-service capabilities are expected to have the most impact in five years.

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