ARTIFICIAL INTELLIGENCE: ENABLING 'SMART' TRAVEL EXPERIENCES

A WNS Perspective

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Extending Your Enterprise

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Arthur Moreau is a regular at Le Grand-Victor, an ultra-luxury hotel. Arthur is staying at the hotel for a few weeks to write his next bestseller. As soon as Arthur enters his room — a smart suite — his favorite music begins to play. Smart photo frames in the suite fill up with paintings of Italian artist Raphael, a source of inspiration for Arthur. He is expected to order room service often since he's staying at the hotel to write a book. A special in-room dining menu is made available with options of his favorite dishes. Arthur also likes a special brew of coffee as soon as he wakes up. The sensors on the suite floor alert the kitchen staff when Arthur wakes up. They start preparing his coffee even before he has placed the order.

The above scenario may not yet be a reality, but Artificial Intelligence (AI) systems are already enabling some aspects of the above setting. According to McKinsey,[1] implementation of AI in travel can double the outcomes possible through traditional analytics, amounting to 7 to 12 percent of the total industry revenue.

At present, the application of AI is mostly predominant in customer service. AI-enabled chatbots are increasingly being used by Online Travel Agents (OTA) and airlines to offer customers personalized travel suggestions, complete bookings more quickly and provide information on flights.

For instance, Hello Hipmunk,[2] a chatbot of the online portal Hipmunk, helps customers plan trips and make reservations. Customers can ask the chatbot to find hotels and flights. It leverages AI to understand a customer's preferences and personalizes suggestions. The app also has the ability to consider a customer's schedule on the calendar and plan itineraries.

Many early adopters of chatbots, especially OTAs, are now exploring partnerships with leading technology companies to further leverage AI for accurate pricing and driving customer experience — a critical metric for the travel sector.

[1] https://www.marketingaiinstitute.com/blog/mckinsey-ai-will-have-the-most-impact-in-marketing
[2] https://www.techemergence.com/chatbots-travel-tourism-comparing-5-current-applications/

The Price is Right

As we know, fluctuation in pricing is common in the travel sector and is based on factors such as seasons, events, holidays and weather. AI systems are helping businesses in computing complex permutations in real time based on customer behavior to offer the right pricing to the right customers.

Take the case of Uber's route-based pricing.[3] Typically, the pricing of rides is determined by distance, time and demand. However, route-based pricing leverages AI to analyze sociological factors and allows Uber to charge customers based on what they are willing to pay. Hence, two people booking a ride from areas that vary in affluence, may pay different prices, even if other factors of the ride are the same.

Airlines have been using dynamic pricing for a long time. AI has increased their ability to factor in multiple data points to offer customized pricing. For example, a customer enquiring about a two-day trip in the middle of the week can be tagged as a business traveler and be offered a price accordingly.

Some airlines are now using natural language processing and speech analytics on social media interactions backed by the power of AI to understand customer preferences. OTAs are using price predictors to pre-empt an increase in airline fares or hotel tariffs.

'Smart' Hotel Rooms

The role of AI in driving customer experience cannot be understated. A leading hotel chain recently tied up with Chinese technology player Baidu to implement AI-enabled smart rooms across key destinations in China.[4] The rooms will use voice control technology and guests will be able to switch settings from work to leisure modes.

Another global hotel chain[5] is building rooms that can be personalized based on the profile information of the guests. The personalization covers aspects such as lighting, humidity, temperature, curtains and artwork.

Smart mirrors that monitor a guest's heartbeat while they practice yoga, personalized welcome screens for each guest, and getting notifications when a preferred gymnasium equipment is available are all part of the hyper-personalization efforts being made possible today with AI.
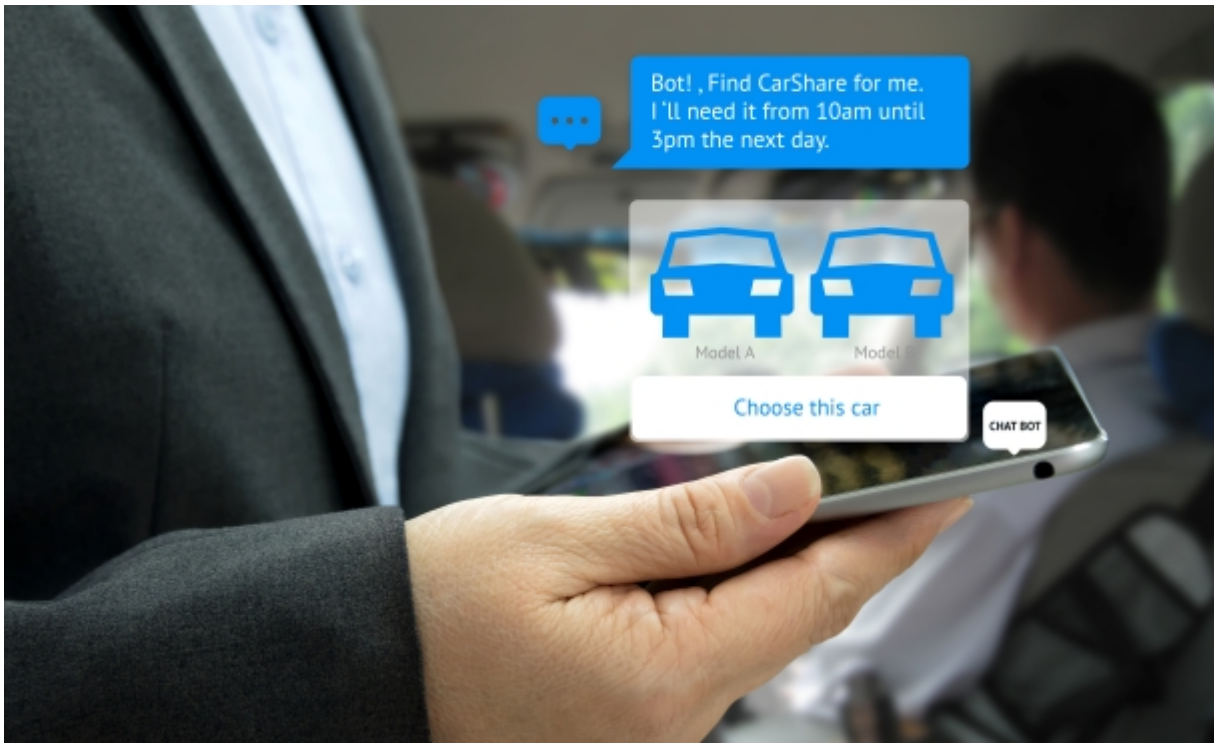
AI-enabled personal travel assistant, Mezi, acquired by American Express,[6] automated 60 percent of the conversations

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[3] https://www.zdnet.com/article/uber-uses-artificial-intelligence-to-figure-out-your-personal-price-hike/

[4] https://www.ihgplc.com/en/news-and-media/news-releases/2018/intercontinental-hotels-and-resorts-launches-artificial-intelligence-rooms-in-greater-china

[5] https://skift.com/2017/11/14/hilton-and-marriott-turn-to-the-internet-of-things-to-transform-the-hotel-room-experience/

[6] https://mezi.com/

with travelers and continues to update customer profiles based on behavior. Such AI-enabled apps cater to the needs of bleisure travelers and millennials.

Apart from hotels, cab service providers such as Lyft, and as mentioned earlier Uber, are using AI to improve customer experience. The Lyft app[7] uses AI to anticipate customer questions and personalize the experience. It also sends a trigger to the contact center when a customer gives a three-star rating or less so that any dissatisfaction can be investigated and resolved immediately.

AI is also helping companies such as Airbnb in marketing and offering personalized recommendations. Airbnb has over 200 million guests and three million listings.[8] As customers cannot go through all the listings, it's imperative for Airbnb to make the right recommendations. But with the number of permutations possible, this becomes a gargantuan task and requires AI capabilities. AI helps Airbnb analyze the humungous amount of data to suggest listings which match the host and guest preferences along with factors such as neighborhoods

and experiences.[9] The listings also strive to balance suggestions that match the customer's preferences and those which are slightly outside of the customer's comfort zone. This allows the customer to explore new options.

AI is also helping Airbnb mitigate risks of discrimination in bookings.[10] For example, if a host does not allow bookings for a guest for certain days in a week, then the host is not allowed to offer those days to any other guests.

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[7] https://venturebeat.com/2018/05/24/how-lyfts-using-ai-to-keep-customers-happy-vb-live/

[8] https://aibusiness.com/airbnb-ai-machine-learning/

[9] https://www.techemergence.com/airbnb-machine-learning-how-data-and-social-science-make-it-all-work/

[10] https://www.nytimes.com/2016/06/26/travel/airbnb-discrimination-lawsuit.html

Adoption of AI

Though the business case for AI in travel has already been established, its adoption is still at a low maturity stage. The travel sector itself is undergoing transformation. New partnerships are impacting the way customers book and avail services. Airlines are moving away from Global Distribution Systems and investing in their own websites. They are tying up with hotels and car rental companies leading to new revenue models in the industry. A new generation of online search portals have given customers endless options. The implementation of AI will catalyze this evolving landscape.

AI is already changing the way we view travel. With companies beginning to invest in AI-powered systems, it's only a matter of time before this disruptive technology takes the travel industry from good to great.

About WNS

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