

2024

The Fast-Forward Tech Stack for 2024

The Hotel Yearbook Technology 2024

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The Generative AI Revolution in Hospitality

Generative AI

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Synopsis

Artificial Intelligence (AI) has revolutionized the travel and hospitality industry, with contactless experiences and AI-powered ecommerce becoming increasingly crucial. The COVID-19 pandemic accelerated these trends, making messaging platforms like WhatsApp and WeChat more prominent, leading to improved customer satisfaction through instant replies from AI chatbots. Generative AI has brought significant advancements, such as enhanced chatbots, and the potential for personalized service at scale. These AI-powered systems can create travel itineraries based on customers' preferences and give staff insights for more personalized interactions. Despite these advancements, the importance of human touch in the hospitality industry remains vital, balancing the benefits of AI with personal recommendations and interactions. While AI continues to streamline hotel operations and provide valuable insights, it also has its limitations, emphasizing the enduring value of personal touch in hospitality.

INTRODUCTION

Artificial Intelligence (AI) has become an integral part of our daily lives, so much so that we often take it for granted. We experience AI in various ways, such as online shopping recommendations, social media news feeds, GPS and route planning tools.

The travel and hospitality industry has also leveraged AI to great effect. From OTAs and Airbnb excelling in product recommendations and targeted marketing, to hotel groups using AI integrations to learn about customer needs and preferences, the impact of AI on our industry is significant.

THE RISE OF MESSAGING AND CONTACTLESS EXPERIENCES

The COVID-19 pandemic accelerated the adoption of contactless experiences and increased our reliance on AI-powered ecommerce and streaming services. Alongside this trend, messaging platforms like WhatsApp and WeChat gained prominence.

Hotels that embraced messaging during the pandemic witnessed substantial improvements in customer satisfaction as guests received instant replies to frequently asked questions (FAQs) through AI chatbots, often in their preferred language thanks to AI-driven instant translation capabilities.

This trend has continued, with the volume of messages exchanged between hotel staff and guests tripling compared to the pre-pandemic period. Guests clearly appreciate the convenience of utilising a channel they are already familiar with in their daily lives.

EMPOWERING GUESTS WITH CHAT AND REAL-TIME DIGITAL ITINERARIES

Combining a chat function with guests carrying a real-time digital itinerary on their phones has proven highly effective. This combination typically results in a 30% increase in average customer spend per stay, as guests find it easier to plan and enjoy their trips. However, while AI brings considerable benefits, it must be balanced with the human touch.

The misconception that a chatbot can replace human interaction has led to customer frustration. Instead, a blended approach is necessary, where AI handles FAQs while human staff respond to more complex queries.

GENERATIVE AI 'S IMPACT ON HOSPITALITY

Generative AI represents a significant leap forward in capabilities, enhancing the quality of chatbots and other automated functions. Unlike rule-based systems or pre-programmed responses, generative AI leverages neural networks designed for natural language understanding.

Once a hotel's compendium is fed into a generative AI model and trained to comprehend guest journey context, it becomes even better at answering a broader range of queries from guests.

THE POWER OF HYPER-PERSONALISED SERVICE AT SCALE

Yet, what I think is really exciting about generative AI is that it is going to increase the ability of hotels and brands to deliver hyper-personalised service at scale.

Generative AI can create travel itineraries based on customers' interests and timelines as well as offering personalised recommendations to enhance their stay.

In the very near future, generative AI will greatly improve the day-to-day duties of customer facing staff. For instance, receptionists and concierges can be provided with brief guest summaries each morning highlighting essential information that staff can leverage in interactions. This will enable staff to offer more informed and personalised assistance.

For example, the summary might say that Mr & Mrs Wharton swam with turtles yesterday and had dinner at Nobu. This gives the concierge a heightened level of knowledge and awareness when in conversation with the Wharton. If the concierge can also see from their digital itinerary that they have free time in the afternoon, they can make some personal suggestions about how the Wharton might spend their afternoon.

ENHANCING AUTOMATED PROCESSES AND PROACTIVE SERVICE

Let's imagine we are at a golf resort. It's 4pm when a guest cancels their tee time at 9am the next morning. That doesn't leave much time to resell the slot, but an AI-powered bot can automatically send an invitation to everyone in the resort who is interested in golf.

In general, generative AI will improve automated processes that stem from a single event. So, when a cancellation occurs, it can trigger a series of actions that minimise revenue loss and enhance the experience for other guests.

CATERING TO THE YOUNGER LUXURY CONSUMER

The luxury segment is witnessing a shift with younger consumers becoming a significant target market. According to a recent [Bain & Co](#) report, wealthy individuals aged 20-35 are increasingly engaging with luxury hotel brands.

These digital natives are accustomed to predictive rather than reactive services, and generative AI can help meet their expectations.

We know that guests typically request restaurant reservations and spa treatments on the same day or the day before. This rarely gives hotels the opportunity to successfully accommodate these requests.

However, by delivering an AI-powered personalised choice of activities, venues and experiences in the destination prior to arrival, guests are encouraged to plan and book their stays in advance.

This not only reduces the burden on hotel staff but also enhances guest satisfaction, leading to more fulfilling travel experiences.

CONCLUSION

Generative AI represents an exciting progression in our ability to streamline hotel operations and increase efficiency, freeing up staff to focus on providing personalised service. This in turn creates more loyalty, more ancillary revenue and more memorable experiences for each individual guest.

To complete the virtuous circle, generative AI can provide valuable insights into guest behaviour and preferences, allowing hospitality companies to make data-driven decisions to increase revenue.

Having said all that, delivering great hospitality is still about people and personal touches, and there are limits to what generative AI can do. Most obviously, at the time of writing this article, the basic version of Chat GPT has limited knowledge of the world and events after 2021, so it will not be able to recommend a new restaurant that opened last year.



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Tristan is the co-founder and CEO of Alliants and has spent his career focusing on using technology to make companies and industries more seamless and accessible to consumers. Alliants helps high-end hotels deliver on their luxury promise and was conceived while Tristan was a director at Opodo.

Alliants — alliants.com

Alliants has helped some of the world's most respected luxury hotel, travel and retail brands deliver exceptional customer experiences. Founded in 2009, we have built industry changing technology solutions, including award winning mobile apps and chat applications that transform the digital guest experience. Millions of users around the globe use our technology as guests of the world's most luxurious hotels and brands.