



TrendzOwl

Travel and Hospitality
Trends to Watch in 2025:

Seeking Authentically Human Experiences

A TrendzOwl Industry Spotlight
in partnership with





Executive Summary

The travel and hospitality space continues to adjust to an era of unprecedented change. As such, “Customer experience remains a critical factor for businesses across various sectors. However, in industries like travel and hospitality, offering exceptional interactions isn't just advantageous—it's essential for survival.”¹

Put another way, “The travel and tourism industry stands at a crossroads of innovation, faced with rising customer expectations and rapid technological advancements. Businesses that seek to remain relevant and excel are turning to cutting-edge solutions to refine their marketing strategies and enhance the overall customer experience.”²

Considering what will be critical in 2025, TrendzOwl and TP propose three interrelated themes in the travel and hospitality space:

AI as Travel Companion

AI is becoming an indispensable travel companion, encompassing a multifaceted role that's redefining travel experiences and elevating hospitality standards. That's particularly true when it comes to enabling highly personalized experiences for young people, from Millennials to Gen Z.

The “Contactless Experience”

Smartphones, mobile apps, and voice-activated room controls are enabling the “contactless experience” across hotels, restaurants, and transportation services, offering both convenience and secure transactions. As a result, the ability to provide a seamless experience across devices is an important competitive advantage.

The Intersection of Emotional Intelligence & AI

While travel and hospitality companies continue to prioritize increasing investments in digital transformation, it's also true that in sectors ranging from airlines to hotels and online travel, 2024 TP research shows that most consumers agree that AI is best applied to resolving relatively simple issues and needs human oversight anchored in emotional intelligence; human support in more complex customer interactions is central to maintaining trust and satisfaction.³



Background

We're living at a time characterized by "a generalized wanderlust." According to a survey by travel agency Skyscanner, "On the travel side of hospitality, 81% of U.S. consumers said they plan to travel the same amount or even more in 2024 compared to 2023."⁴ Which means that "People's escalating desire to explore new places is causing a surge in travel research, bookings, and digital opportunities."⁵ So too in Europe, where International Travel Market Outlook projects leisure and business travel should exceed pre-pandemic (2019) levels by 2025.

In other words, "Despite the ongoing macroeconomic uncertainty, people are prioritizing travel. But such high demand comes with even higher expectations. The modern traveler doesn't just want to travel more. They want to travel better."⁶ There's no denying the need for continuing innovation. After all, "If there's one thing that's constant in the service-focused hospitality industry, it's change. In a sector where success depends on the guest experience and satisfaction, businesses must keep pace with shifting customer expectations and demands, advancements in technology, industry disruptions and intense competition."⁷

And it's not just in the United States. According to McKinsey, "The United States, Germany, the United Kingdom, China, and France remain the world's five largest sources of travelers, in that order. These countries collectively accounted for 38 percent of international travel spending in 2023 and are expected to remain the top five source markets through 2030. But interest in travel is blossoming in other parts of the world—causing a shift in the balance of outbound travel flows."⁸

In light of this, the results of TP's 2024 Global Insights Survey make sense, as it shows that with more travellers emerging from more parts of the world, more travelers expect quality support across a range of channels. Among the highest percentage of consumers using multiple channels was in the online travel agencies sector, where 21% utilized two channels (the highest among all sectors), 12% used three channels (also the highest among all sectors), and 6% used four channels (also the highest among all sectors). The airlines sector also showed relatively high percentages at 19% utilizing two channels, 12% three channels, and 4% four channels. The hotel sector came in at 20% utilizing two channels, 10% three channels, and 4% four channels.⁹

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AI, Personalization & the Emotional Intelligence Imperative

And what of the gathering power of AI and automation in travel and hospitality? “AI-powered virtual assistants and chatbots are revolutionising customer service in the travel industry. These intelligent systems can handle various inquiries, from booking assistance to itinerary recommendations, providing travellers with real-time support and personalised recommendations. By leveraging natural language processing (NLP) and machine learning algorithms, AI virtual assistants enhance customer interaction efficiency, responsiveness, and convenience.”¹⁰

The impacts are far-reaching. “From booking flights to navigating unfamiliar cities, AI is on track to becoming an indispensable travel companion. AI’s capabilities extend beyond automation and chatbots, encompassing a multifaceted role that elevates hospitality standards and redefines the travel experience. It can help brands transform their services into a highly personalized journey, like offering each client their own travel concierge.”¹¹ Indeed, 62 percent of millennials say they would appreciate insights, tips, or hints from an AI companion while on holiday.¹²

One of the fundamental aspects of human interaction, however, is empathy — the ability to understand and share the feelings of others. In customer service, empathy plays a crucial role in addressing the unique needs and concerns of individuals.¹³ Downplaying or eliminating the human element is a short-sighted strategy that could result in a customer care calamity. AI lacks emotional depth, nuanced judgment, and creativity. As a result, “The necessity of human touch in customer service is more critical today than ever. Emotional intelligence (EI)—defined as the ability to manage, recognize, and influence the emotions of those around you—plays a vital role in delivering exceptional customer experiences, influencing buyers, and galvanizing customer loyalty.”

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Younger Generations: A Generalized Wanderlust

This is an important insight, because it's becoming increasingly clear that young people in particular want hyper-personalized travel experiences. According to psychologist and founder of Essentialise, Lee Chambers, "People want hyper-personalized experiences to feel they're traveling with intention, not just to get out of the country."¹⁴ And AI working in tandem with human beings exhibiting emotional intelligence is an important part of making that happen. According to a survey by Statista, "roughly 21 percent of the surveyed companies' revenue in the travel market was AI-influenced in 2021, rising sharply from just nine percent in 2018. As forecast, the share of AI-influenced revenue in the travel industry was predicted to rise to 32 percent in 2024."¹⁵



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Everything is changing. As customer support reinvents itself due to the fusion of human beings and AI, young people crave reinvention more than anyone. "Millennials and Gen Z seek highly personalized, niche experiences. This shift away from traditional travel patterns is becoming more evident with the rise of new trends like 'gig-tripping' and 'bleisure,' which are further popularized by social media."¹⁶ In fact, "A striking 85% of Millennials and Gen Zs are willing to allocate funds for unique experiences during their vacations."¹⁷

According to Naomi Hahn, VP of Strategy at Skyscanner, "Cultural exploration will be a priority for travelers in 2024. We're seeing a broad spectrum of cultural curiosity, from gig trippers jetting off to see their favorite artists, to budget bougie foodies."¹⁸ Intriguingly too, according to TP's new Global Insights Survey, while voice is still the channel used by the largest share of consumers of most generations, the exception is Generation Z, a higher percentage of whom leveraged email as a contact channel in the last 12 months. And despite holding the top position overall, voice declined across all generations compared to 2019, while video, SMS, and instant messaging grew throughout.¹⁹



Mobile Apps (Smart Check-Ins, Smart Rooms, etc.)

Meanwhile, the “contactless experience” keeps gaining traction. “Hotels are embracing contactless check-in and check-out processes to reduce direct contact between guests and staff. Mobile check-in apps allow guests to complete registration, select rooms, and access their accommodations using their smartphones, minimising the need for face-to-face interactions at the front desk.”²⁰ In fact, “The adoption of contactless payment systems, such as mobile wallets and QR code payments, has become widespread across hotels, restaurants, and transportation services. These cashless payment methods offer travellers convenience and promote a hygienic and secure transaction experience.”²¹

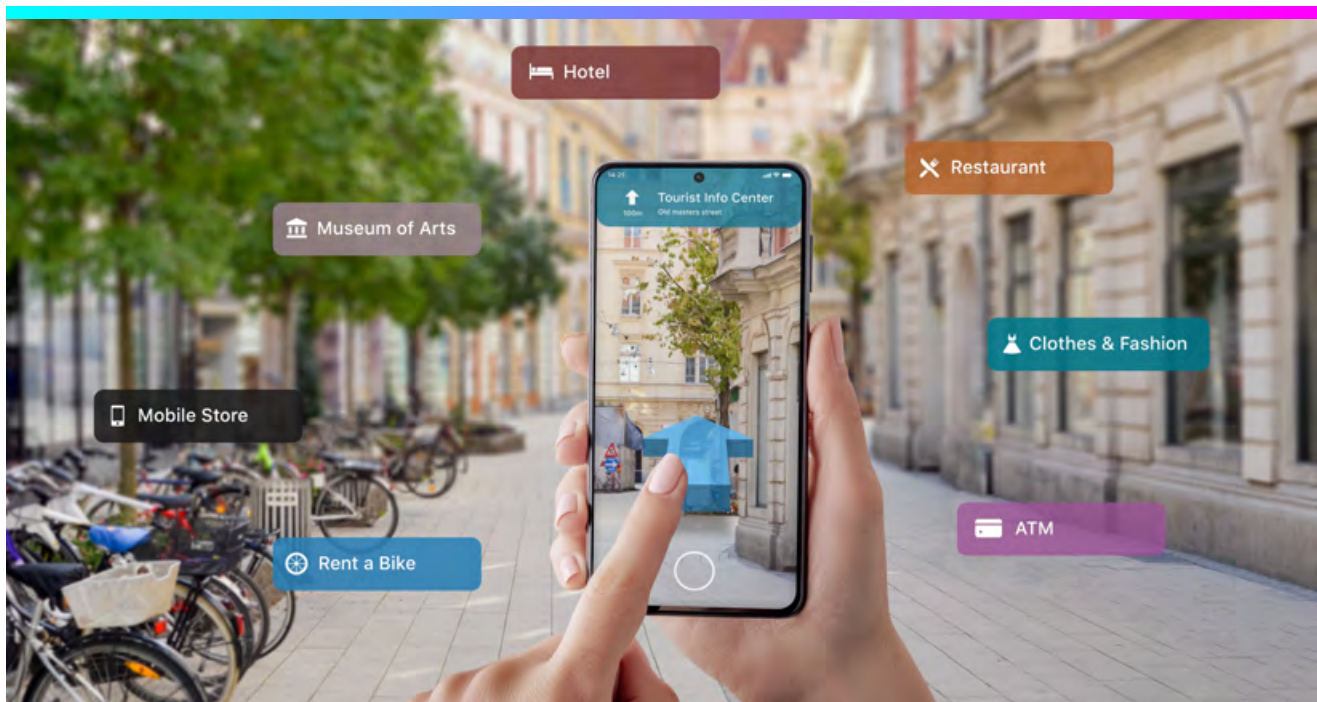
In other words, “contactless check-in and digital room keys are poised to become commonplace. Hotel companies can integrate digital check-in tools with their core management software and then offer a number of different methods for guests to check in, whether by scanning an ID or credit card on arrival or by using their mobile

devices.”²² Moreover, “Digital keys go hand in hand with contactless or mobile check-ins. This technology is becoming widespread at certain hotels and resorts and is expected to grow in popularity over the next few years. The Accor hotel company, for example, began replacing key cards with digital keys in 2021 and has plans to make at least half of its rooms accessible by mobile keys by 2026.”²³

This momentum is borne out in TP’s 2024 Global Insights Survey, where younger generations, from millennials to gen Z, show a higher preference for digital channels such as Mobile App.²⁴ Moreover, when it comes to which channels offer the best experiences, “Based on the satisfaction score given to the last interaction and the channel used, Mobile Apps, Instant Messaging Platforms, and Live Chat are the highest-performing channels over the last four years.”²⁵ Beyond mobile check-ins and digital keys, some hotels are now offering voice-activated room controls, personalized in-app itineraries, and digital concierges, which further enhance convenience and reduce touchpoints.

Augmented Reality (AR) & Virtual Reality (VR)

But change is rippling through travel and hospitality in other ways. “Another emerging trend is the use of VR tours to boost bookings. For example, using their computers or mobile devices, would-be guests can get a first-person view of rooms and other property amenities to get a feel for them before making reservations.”²⁶ Many hotels now offer what are referred to as virtual reality (VR) “property tours,” enabling guests to experience rooms before booking, which helps reduce booking hesitancy and increase booking rates while fostering engagement and informed decisions. Some estimate that tourism revenue could increase by as much as \$1.5 trillion by 2020 due to VR.²⁷



Others are more skeptical about the potential of VR for travel, with obvious barriers to entry when it comes to consumer use of the technology and cost barriers for travel operators producing VR/XR content at scale. While there's clearly value in these tools supporting and training travel and hospitality teams remotely, and in high-end high value travel, the skeptics doubt we've yet reached a general tipping point.


Either way, over time the travel space will be immersed in new kinds of experiences. After all, “The limitations of screens, PCs, and smartphones have become increasingly apparent. Users crave more immersive, seamless, and intuitive ways to interact with digital content—beyond the confines of the 2D screen. Immersive, ‘being there’ experiences can help brands drive deeper engagement, fostering emotional connections and informed travel decisions.”²⁸

From Sustainability to Security

And last but not least, according to the Global Business Travel Association (GBTA), sustainability is a priority for 92% of its members and stakeholders. "After a period of harvesting low-hanging fruit, hospitality groups are increasingly looking for more innovative and meaningful ways to implement, measure and communicate their sustainability practices," per the EHL Hospitality Business School's 'Top 10 Trends in the Hospitality Industry in 2024.'"²⁹

"Indeed, nine out of 10 consumers said they look for sustainable options when traveling, according to a Wakefield Research study commissioned by Expedia Group Media Solutions. Booking.com's 'Sustainable Travel Report 2023' noted that travelers are also seeking out hospitality companies that prioritize sustainable practices, such as energy-efficient infrastructure, recycling programs and locally sourced amenities."³⁰

But today's travelers aren't just idealists; they're also seeking more practical, seamless, and secure solutions to meet their travel needs, one of which is biometric technology. Consider that "biometric technology is another major trend that's been gaining steam in the travel and tourism sector for a while now. Often, this technology is considered more of a solution for improving security and safety than enhancing customer experiences. However, safer customers are also happier customers, more likely to trust the vendors they work with."³¹



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TP's Strategic Approach to Key Questions

With over 25,000 travel experts supporting over sixty clients globally (servicing over twenty-five languages in over thirty-five countries) TP has twenty years of experience helping infuse a high-tech, high-touch approach into the operations of the world's top travel and hospitality brands. While the company leverages digital capabilities to provide a set of comprehensive, human-centric business and passenger services solutions, it also provides high level strategic advice at a time when a deep, nuanced understanding of today's travel and hospitality market is essential.

The following are three key questions travel and hospitality clients continue to ask TP most often:

Key Question #1 "How do I enable high-tech, high-touch experiences?"

The TP Approach

TP feels that it's essential to meet today's unique challenges by empowering frontline TP experts with tools that enable faster, more accurate responses. As such, organizations should deploy an effective digital channel strategy that empowers customers with automation and self-service solutions that improve speed-to-proficiency for a more agile and flexible customer experience operation. At the same time, organizations should leverage technology and analytics to identify customer pain-points and reduce customer effort. And technology is always deployed in combination with human talent so as to provide a better experience for the customer.

In that spirit, TP recommends an integrated, multi-channel service strategy supported by human beings, digital self-service, automation, and GPT:



Meet customers in the channels which they prefer to do business (social media, voice, SMS, chat, Whatsapp, Video, etc.)



Augment human labor with digital self-service in those same channels, offering 24x7 support



Integrate self-service solutions with customer back-end to enable resolution



Leverage GPT and automation to enhance the self-service experience with human-like interactions

Key Question #2 “How do I get smarter about how I increase revenue?”

The TP Approach

TP notes that companies have faced a unique demand and supply challenge the past few years, which has ripple effects on the ability to increase revenue. Today, airlines are experiencing high demand coupled with a shortage of skilled workers, causing challenges in meeting customer expectations. In fact, the IATA expects overall traveller numbers to reach five billion in 2025, exceeding pre-pandemic levels. As such, wise investments in the customer experience may be key to the industry’s flourishing in the post-pandemic world.

In that spirit, TP believes that higher conversion rates and average order value are driven by the proper combination and application of recruiting, training, performance management, and technology. For example, video offers significant potential value for customers in the travel space; from co-browsing with customers to enable them to more directly reach the right content/inventory across a sales journey, to offering customers an easy tool to demonstrate visually issues with their current travel experience.

The human touch is essential here, as higher conversion rates and revenue productivity come via the human interface—consumers are more likely to purchase products and services from a human being. In other words, it’s important not to misapply automation to specific call streams in the name of cost savings—a misstep that can cut revenues, sometime precipitously.



In turn, this approach features the following set of specific Digitally Integrated Solutions that drive performance and quality across the entire customer journey for Airline, OTA/TMC, Hotels, Cruise, and Car Rentals:



Research & Planning

competitive pricing (price/offer/rate loading); explore options and availability (inventory management); read reviews for decision-making (social media)



Booking

personalized services and recommendation; booking and reservations (cross-sell/up-sell); loyalty redemption; ticketing and issuance



Post Booking/Travel

exchanges/refunds/schedule change/lost baggage; flight disruptions; fraud detection & prevention; special requests baggage/seats/web check-in



Post Travel

social media listening; review management/content moderation; complaint management



Key Question #3 “How do I optimize my cost?”

The TP Approach

Leveraging a high-tech approach is key to optimizing cost. TP infuses AI into the entire passenger journey, serving customers on the channel of their choice (voice, chat, messaging, email, web, social, review). Channel strategy and orchestration is based on the complexity and urgency of the transaction. NLP, ML, IA, and GPT can help empower and automate via support tools or deflect and eliminate via customer self-service, depending on the situation.

In fact, TP points out that savvy airline and hospitality companies have made significant investments in digital self-service capabilities to address challenges such as staffing shortages. These tools deliver 24x7 support

at a lower cost per transaction and enhance the customer experience. The process enables continuous learning from customers, leading to performance improvement in the form of improved customer experience and reduced cost-to-serve.

The TP approach to this question of cost also includes a strategic global delivery footprint that aligns the desired customer experience with geo-capability and delivery cost. This includes:

- Domestic, near-shore, and offshore locations providing clients with access to any level of required language proficiency and skillset
- Impact sourcing locations which align to clients’ strategies to invest and develop new communities



TP: Benefits Delivered

TP cites the following examples of benefits delivered to their travel and hospitality clients:

\$20 million-plus refunds processed (travel funds included) for bookings affected by the health crisis within airline-specified strict timelines

45% reduction in ADM and 30% reduction in AHT by deploying TP Travel for a leading OTA in Latin America

23% improvement in speed-to-proficiency for an airline client by getting TP experts trained on TP Flight School

>10% call deflection using voice-to-SMS, resulting in reduced cost of operations for a large American airline

20% reduction in AHT and 5% increase in conversion by implementing Digital Floor Walker for an American multinational hotel chain

25% reduction in processing time for schedule changes by deploying changes in process flow

20% calls (non-revenue calls) routed by deploying Conversational AI for an American hospitality chain

30% reduction in call transfers by LSS approach for a leading U.S.-based loyalty management company

33% increase in average revenue per interaction following AI led sales improvement training for Europe's largest tourism company

\$8m year-on-year improvement in Group Travel booking revenues for a large European airline through improved channel mix and a B2B case management solution designed for SMEs and travel agencies

14% drop in AHT whilst delivering quality scores of 95% for one of Europe's largest national carriers – achieved by deploying TP Interact and both self-service bots and visual IVR



Takeaways

According to Oracle, "Customer requirements are shifting fast, and competitors, new and old, are exploring the latest technologies, products and even business models. To maintain positive momentum, decision-makers must understand current and emerging trends and determine how to most effectively integrate them into their organizations."³² As one useful example, consider that according to TP's 2024 Global Insights Survey, online travel agencies have the second highest percentage of instant messaging users among those reaching support across all industries.³³

Ultimately, the most significant change TP has observed compared to five years ago (2019) is the decline in preference for voice. But there's nuance to this trend as well. "This reduction was notable during the pandemic but, like most channels, stabilized in subsequent years. The suggested shift from voice to other channels has since subsided and spread thinly across many different platforms, resulting in smaller increases on newer digital channels. At the forefront of this shift, instant messaging and video have gained the most preference."³⁴

Finally, it's worth reiterating that even with AI's rapid advance, it seems that travellers still yearn for the human touch when it comes to support. According to TP's 2024 Global Insights Survey, 61% of online travel customers preferred human assistance to automated or AI bot assistance, 62% of hotel customers preferred human assistance, and 64% of airline customers preferred human assistance.³⁵

> Action Items

Together, TP and TrendzOwl suggest the following key action items for travel and hospitality organizations and their BPO partners:

Continue to Rebuild Trust & Reimagine Experiences.

The world is still adjusting to a post-pandemic reality and the travel and hospitality space continues to adapt. While many travel businesses are seeing a return to passenger/customer volumes, recruiting-related challenges must be addressed. Challenging commercial outlooks are another lingering reality, particularly with some traditional airlines. Travel companies should seek to reimagine their CX strategies by meeting customer desires with cost efficient measures.

Invest in AI & Data Security in Equal Measure.

It's noteworthy that "Nearly half of travelers surveyed by Booking.com for its 'Travel Predictions 2024' report said they trust AI to plan their trips. GenAI can serve as a travel guide or concierge, providing specific recommendations on restaurants, flights, or accommodations."³⁶ But this trend also means that enterprises must invest in data security and privacy in equal measure. "In the age of digital transactions and online bookings, safeguarding customer data has never been more paramount. Businesses are investing heavily to ensure robust data protection measures, thereby gaining customer trust."³⁷

Offer Authentic, Empathetic Human Experiences.

In the words of one digital strategy professional, "The key to success is creating a consistent experience that is embedded in current consumer needs and supported by authenticity end-to-end."³⁸ Or as one hotel professional put it, "Today's travelers want to live like locals, feel inspired by the places they visit, and experience a transformative journey that is wholly their own."³⁹ And remember, adds TP, "AI cannot replicate the warmth, compassion, empathy, and personalized attention that humans provide, which are essential for building customer trust and lasting loyalty."⁴⁰



Notes

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About TrendzOwl

TrendzOwl is a market intelligence and advisory firm interested in a set of interrelated areas impacting today's global enterprises — from CX and BPO to the world of telecom services and devices. The central theme animating our research is that exponential technological change is supercharging an era of immersive techno-consumerism and the increasingly high service expectations that come with it. But even as the information and communications revolution rushes toward an AI-enabled metaverse, globalization is under increased pressure. Our ability to anticipate the future seems more limited than ever. Is your organization prepared for tomorrow's world, whatever form it takes?

About TP

The world's best brands trust TP for advanced business services, solution design, digital customer journey management, operational efficiencies, integrated sales strategies, and much more. With advanced, AI-powered solutions and nearly 500,000 service and solution experts with local and industry-specific expertise, TP teams provide support in 170 countries and speak 300 languages and dialects. In addition to consistently being ranked as a business services leader and innovator, TP has been recognized as a top global employer, named among the 25 World's Best Workplaces for the third consecutive year by Fortune and the Great Place to Work® Institute.