

The background of the slide features a white commercial airplane on a runway, viewed from a low angle. The right side of the image is overlaid with a dark green, abstract digital pattern resembling a globe or data visualization. The Globant logo is positioned in the upper left area of the text.

Globant

AI Reinvention

Airlines Edition

Mastering the Skies:

AI's role in airline control and passenger delight

The need for a *speedy revamp*

Traveling from your starting point to your destination should be seamless and enjoyable, right?

Unfortunately, air travel is a different story. The journey often becomes tangled with stress and uncertainties, making what should be an effortless trip a complex challenge.

Passenger traffic jumped **40.1% by September 2023**, **hitting 92.9% of pre-pandemic levels**, and flight demand was **95%** of its previous level.

As more people fly and expect better comfort and convenience, airlines need intelligent digital solutions.

The airline scene is flipping! Budget airlines and online travel sites are shaking things up with low prices and accessible services, forcing traditional airlines to adapt. To keep up, airlines are turning to AI to boost convenience, personalization, and profits. AI helps them overcome hurdles, create new digital services, impress customers, and ensure smooth, memorable journeys.

Reaching new *heights with AI*

- ✧ The global artificial intelligence in aviation market size was estimated at **US\$ 653.74 million in 2021, and it is expected to surpass around US\$ 9,985.86 million by 2030.**
- ✧ Regarding technology investments over the next three years, business intelligence and artificial intelligence top the priority list for airlines. **73% of airlines invest heavily in business intelligence programs, while 64% focus on major AI initiatives.**



- ✧ **60% of airport leaders** identified not investing in new technologies that optimize airport operations – such as SaaS platforms, automation, and AI – as a critical risk to their operations over the coming 12 months.

Clearing *the Runway* for AI Reinvention

Airlines often struggle with outdated tech, making it hard to seize new opportunities and become full-fledged retailers. They've focused more on trips than individual customers, relying heavily on intermediaries. This has been costly and limited their ability to know their passengers and offer personalized services.

AI can be a new enabler, helping airlines adapt to changing demands, take back control of their services, and thrive in a competitive market.

AI is now guiding airlines in decision-making, blending the best of automation with human expertise to create unforgettable passenger experiences. With AI as a copilot, the aviation sector can break free from old limitations and tech barriers, delivering a smooth and unified travel experience for everyone.

With AI on the scene, airlines are jumping at the chance to overhaul their operations. Here are four ways AI is set to change the airline experience:

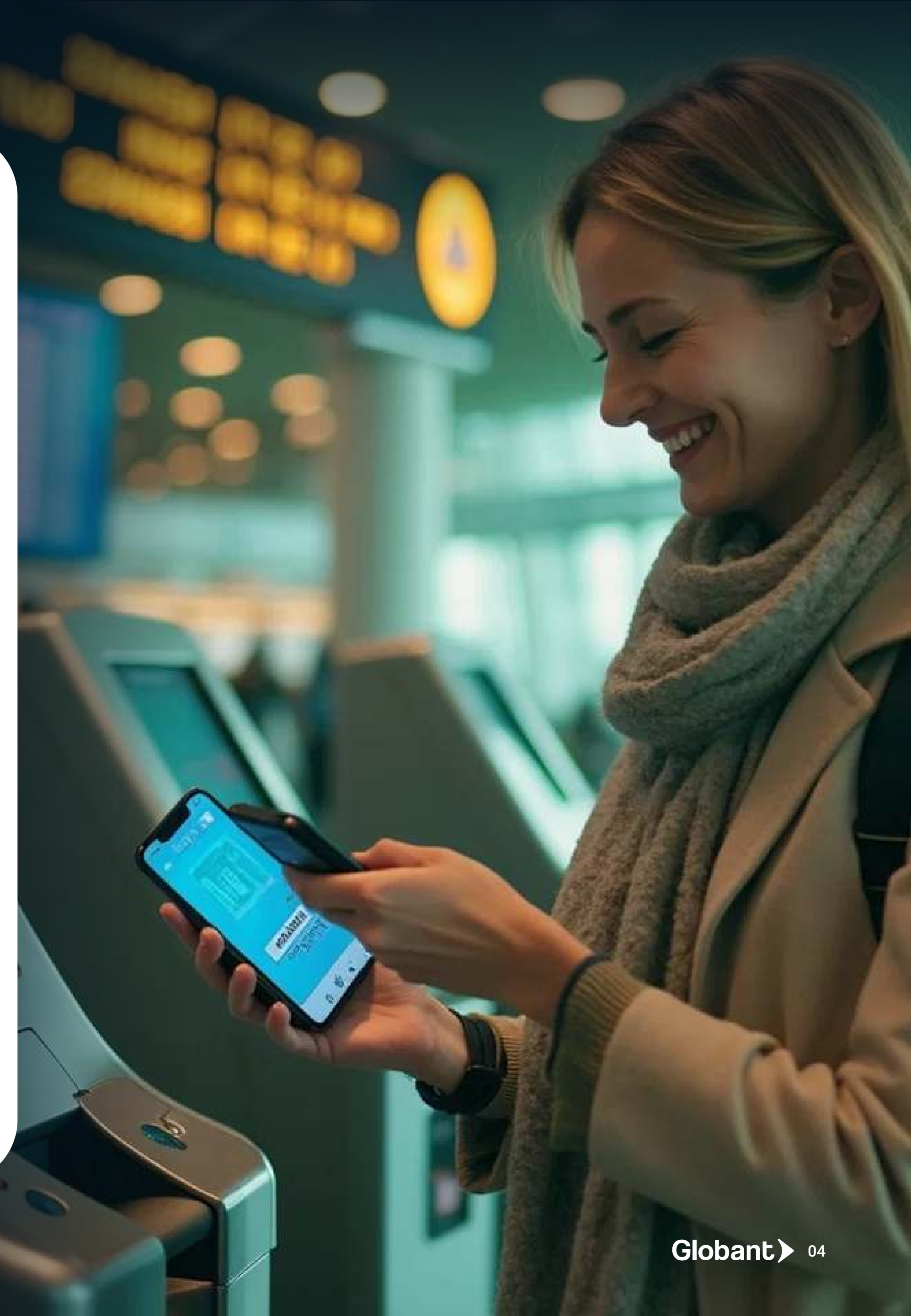
- 1. AI is the ultimate travel companion**
- 2. AI-powered profits: Boost your revenue game**
- 3. Legacy systems get an AI Makeover**
- 4. Unlock the details: Go granular with data**

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AI has the potential to put airlines back in the captain's seat, enabling them to optimize internal systems and operations and elevate the customer experience to new heights. **By harnessing AI, airlines can regain control over every aspect of their services, from forecasting demand, revenue management, streamlining operations to personalized and proactive customer interactions, driving efficiency and satisfaction like never before.”**



— **Gonzalo Cadenas,**
VP of Technology at Globant



01.

AI is the ultimate **travel companion**

In today's digital world, travelers come in all flavors: occasional trippers, tourists, bargain hunters, point collectors, frequent flyers, savvy globetrotters, business jet-setters, and luxury lovers. These make up the **modern traveler**, and each type has different interests and needs. To thrive, the travel industry must evolve alongside them. Businesses that embrace this diversity will lead the way to success.

However, when it comes to shopping and buying, airlines often treat them all the same. The result? Unsatisfied users. Here are some of the things going through passengers' heads:

- There is a **38% gap** between the travel experience and the booking experience.
- **32% of passengers state** that delays and cancellations are the most significant source of anxiety when traveling, followed by pricing issues (18%), long waiting lines, and congestion at the airport (17%).
- **One-third of families** struggle with the time-consuming task of comparing offers when booking flights and hotels.

These numbers show that travel hassles start from booking and don't end at the airport. So, how can airlines make this easier? By offering **intelligent solutions** that help travelers every step of the way.

AI brings a new shine to the passenger experience

Airlines have an immense opportunity to offer a holistic service through a personalized travel assistant powered by AI that makes the passengers' journey smooth and stress-free.

Ticket buying can be a hassle, but an AI-infused platform can remember user preferences and past trips, offering tailored recommendations and flexible flight options. Whether booking tickets or looking for hotel suggestions, it's got you covered in real-time with natural language suggestions.


AI has the potential to be the ultimate travel companion; from suggesting onboard entertainment and menu options to keeping you updated with all the info you need, it's always there. Picture a single app that adapts to your context, providing relevant trip information when you're traveling and easy access to redeem products and services when you're home. Intelligent and personalized travel!



In addition, AI-powered voice assistants can effectively engage customers, providing timely information and resolving issues swiftly. This allows human agents to focus on more complex matters and reduce wait times.

GenAI-based chatbots deliver 63.3% functionality, compared to just 39.1% from traditional chatbots.

These platforms are all about merging slick UX design with AI magic, shaping next-gen travel experiences. This AI-enhanced journey will focus on ultra-personalized journeys, super-smooth self-service, and seamless transitions across all gadgets and channels.



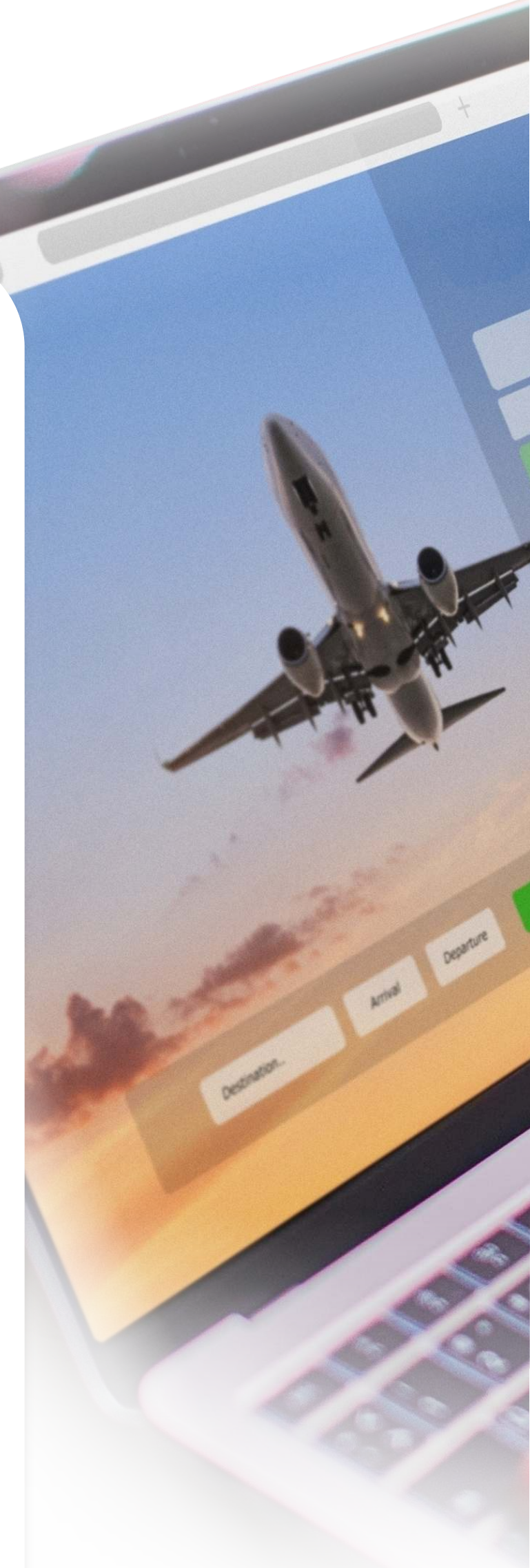
02.

AI-powered profits: **Boost your revenue game**

In the highly competitive airline industry, balancing revenue optimization with superior customer experience is an ongoing challenge. Artificial Intelligence is proving to be a transformative force, presenting unparalleled opportunities to increase revenue through dynamic pricing, personalized marketing, and enhanced operational efficiency. **Here's how AI can revolutionize airline retailing and elevate your revenue strategy:**

- **Dynamic Pricing and Continuous Pricing:** AI can analyze real-time data—such as booking trends, competitor pricing, and market demand—to adjust prices dynamically. Unlike traditional step-by-step changes, continuous pricing creates a smooth and flexible pricing curve where prices aren't fixed but can range anywhere, ensuring they don't overprice and lose the sale. This allows airlines to maximize revenue from each seat sold, taking a holistic view of the whole flight while maintaining competitive and fair pricing—the result is boosted profits, better seat occupancy, and increased customer loyalty.
- **Personalized Marketing and Customer Segmentation:** AI enables personalized marketing by analyzing customer data, such as booking history and travel preferences. This allows airlines to target customers with tailored offers, increasing conversion rates and enhancing loyalty. Personalized recommendations can significantly boost ancillary sales and customer retention.

- **Demand Forecasting and Inventory Management:** AI-powered predictive analytics can accurately forecast future demand by analyzing historical booking data and seasonal trends. This helps airlines adjust capacity and pricing strategies, minimizing the risk of overbooking or underbooking flights, optimizing revenue, and improving customer satisfaction.
- **Enhancing Customer Experience with AI:** AI-powered chatbots and virtual assistants provide instant responses to inquiries, assist with bookings, and offer personalized travel recommendations. These seamless interactions enhance customer satisfaction and encourage repeat business, increasing engagement and loyalty.
- **Operational Efficiency and Cost Reduction:** AI optimizes various operational aspects, such as predicting maintenance needs, scheduling crew efficiently, and optimizing flight routes for fuel efficiency. By eliminating inefficiencies and reducing operational costs, airlines can achieve higher profit margins and allocate resources more effectively.



03.

Legacy systems get an AI Makeover

Aviation leaders know that many processes are old-school and manual, making delivering fast and extraordinary experiences tough. **But AI is here to shake things up! Here's how:**

Unified data source for better visibility: AI can sync with old systems to boost data management. When paired with cloud migration, it combines data from all over into one scalable platform. This unified setup allows for real-time data access and better decision-making.

Automate Routine Tasks: Old systems mean a lot of manual work that's slow and error-prone. AI can automate tasks like data entry, ticket processing, and answering customer questions. Cloud platforms give the power and scalability needed to keep everything running smoothly.

Modernize Step by Step: Instead of ditching old systems all at once, AI can help with gradual upgrades. AI tools can be added to existing systems, slowly replacing outdated parts. This way, airlines can modernize without significant disruptions.

Tackle technical debt: AI can sift through complex codebases to identify outdated or inefficient code, allowing quick fixes that reduce technical debt and prevent future issues.

Detect security vulnerabilities: AI's powerful algorithms can detect vulnerabilities, ensuring systems are robust and safe from threats. When managing personal data, AI helps identify potential compliance risks and optimizes data handling processes, ensuring everything runs smoothly and securely. This blend of efficiency, security, and proactive problem-solving is helping aerospace companies soar to new heights.

92% of airport leaders say upgrading legacy technologies and systems is a commercial priority.

04.

Unlock the details: **Go granular with data**

A personalized passenger experience spans the entire journey—from booking and arriving at the airport to navigating the terminal and boarding the plane. Airlines can harness the “data breadcrumbs” passengers leave along their journey to transform this experience. Here’s how:

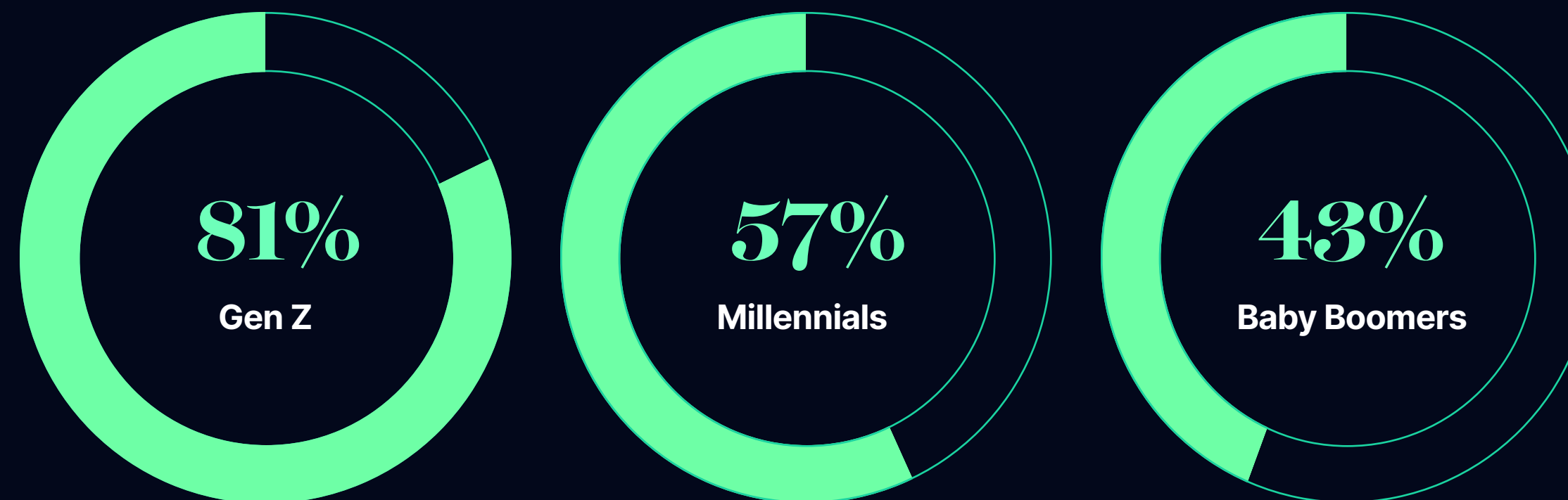
- **Data Integration and Real-time Processing:** Managing and integrating vast amounts of data from direct bookings, partner airlines, hotels, car rentals, and credit card spending is crucial yet complex. AI and machine learning enable airlines to process and analyze this data in real time, delivering personalized offers quickly and accurately. For instance, by integrating flight and hotel booking data, airlines can suggest tailored travel packages, enhancing convenience and satisfaction for the passenger.

- **Advanced Analytics for Deeper Insights:** Advanced algorithms can detect patterns and trends that aren’t immediately visible, providing deeper insights into customer needs and preferences. This allows airlines to shift from reactive to proactive engagement strategies. For example, if data shows a passenger frequently books flights to beach destinations, the airline can proactively offer deals on future beach holidays, increasing the likelihood of conversion.
- **Localized and Geotargeted Services:** Localized services are essential—travelers want content in their language and prices in their currency. AI & geolocation technologies can adapt digital content to cultural nuances, tailoring promotions and marketing campaigns to local holidays, events, and preferences. For example, airlines can offer special discounts for Chinese New Year flights on routes popular among Chinese travelers, boosting engagement and conversion rates.
- **Building a Data-Driven Culture:** By building a data-driven culture and integrating data insights into decision-making processes, airlines can establish clear policies for data usage transparency. This fosters trust and enhances the customer experience. Airlines that effectively apply data analytics to personalize offers can significantly boost conversion rates.

Comparison

The younger the customer, the more open they are to personalization

Share of respondents by generation in the U.S. preferring personalized ads over non-personalized ads



Source: <https://www.oag.com/passenger-experience-report>

In conclusion, embracing AI and granular data analysis allows airlines to deliver hyper-personalized experiences, anticipate customer needs, and remain competitive in a rapidly evolving market. By leveraging the power of data, airlines can transform their operations and offer a seamless, enjoyable travel experience.

Our experience shows that applying data analytics correctly to personalize offers can boost average conversion rates by 10%, demonstrating the significant impact of a data-driven approach on airline profitability and customer satisfaction.

Phygital experiences:

The combined force of AI and human

While AI in airlines significantly enhances passenger experiences, human expertise greatly amplifies its effectiveness.

The human touch remains crucial in creating memorable journeys. For instance, AI can streamline check-in processes and predict passenger preferences, but the warm welcome from a flight attendant and personalized in-flight service is irreplaceable.

As The J.D. Power 2024 North America Airline Satisfaction Study showed, investing in personnel yields significant benefits. Some airlines address challenges by emphasizing staff training and enhancing the overall flight experience through friendly and attentive service. These efforts have enabled certain airlines to provide exceptional customer experiences despite rising travel costs. **Southwest Airlines and Delta Air Lines** have prioritized substantial investments in their workforce. **Delta Air Lines** ranks highest in customer satisfaction with a score of 743, followed by **JetBlue Airways** with 736.

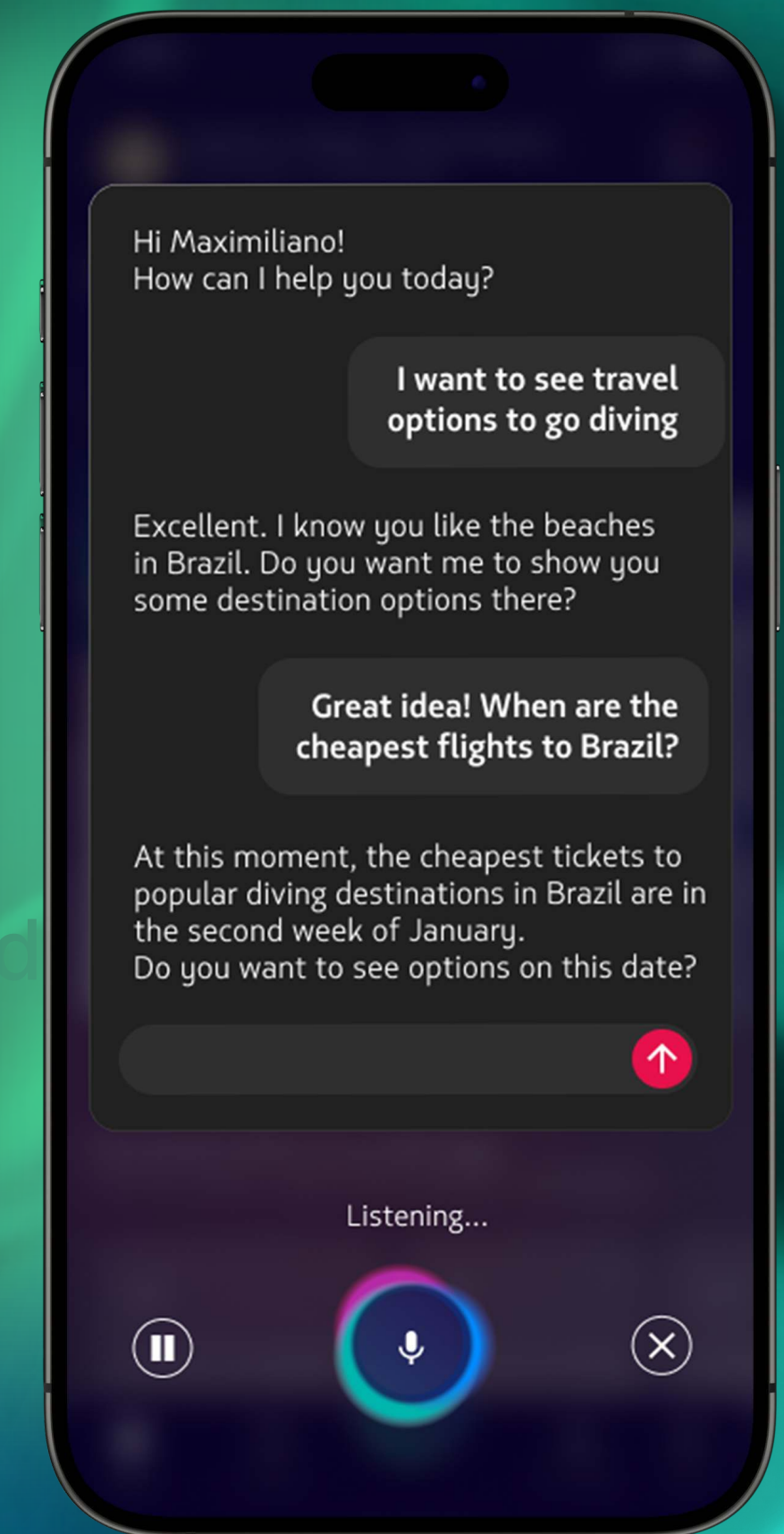
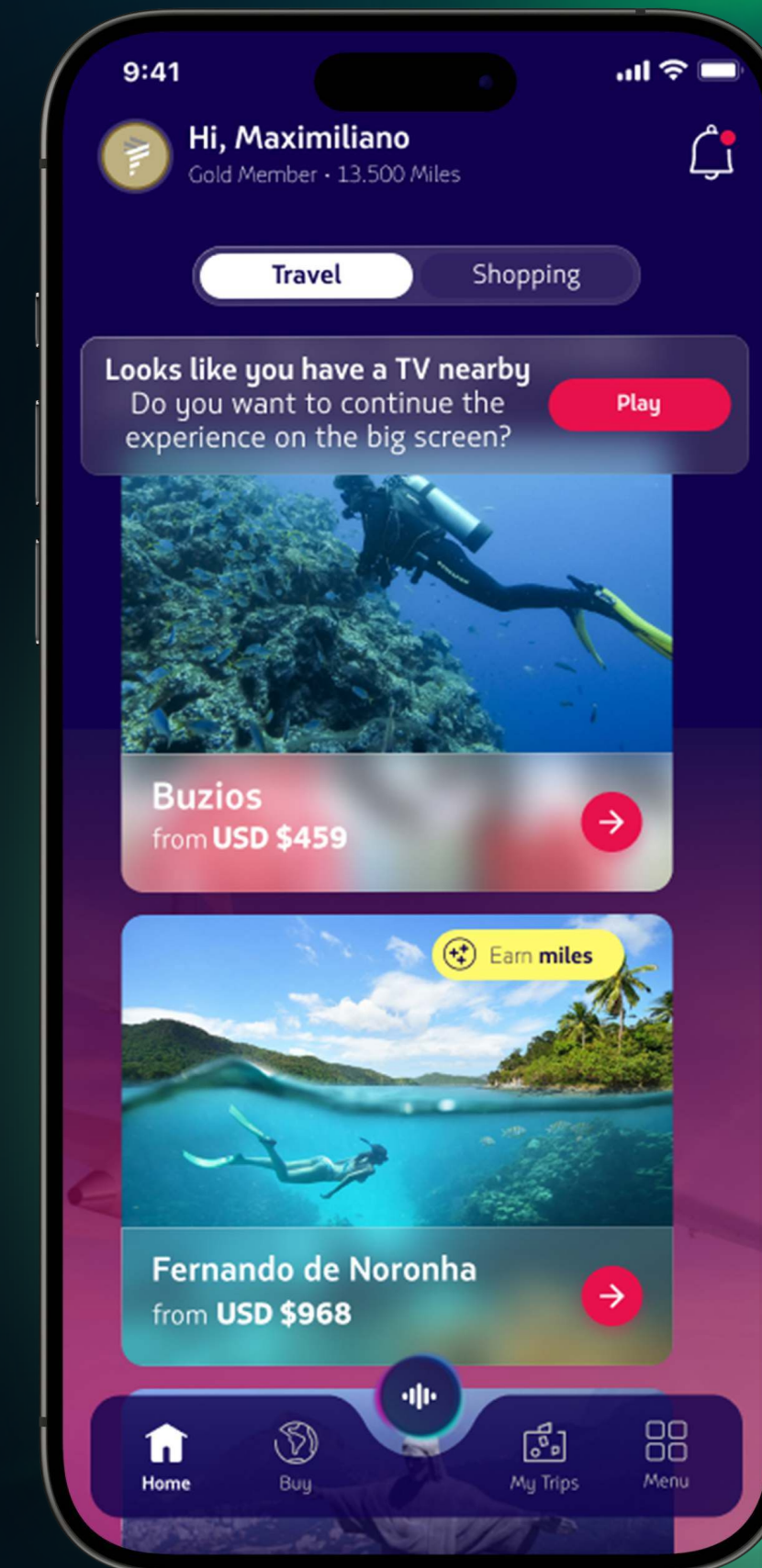
The aviation world is diving into phygital strategies, blending high-tech with a human touch for the perfect balance. They're crafting personalized experiences for every traveler, opening up new ways to win customers. Combining AI with human warmth makes travel smoother, blending tech's efficiency with personal service for a memorable journey.

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A passenger experience that delivers value is less about the screens and more about the feeling.”



Mariano Nardi
Managing Director at
Globant.



Sustainable Aviation:

Merging AI, green practices, and superior passenger service

Sustainability has become a big deal for airlines, driven by eco-conscious travelers and environmental concerns. But what is the key for airlines to align with sustainable practices and drive responsible growth while enhancing passenger experiences? The solution is leveraging technology to fly what they expect to sell, avoiding excess inventory.

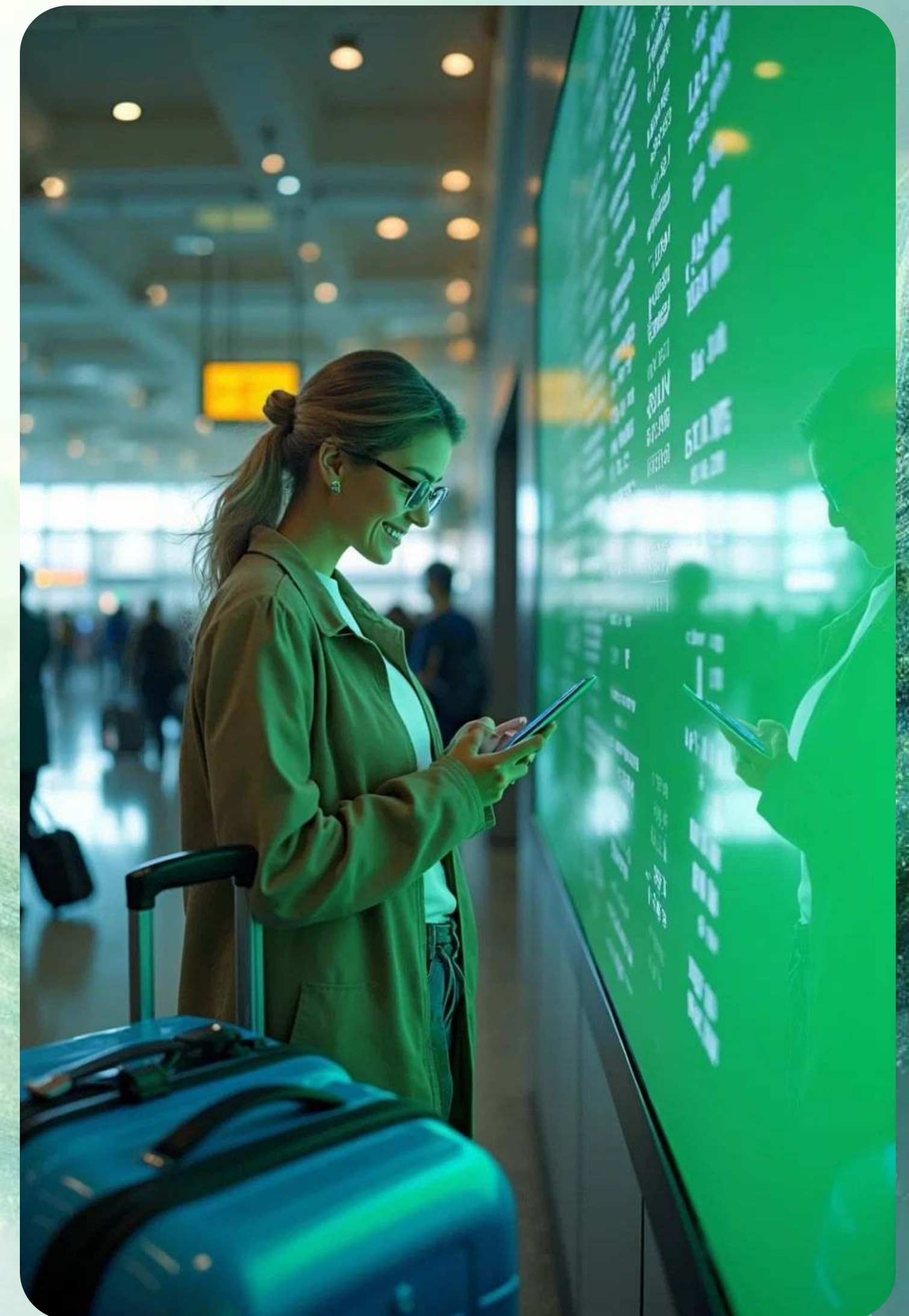
By 2026, more than 90% of airlines aim to implement IT systems

to enhance the efficiency of flight operations and aircraft turnaround.

Industry stakeholders acknowledge that data is essential for today's digitally driven businesses and operations. Integrating AI solutions to predict seat occupancy, analyze passenger profiles, and understand product preferences allows airlines to meet passenger demand dynamically. AI empowers airlines to provide hyper-personalized retail experiences for passengers while intelligent software can precisely predict product demand, reducing waste and onboard weight.

Real-world impact of AI and data on *airline operations and passenger journeys*

- **Latam**: Recognizing outdated processes, Latam adopted generative AI to slash customer complaints. They sped up sorting and sentiment analysis from two weeks to instant, making them Brazil's least complained-about airline.
- **American Airlines**: American Airlines' Smart Gating tech, powered by machine learning, routes planes to the nearest gates at Dallas Fort Worth, saving over 11 hours daily and 1.4 million gallons of jet fuel yearly while reducing gate mix-ups by more than half.



- **Swiss International Air Lines:** SWISS is rolling out AI cameras by late 2024 to track boarding on short-haul flights, with long-haul coming by late 2025. Zurich Airport is also adding some fun with robots “Zulu” and “Charlie,” making the airport cleaner and more efficient.
- **Lufthansa:** Wind direction and speed, especially the BISE wind in Switzerland, can severely impact Lufthansa’s flight schedules. Predicting BISE with Google Cloud’s Vertex AI Forecast has improved accuracy by 40%, helping minimize disruptions and delays.
- **Alaska Airlines:** Alaska Airlines is rolling out a new flight-search tool using generative AI, with a full launch planned for summer. This tool, powered by OpenAI, lets users ask for vacation tips based on timing, cost, and trip type.

Where Globant comes in:

Partnering for Success and Freedom from Vendor Lock-In

Globant Airlines Studio, fueled by AI, gives airlines a leg up with seamless digital solutions for customer-centric experiences. We're all about making every journey personal, reliable, and super easy, delighting passengers at every turn. Whether creating a fresh digital vibe, revamping what's already there, or keeping things top-notch, our focus on users guarantees memorable interactions. Here's how we take our clients to new heights:

- **Custom IT Solutions:** We design and build IT systems that fully support your processes and meet your unique requirements.
- **Managed Operations:** We manage and run your IT infrastructure, ensuring seamless operation.
- **Ownership and Control:** You retain full ownership and control of your IT systems, which gives you the leverage to customize and optimize them as you see fit.

We understand the retail industry inside and out and are dedicated to shaping your future vision as a retailer. Our expertise in offer, order, and distribution, combined with cutting-edge tech, allows us to deploy passenger-centric solutions in mere months. Moreover, we empower airlines with flexible solutions that prevent vendor lock-in, ensuring they maintain control and agility in a rapidly evolving market. This approach positions Globant as a leader in creating unparalleled, connected customer journeys for the airline industry.



About Globant

At Globant, we create the digitally-native products that people love. We bridge the gap between businesses and consumers through technology and creativity, leveraging our experience as an AI powerhouse. We dare to digitally transform organizations and strive to delight their customers.

- We have more than 28,900 employees and are present in 33 countries across 5 continents, working for companies like Google, Electronic Arts, and Santander, among others.
- We were named a Worldwide Leader in AI Services (2023) and a Worldwide Leader in CX Improvement Services (2020) by IDC MarketScape report.
- We are the fastest-growing IT brand and the 5th strongest IT brand globally (2024), according to Brand Finance.
- We were featured as a business case study at Harvard, MIT, and Stanford.
- We are active members of The Green Software Foundation (GSF) and the Cybersecurity Tech Accord.

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