

AI and the Future of Travel: How Tech Giants Are Again Transforming the Travel Industry in 2025

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Good Sunday afternoon from Seattle . . . Our Online Travel Update for the week ending Friday, February 7, 2025, is below. This week's Update features a variety of stories, including details on Expedia's recent quarterly earnings release, news of recent layoffs at TripAdvisor and a heavy dose of AI related stories.

Given recent conversations that I have had with many of you about AI and its likely effects on online travel, particularly around marketing, search, distribution and now, actual transacting or booking, I plan to use our Updates (at least for the foreseeable future) to provide our readers examples of how AI is actually being used in these areas. For those of you who have read our Updates over the past month (or saw my or the many presentations at the recent annual HEDNA Conference), you now know that AI is no longer an ethereal concept that may one day find its way to the travel industry. Recent advances in the technology have brought us real world applications that one day soon may be the primary method or platform through which travelers are inspired, travelers search and plan and ultimately, travelers book. If nothing else, I don't want to see a repeat of the early 2000's when hoteliers were so poorly prepared to respond to the phenomenon of the internet, and specifically, the growing control and influence of online travel intermediaries. Enjoy.

- **Expedia Speaks to AI Efforts in Strong Fourth Quarter Earnings Release.** In today's Update we feature two reports on Expedia's recent fourth quarter and full year earnings' release. We've also included a copy of the transcript from the recent earnings call. Key takeaways for me from the recent release include the following:
 - Expedia posted strong YOY growth, including notably 21% growth in its B2B business (EPS) and 25% growth in its ad revenue. It would be interesting to know how much of the ad revenue increase is attributable to corresponding reductions in supplier compensation levels.
 - Expedia is making conscious efforts to introduce AI into each of its key strategic goals for 2025, including by (1) working to ensure that Expedia's brands appear in travelers' generative AI searches, (2) exploring opportunities to partner with native AI travel startups to become their supply partner and (3) developing AI partnerships to better power Expedia's B2B business.
 - Expedia (particularly, its new CFO) is again open to looking at M&A opportunities.

- **Is OpenAI's Operator a Game Changer?** One of the most read stories on *PhocusWire* this past week was its piece on the newly introduced OpenAI agent, Operator. Website optimization may never be the same again. I'd encourage all of our readers to read the article. Demos of the new Operator agent booking travel (and other services) are also widely available on YouTube.
- **A National Junk Fee Standard Takes a Step Forward.** This past week, the Senate Committee on Commerce, Science and Transportation approved the Hotel Fees Transparency Act, legislation that is favored by both the online intermediaries (Travel Technology Association) and hoteliers (American Hotel & Lodging Association). Many of you may be asking why we still need federal legislation when we now have the national FTC rule. As I've discussed with many of you (and as noted in my recent HEDNA presentation), the FTC rule does not preempt other state and local laws that are more protective. This lack of preemption opens the door to states like California and Minnesota (both of which have enacted junk fee rules) and countless others (20 at last count) to adopt potentially contradictory (and confusing) requirements (e.g., what is more protective - California's requirement to display only total price or the FTC's requirement that total price be displayed most prominently).

Have a great week everyone.

Expedia Group CEO outlines three strategies for using AI in the year ahead

February 7, 2025 via Phocus Wire

The company finished 2024 strong with double-digit percentage growth in room nights, gross bookings and revenue in the final quarter.

OpenAI's "Operator" and Its Impact on Travel Search and Marketing

February 3, 2025 via Phocus Wire

OpenAI's "Operator" has the potential to remove much of the manual work from travel search and booking as well as enable deeper research and more flexibility.

Expedia Is Open to AI Partnerships and M&A

February 6, 2025 via Skift Travel News

Expedia has its hands full getting Hotels.com and Vrbo back on track, and the antitrust environment may not be optimal for acquisitions these days. But if the company comes across a hard-to-resist M&A opportunity, never say never. What's Expedia Group's stance on partnership with AI answer engines? CEO

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Lufthansa's AI assistant Swifty integrated into LINE messenger

February 6, 2025 via Phocus Wire

Lufthansa Group customers in Japan will be able to book flights on select airlines in the LINE messenger app thanks to the integration of Swifty into the platform.

Trivago Pushes AI-Powered Ads, Tries to Reduce Reliance on Google

February 5, 2025 via Skift Travel News

Trivago's CEO said changes to Google ads are primarily what caused repeated revenue declines over the past couple of years. -Justin Dawes

Industry Pushes for National Standard on Hotel Fee Transparency

February 5, 2025 via Travel Pulse

A Senate committee has approved the Hotel Fees Transparency Act, a step forward that's being applauded by an industry organization seeking to level the playing field for hotel pricing disclosures.

Tripadvisor Fires More Than 150 Employees and Contractors: Scoop

February 4, 2025 via Skift Travel News

It's another downsizing at Tripadvisor as it gets ready to acquire its controlling shareholder and make some moves.

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