



AI decisioning for the enterprise

1:1 Personalization for Travel and Hospitality Marketers

OfferFit
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Contents

- The highs and lows of travel and hospitality 3
- Building AI-powered campaigns that encourage direct booking 5
- Personalizing upsell and cross-sell opportunities 8
- Creating personalized experiences for every customer 10
- How AI supercharges 1:1 personalization 12
- Conclusion 13

The highs and lows of travel and hospitality

The travel and hospitality industry is resilient. Once facing the existential crisis of COVID-19, when travel ground to a near halt, airlines and hotels are in the midst of a historic turn-around. More people are traveling more miles than at any point since the pandemic, and the industry is set to skyrocket in 2025.

But in this climate, marketers are faced with a worrying trend: loyalty programs have become stagnant. With so many ways to book trips, brands face a possible dip in on-site booking. Some companies are also de-prioritizing financial incentives like airline miles or free hotel nights, further eroding loyalty.

This is leading many marketers to rethink loyalty programs—finding new, technology-driven solutions to the age old question of customer fidelity. Artificial intelligence is at the forefront of new travel and hospitality innovations. Travelers already embrace AI to help find, plan, and enjoy every moment of their adventures. Marketers that can leverage AI to offer new experiences and more personalized engagement across the lifecycle can create better relationships with customers and quickly impact the bottom line.

The travel industry is back

After years of fluctuation, 2024 marked a return to normalcy in the travel industry. United Nations Tourism noted in their year end report that [1.4 billion people traveled internationally](#) in 2024, up 11 percent from the prior year. That number represents 99 percent of pre-pandemic levels, with “[most destinations exceeding 2019 numbers.](#)” According to the report, North Africa, The Middle East, and Central America were the big winners in 2024. All three regions saw double-digit travel growth compared to 2019 numbers.

Domestic travel also experienced a revival in 2024. According to McKinsey, [75 percent of global travel spend](#) was domestic last year. In the United States alone, domestic travel spend reached \$1 trillion last year with five national parks breaking attendance records. China was the second biggest domestic market representing \$744 billion in spending. China is set to surpass the United States in domestic travel by 2030 with an estimated 12 percent annual growth.

While the industry is sensitive to the possibility of economic turbulence or geopolitical strife, most experts agree that travel and hospitality is set for steady growth for the remainder of the 2020s. More than [60 percent of UN Tourism](#) panel experts predict “better” or “much better” prospects for 2025 compared to 2024. McKinsey, meanwhile, expects three percent annual growth through 2030, culminating in 19 billion lodging nights worldwide. Regardless of macroeconomic conditions, consumers still yearn to travel. Marketers can personalize every aspect of their campaigns to ensure the right message resonates with every customer, no matter how they travel this year.


With growth comes change

While travel and hospitality brands prepare for continued consumer demand, they will need to adjust their marketing strategies – many people have changed how and why they travel. [The 2025 Hilton Trends Report](#) shows how diverse traveler motivations have become. Nearly 70 percent of global travelers want active experiences, with 1 in 4 wanting adventures they've never had before. But nearly half of family vacationers return to the same place every year, and 1 in 5 travelers just want to lay in bed all day.

Nearly every traveler, no matter their motivations, said they wanted to “treat themselves to meaningful experiences” this year. And [according to Accenture](#), “72 percent of consumers worldwide expect companies to understand how their needs and objectives have changed and to address those new needs.”

Personalization will play an outsized role in this new and evolving environment. Marketers can no longer rely on segment-based personalization – every traveler expects to be treated as an individual. As noted in McKinsey's [annual tourism and hospitality report](#), “Consumers increasingly prioritize travel—when it's on their own terms. Interest in travel is booming but travelers are no longer content with one-size-fits-all experience.”

Travel is booming, and many consumers are willing to spend money on vacations that suit their exact needs. Consumers will naturally gravitate towards the brands that make things personal, and the marketing campaigns that prioritize data-driven, individualized experiences.



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Building AI-powered campaigns that encourage direct booking

People spend a lot of time researching and deciding on upcoming trips. The average consumer visits 38 websites before booking their vacation or work travelers, and the industry has an abandoned cart rate [between 80 and 90 percent](#). Online conversion rates sit at 2.4 percent, one of the lowest across all industries.

There are plenty of reasons travelers abandon carts and shop around. Vacations are complicated to plan and they can be quite expensive. Many customers invest emotionally and financially in where they travel, how to get there, where to stay, and who will join them. As they search for motivation, they are also looking for the easiest way to plan something within their price point.

Business travelers may be less emotionally invested than the average consumer, but there are still plenty of logistics to think through. Plus, [29 percent of work travelers](#) will extend their trip to enjoy a post-work vacation with colleagues. The nature of work trips in the work-from-home (WFH) era is also evolving. Nearly half of Americans who can work from home will plan “bleisure” trips in 2025—long stays in remote locales where they can work and play.

As travel changes, brands can leverage 1:1 personalization to make trip planning easier, encourage customers to finish cart selections, and offer more experience-driven options to build relationships. Here are a few ways marketers can leverage AI to personalize the travel planning process for their customers.

AI-powered personalized recommendation campaigns

As the Baby Boomer cohort ages, marketers are focusing their efforts on digital native generations like Gen Z and Millennials. This cohort expects every brand experience to be personalized to their specific desires. Research backs the need for 1:1 personalization across the marketing lifecycle. More than [70 percent of consumers expect](#) personalization and 76 percent will seek out different companies if they receive unpersonalized communications.

Marketers can leverage zero- and first-party data to build better relationships with loyalty customers and create impactful interactions. With AI, brands can analyze customer data such as budget, interests, and past behaviors to help consumers plan their next trip. Marketers can create curated pre-purchase campaigns based on that data to help encourage early booking and keep consumers from shopping different brands.

For example, a customer takes their family on a trip for spring break every year. They are in a cold weather climate and tend to book trips to warmer parts of the country like Florida and Arizona. Hotel marketers can create 1:1, personalized campaigns showing hotels in popular family spring break destinations. Email and mobile campaigns can display images of tropical weather with language specific to escaping the cold. They can then show family-friendly amenities like free breakfast or outdoor pool.

When brands tailor their marketing to the unique needs of every customer, marketers can build the kind of emotional investment that stops customers from researching every site. Because they're getting the exact information they need from their favorite brand, they're getting what they want on the same page where they can directly book their trip.

Evolving the price drop campaigns

The average American spent a little more than [\\$5,000 per vacation in 2024](#), a 25 percent increase over the previous year. While travel appetite is still high, many consumers are eschewing loyalty to find the best deal. To combat this trend, brands can create campaigns that keep customers from website hopping, making it more enticing to book directly with them and a third party.

Consumers will explore as many options as they can, often to find the right price for their budget. But as hotels and airlines know, those prices fluctuate daily. The price for a room or a flight on one day may be lower the next. Marketers traditionally use price drop campaigns to entice customers back to book directly by alerting them when a flight or room they searched for has dropped in price.

But whereas previous automated campaigns relied on website searches alone, AI can help move marketers into new territories. AI decisioning, which analyzes data to create a "next best everything" approach to 1:1 personalization, can offer customers options that fit their budget and based on previous travel history and other first-party data. AI lets marketers offer suggestions to destinations before customers have to search, offering budget options for cost-conscious customers.

Personalizing abandoned carts

One of the most successful tools in a marketer's arsenal, abandoned cart campaigns help keep the momentum and excitement of initially booking a trip going. Consumers abandon carts for many reasons, especially in the travel industry where plenty of people shop around and go back and forth on their decision to book a trip.

AI helps marketers go beyond the basic abandoned cart campaign, offering personalization that drives action. For example, a football fan adds a flight to Dallas to see their beloved Cowboys play but abandons their cart in a search for different options. Marketers can create an automated abandoned cart campaign using loyalty and search data to populate images of Cowboys stadium and local Dallas tourist fixtures that could entice the customer to book that flight.

If that same customer abandons their cart while searching for hotels, marketers can send email and app notifications with game-day celebrations or Cowboys meetups taking place around town or in the hotel. The goal is to appeal to the exact desires of the traveler, showing customers that their favorite hotel or airline understands their needs.

How LATAM leverages OfferFit to increase revenue and relevance

LATAM Airlines connects Latin America to the world with services across Central and South America. LATAM marketers have built a holistic digital experience, allowing customers to book everything they need on one site.

The Challenge: LATAM wanted to increase the relevancy of its digital ecosystem by building an efficient hyper-personalization built on customer data.

LATAM partnered with OfferFit to supercharge the team's abandoned cart campaign. After travelers searched for a flight on the LATAM site, AI decisioning agents chose what messages to send, when to send them, and how frequently to follow up. The agents personalize using all of LATAM's data on each customer.

[Watch the case study](#)

LATAM increased revenue per cart abandonment by **45 percent** leading to **\$10 million** in incremental revenue per year.

Personalizing upsell and cross-sell opportunities

In 2025, all generations other than baby boomers will [increase their travel spend](#) as the industry begins eclipsing its pre-pandemic numbers. In this economic climate, brands will compete for younger audiences, and the marketers that deliver 1:1 personalization digital natives have come to expect can win big.

Nowhere is this more true than at the point of purchase, when travelers are excited for their upcoming trips and willing to spend more with brands that offer upsell opportunities that align with their interests. Upsell works when they're a "[natural extension of \(the customer\) journey rather than a sales pitch, making it more likely to be well-received.](#)"

For upsell opportunities to truly feel natural, customers have to feel like brands understand their needs. Marketers can meet the moment with data-driven personalization. Here are three campaigns that help drive upsells with truly personalized experiences.

Dynamic, personalized pricing campaigns

Marketers understand how important price is to a customer's booking decisions. Everyone has a different budget, and personalized dynamic pricing can help more travelers find the right price for their trip. AI can help marketers analyze booking patterns, competitor pricing, and customer data to offer prices that make sense for both the customer and the business.

Airline marketers could use data-driven personalization to assess whether a customer is a business traveler more likely to splurge for a more comfortable flying experience and offer personalized recommendations such as priority seating and business class upgrades. At the same time, AI can help personalize pricing for a family of four, offering early-pricing for checked bags.

Hotels can leverage data-driven personalization to understand customer booking patterns. If a customer routinely orders room services, marketers can offer a special discount on room service for the guest's upcoming stay. They can even offer room upgrades that include priority dinner reservations at the hotel's restaurant.

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Personalized post-booking campaigns

Travelers now come to expect brands to understand their preferences, whether that's an aisle seat or a hotel with a view. [Boston Consulting Group research](#) found that leading travel and hospitality brands have 68 percent more investment in AI than laggards, specifically because hyper-personalization is now the norm across industries. By delivering that same personalization in booking that consumers experience in retail, banking, and hospitality, marketers can build better relationships while increasing the bottom line.

Personalized post-booking campaigns can offer both better experiences for customers and effective upsell opportunities for marketers. After loyal airline customers book a flight, AI can analyze the customer's previous trips, understanding their preferences and offering email or text notifications recommending personalized seat or class upgrades. If a customer often chooses extra legroom, 1:1 personalization can highlight and suggest the best options for them.

Hotels can also leverage AI-driven personalization to offer strategic upsell opportunities. Marketers can send post-booking notifications that offer upgrades based on customer preferences like mountain or beach views. If a customer occasionally books spa treatments, they could receive "treat yourself" notifications with discounts for spa days.

Limited-time upsell campaigns

Sometimes a sense of urgency drives customers to make decisions that they would normally put off until the last minute. Limited-time campaigns can help drive these customers to take action, knowing they may lose valuable incentives if they don't act quickly. Now, data-driven personalization can customize every aspect of the email or notification spurring consumers into action.

The goal of limited time upsells is to capitalize on a customer's recent purchase by sending personalized opportunities to upgrade rooms or airline seats and purchase add-ons to make their journey more comfortable. Marketers can customize the image, send time, and content of the notification based on the customer's previous interactions. If a customer is traveling to a winter wonderland, marketers can display a snow covered mountain. If someone is traveling to an island destination, marketers can offer images of a luxurious swimming pool or sun-drench beach.

From there, everything can be customized based on the customer and the brand. The goal is to create an emotional bond between customer and brand that spurs action. By replacing batch-and-blast emails or notifications with individualized offers on post-purchase upgrades, marketers reach customers with a more meaningful approach to upselling.

Creating personalized experiences for every customer

One reason marketers are adopting 1:1 personalization is the complicated relationship many consumers have with travel loyalty programs. Some airlines and hotels are devaluing points, and many customers now feel less inclined to earn high-tier status. The result is that [“travel loyalty program members have become increasingly disloyal.”](#) McKinsey consumer surveys reveal a sharp decline in customers recommending travel loyalty programs across airlines, cruises, and lodging.

From 2017 to 2023, customers who chose one company over another because of loyalty programs [dropped five percent](#). At the same time, members of hotel loyalty programs increased the number of brands they transacted with. The trend could persist as younger generations transform the way consumers interact with brands. Gen Z and Millennials [“consider about 1.7 times as many brands as do baby boomers and the Silent Generation and transact with about 1.3 times as many brands.”](#)

All hope is not lost, but marketers are now faced with a new landscape. For many consumers, the traditional incentives either don't cut it or may not feel worth their loyalty. McKinsey research found that [“experiences—far more than tangible, ‘earn and burn’ benefits—is what wins customers’ loyalty.”](#) By incorporating experiences that are personalized to each individual traveler, marketers can infuse the entire customer lifecycle with new incentives that will keep them coming back.

Here are three campaigns to help customers have the best travel experience possible.

Personalized welcome emails

People have different reasons for traveling – parents visit their adult children, a couple goes on their honeymoon, a business traveler extends their stay to enjoy a little rest and relaxation. Even if the reasons are too many to count, marketers can make everyone's stay a bit more adventurous with personalized welcome emails filled with tailored recommendations.

AI can help create 1:1 trip recommendations by analyzing customer data to understand traveler interest, then build suggested itineraries for every customer based on their preferences. After arriving at their destination, marketers can display suggested itineraries that display restaurants, surf or ski recommendations, and even the best parks for travelers to enjoy a beautiful sunset.

As travel and hospitality loyalty programs evolve, experience-driven 1:1 personalization appeals directly to younger consumers, [77 percent of whom want high-quality digital interactions](#) with travel brands. Many of this same cohort look to online sources for travel inspiration. By personalizing welcome emails with unique recommendations, marketers can continue building loyalty.

Easing the impact of travel delays

Every traveler has unfortunately experienced speed bumps on the way to an amazing travel experience. Storms can adversely affect flight schedules. Check-ins could be delayed because of previous guests. Whatever the reasons, consumers need to know brands are on their side when the worst happens.

AI can help marketers be more proactive about delays. When a guest has a flight delayed, AI can offer suggested alternative flights and tailored, real-time travel updates based on the customer's itinerary. In the unfortunate circumstance where a flight is canceled, marketers can leverage AI to send personalized emails or app notifications with refund or account credit information.

Hotels can proactively update travelers when there's a delay in their check-in with notifications or emails that help customers understand the reasons behind any delay and when they can make it into their room. AI can also understand the best incentive for customers who may be affected by longer delays, such as food and drink discounts or access to higher-end amenities.

Campaigns that capitalize on post-trip excitement

It's no secret that travel makes people happier. More than [80 percent of consumers](#) said in a recent survey they felt happier knowing they have a vacation planned. [Neuroscientists have found](#) that traveling can rewire the human brain by offering people the thrill of new experiences mixed with the ability to be one's full self unencumbered by the grind of daily life. Good post-trip marketing campaigns capitalize on both sentiments by keeping recent trips top of mind while building anticipation for the next journey.

With AI, marketers can build post-trip email and mobile app campaigns personalized to each individual customer. First, AI can create a look back at the previous journey by highlighting customer milestones from the previous trip with images and language specific to their journey. Marketers can send emails with loyalty points earned from a customer's previous flight or hotel stay along with any amenities they enjoyed on their travels, all with landmark images specific to the traveler's destination.

Marketers can then get customers excited for their next destination with 1:1 recommendations based on a customer's previous travel history. AI can analyze their travel history, finding throughlines like adventure vacations or history buffs exploring age-old cultures. Customers can receive emails or notifications with "exclusive destinations and itineraries" personalized to the reasons they travel.

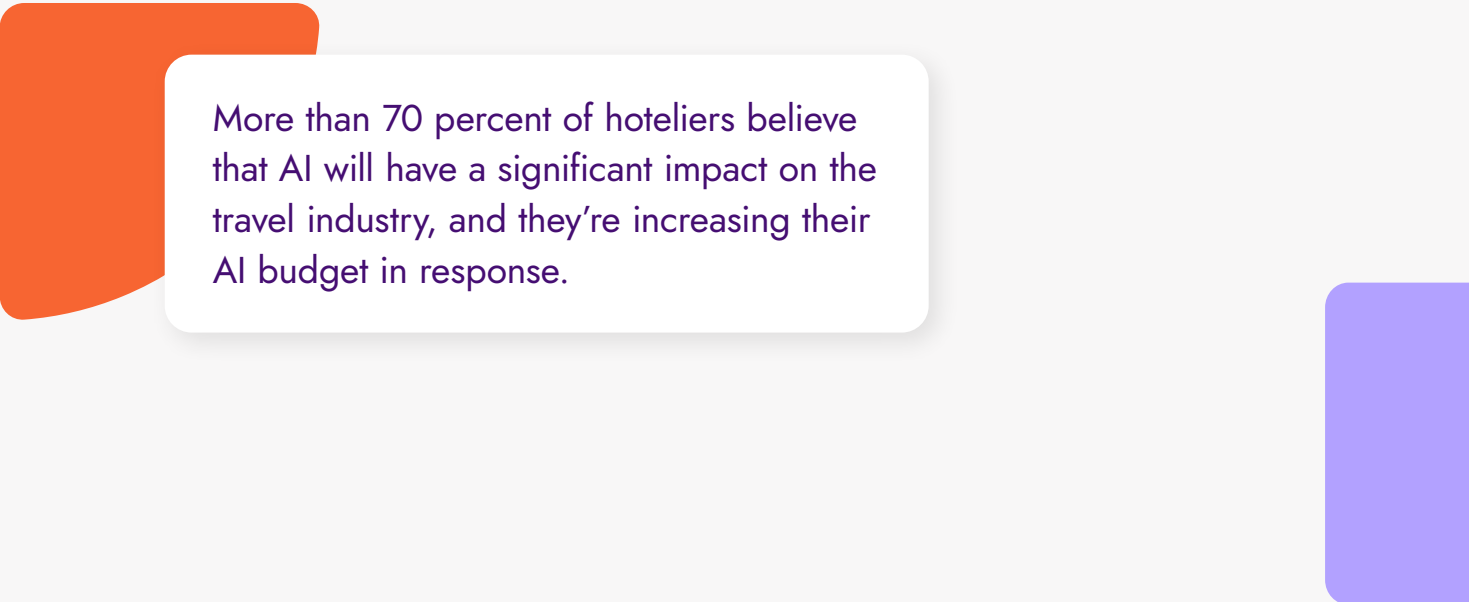
The goal of post-trip campaigns is to develop deeper relationships with customers and start inspiring ideas for their next destination. As Deloitte put it in the brand's guide to personalization and customer loyalty, ["personalized \(post-purchase campaigns\) reiterate a brand's commitment to customers."](#)

How AI supercharges 1:1 personalization

With the influx of new technologies allowing brands to personalize every step of a customer's life cycle, marketers have a chance to thrive or get left behind. Marketing technology evolves rapidly. Where it was once considered "personalization" to include a first name in an email, consumers now expect every interaction with a brand touchpoint to be tailored to their specific data, decision-making, and travel preferences. More than [70 percent of hoteliers](#) believe that AI will have a significant impact on the travel industry, and they're increasing their AI budget in response.

AI has rapidly evolved as an essential tool in a marketer's arsenal. As new technologies evolve alongside customer expectations, marketers can individualize every aspect of their travel and hospitality campaigns. AI decisioning helps marketers move beyond traditional personalization methods like "next best action" which finds "winners for segments" based on manual testing. AI decisioning leverages zero- and first-party data to find the best product, incentive, channel, message, creative, timing, and frequency for every customer every time.

Best of all, AI decisioning agents optimize the financial metrics that matter most to the marketer, such as customer lifetime value, incremental revenue, or revenue per trip. AI decisioning replaces manual testing, segmentation, and business rules with 1:1 personalization.



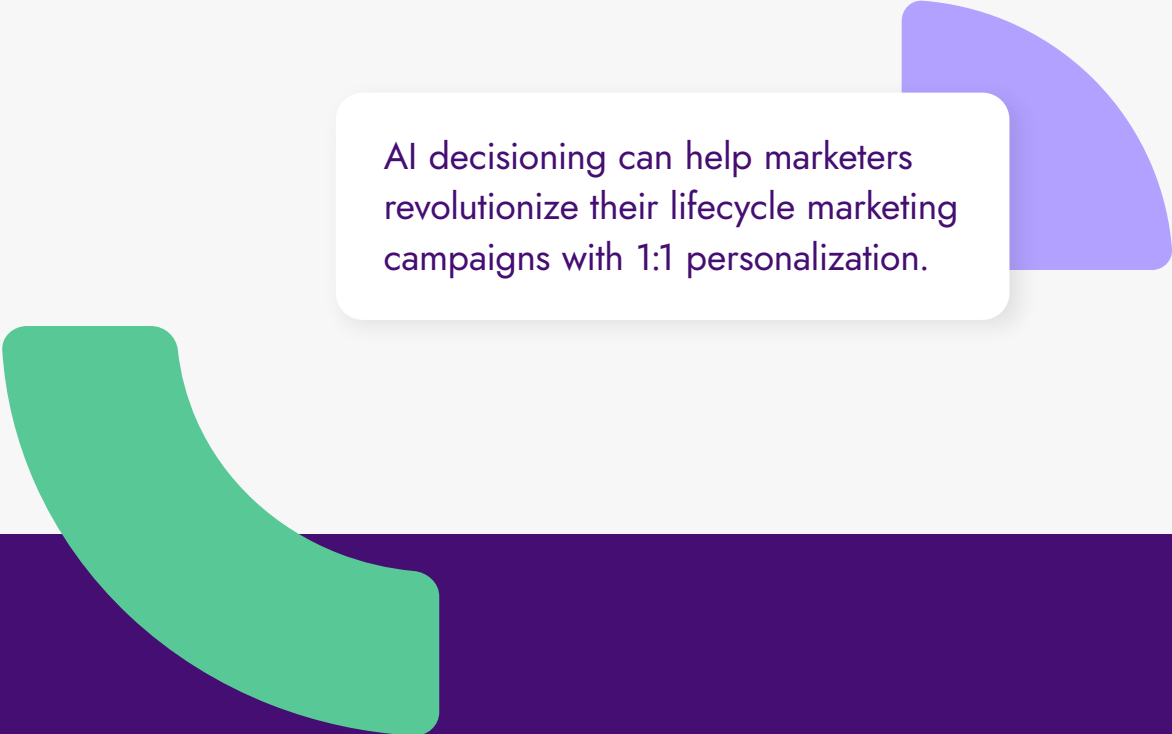
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Conclusion

Travel and hospitality marketers are seeing the best of times as the industry rebounds to pre-pandemic numbers. But loyalty metrics are steadily decreasing, with more travel consumers shopping around and less recommending loyalty programs. As younger generations begin to dominate the segment, the brands that can respond will be in the best position to capitalize on travel demand.

The modern consumer is either a digital native or has spent the majority of their lives online, where they have come to expect personalized marketing, algorithmic recommendations based on their data, and brands that respond to their individual desires.

AI decisioning can help marketers revolutionize their lifecycle marketing campaigns with 1:1 personalization. Motivations for travel are growing more complex, and segmentation alone can no longer predict customer behavior. The best way to capitalize on consumers' booming interest is to meet every customer with 1:1 personalization at all the touchpoints of their journey.



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About OfferFit

OfferFit is an AI Decisioning Engine for lifecycle marketers.

Our AI decisioning agents make 1:1 decisions on the optimal way to market to each individual customer. These agents start with a goal – a business KPI like incremental revenue or CLV – and a set of actions they are allowed to take -- options for channel, message, product, creative, time, day, and frequency of communication. The agents then use reinforcement learning (a type of machine learning) to make decisions for each customer, aiming to maximize the goal. AI decisioning agents autonomously experiment and continuously learn from every customer interaction. OfferFit works with top brands in telecom, energy, retail, travel, streaming video, and financial services, among others.



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