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**A STUDY ON THE ROLE OF ARTIFICIAL INTELLIGENCE IN ENHANCING ONLINE TRAVEL AGENCIES (OTAS)**

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**ABSTRACT:**

*The rapid integration of Artificial Intelligence (AI) technologies has significantly transformed the operational and service delivery models of Online Travel Agencies (OTAs). AI-driven tools such as recommendation systems, chatbots, dynamic pricing algorithms, and automated backend operations are increasingly being adopted to enhance platform efficiency and improve customer experience. This study examines the role of AI in enhancing OTA platforms by analysing its impact on operational efficiency, service personalization, and user satisfaction, while also identifying the limitations associated with AI adoption. The study is based exclusively on secondary data collected from scholarly articles, industry reports, and credible online sources. Using a qualitative analytical approach supported by conceptual frameworks such as SWOT analysis and user experience perspectives, the research evaluates key AI applications employed by OTAs. The findings indicate that AI technologies contribute significantly to personalized travel recommendations, real-time customer support, optimized pricing strategies, and efficient resource management, thereby improving customer convenience and platform responsiveness. However, the study also highlights critical challenges, including data privacy concerns, algorithmic bias, lack of transparency, and user trust issues, which may hinder the effective utilization of AI in OTA platforms. Furthermore, disparities in AI adoption between large and small OTAs raise concerns regarding technological accessibility and industry-wide inclusiveness. The study suggests that improving algorithm transparency, ensuring ethical AI practices, enhancing chatbot capabilities for complex problem resolution, and promoting collaborative industry standards can strengthen AI-enabled strategies in OTAs. Overall, the research provides valuable theoretical insights and practical implications for OTA managers, policymakers, and researchers, emphasizing the strategic role of AI in driving sustainable growth, competitive advantage, and enhanced user satisfaction in the digital travel ecosystem.*

**Keywords:** Artificial Intelligence, Online Travel Agencies, Customer Experience, Chatbots, Tourism Technology.

**1. INTRODUCTION:**

The rapid advancement of digital technology has significantly transformed the travel and tourism industry. Online Travel Agencies (OTAs) have emerged as important intermediaries that provide online platforms for booking flights, hotels, travel packages, and other travel-related services. With increasing competition and rising customer expectations for fast, personalized, and efficient services, OTAs are increasingly adopting advanced technologies to enhance their performance. Among these technologies, Artificial Intelligence (AI) has gained considerable importance for improving operational efficiency and customer experience in OTA platforms.

Artificial Intelligence (AI) is broadly defined as the ability of computer systems to perform tasks that normally require human intelligence, such as reasoning, learning, problem-solving, and decision-making. It is not a single technology but a multidisciplinary field that integrates computer science, mathematics, data analytics, and cognitive science. AI systems are designed to process large amounts of data, recognize patterns, and adapt their behaviour based on experience, much like human learning.

**The core techniques of AI include:**

- a) Machine learning (ML): algorithms that learn from historical data and improve predictions over time.
- b) Natural language processing (NLP): enables machines to understand, interpret, and respond to human language, forming the backbone of chatbots and voice assistants.
- c) Predictive analytics: uses statistical models and ai algorithms to forecast future trends, such as customer demand or travel behaviour.
- d) Computer vision: allows machines to interpret visual inputs, such as scanning identity documents or recognizing images.
- e) Sentiment Analysis: Extracts insights from customer reviews and feedback to measure satisfaction and improve services.

AI has become a transformative force across industries, and in the travel sector, it is reshaping how services are delivered, how customers interact with platforms, and how businesses optimize their operations. Therefore, the present study examines the role of artificial intelligence (AI) in enhancing online travel agency (OTA) platforms by analysing its impact on operational efficiency, service personalization, and user satisfaction, while also identifying the limitations and challenges associated with AI adoption.

## **2. REVIEW OF LITERATURE:**

- **Yihan Guo (2025)<sup>1</sup>**, in this paper “Research on AI-Enabling Strategies for OTA Platforms” Existing studies indicate that Artificial Intelligence (AI) improves operational efficiency and user experience in Online Travel Agency (OTA) platforms through personalization, dynamic pricing, and automation. However, research largely focuses on individual AI applications, with limited integrated analysis of AI-enabling strategies, ethical challenges, and adoption issues in small and medium OTAs. This gap necessitates a holistic study to evaluate both the benefits and limitations of AI technologies in OTA platforms and to propose strategic improvements for sustainable platform development.
- **Tomislav Car et al. (2024)<sup>2</sup>**, in their paper titled “Customer Preferences towards AI Functionalities in OTAs” Online Travel Agencies (OTAs) enable customers to book various travel services online and increasingly rely on Artificial Intelligence (AI) to enhance customer experience. AI functionalities in OTAs focus on personalization, optimization, advanced search, and chatbot services to improve customer satisfaction. The study adopts a three-phase research methodology, where key AI functionalities influencing travel experience were first identified. It applied discrete and continuous analyses to assess customer satisfaction levels and evaluate the impact of AI functionalities.
- **Nurul Mohammad S. et al. (2023)<sup>3</sup>**, in their paper titled “Exploring User Acceptance, Experience and Satisfaction towards Chatbots in an Online Travel Agency (OTA)” the existing studies show that AI-enabled chatbots are increasingly used in Online Travel Agencies (OTAs) to improve frontline customer services, with user experience playing a key role in their success. Research based on the Technology Acceptance Model highlights factors such as perceived ease of use, perceived playfulness, and perceived usefulness as important determinants of user satisfaction. However, limited attention has been given to users’ reactions to chatbot services specifically in OTA platforms, and there is a lack of comprehensive studies examining how these AI functionalities influence overall operational efficiency and long-term user trust. This gap indicates the need for further research focusing on chatbot effectiveness and user experience within OTA contexts.

## **3. OBJECTIVE OF THE STUDY:**

**The objectives of the study are as follows:**

- 3.1. To study overview of the AI technologies utilised by OTAs in their service.
- 3.2. To evaluate the role of AI in enhancing the operations and consumer experience of OTAs.

## **4. RESEARCH METHODOLOGY OF THE STUDY:**

The present study is based on secondary sources only. The secondary data has been gathered from sources such as the Internet, reference Books, Newspapers, Journals etc.

## **5. AI TECH & OTA**

### **5.1. AI Techniques utilised in OTAs :**

The study reveals that Online Travel Agencies increasingly rely on a combination of advanced Artificial Intelligence techniques to enhance service delivery and platform efficiency. Machine learning algorithms are extensively used to analyse customer data and generate personalized recommendations for flights, accommodation, and travel packages, thereby improving user engagement and conversion rates. AI-powered chatbots and virtual assistants play a significant role in handling customer queries, managing bookings, and providing real-time assistance, which reduces dependency on human agents and improves service availability. Dynamic pricing algorithms enable OTAs to respond effectively to market fluctuations by adjusting prices based on demand, seasonality, and user behaviour, contributing to improved revenue optimization. Natural Language Processing enhances search functionality and allows OTAs to better interpret customer intent, while predictive analytics supports demand forecasting and inventory management. Additionally, AI-driven fraud detection systems strengthen transaction security and minimize financial risks, thereby increasing user trust in OTA platforms.

## **5.2. Role of AI in OTAs:**

The findings indicate that Artificial Intelligence plays a strategic role in enhancing both the operational performance and consumer experience of Online Travel Agencies. From an operational perspective, AI enables process automation, reduces manual intervention, and improves decision-making accuracy, leading to greater efficiency and cost reduction. From a consumer perspective, AI-driven personalization, faster response times, and seamless booking processes significantly enhance user satisfaction and loyalty. Moreover, AI-supported pricing strategies and demand forecasting improve resource allocation and market responsiveness, allowing OTAs to remain competitive in a dynamic digital environment. Overall, the study concludes that the effective integration of AI not only strengthens service quality and operational efficiency but also supports the long-term sustainability and growth of OTA platforms.

## **5.3. How AI Works in Online Travel Agencies (OTAs)?**

Online Travel Agencies (OTAs) such as Expedia, Booking.com, MakeMyTrip, and Trip.com have embraced AI to remain competitive in a digital-first marketplace. AI is embedded in multiple layers of OTA operations, from customer-facing interfaces to back-end systems.

### **5.3.1 Personalized Recommendations**

AI analyses user data such as search history, booking patterns, and preferences to suggest tailored travel packages, hotels, or flights. Recommendation systems powered by machine learning increase customer satisfaction and conversion rates by offering relevant options.

### **5.3.2 Conversational AI and Chatbots**

NLP-driven chatbots provide 24/7 customer support, answering queries, assisting with bookings, and resolving issues instantly. These systems reduce response times, improve accessibility, and lower operational costs by deflecting routine inquiries from human agents.

### **5.3.3 Dynamic Pricing and Revenue Management**

AI algorithms continuously monitor demand, seasonality, competitor pricing, and market conditions to adjust prices in real time. This ensures competitive offers for customers while maximizing revenue for OTAs.

### **5.3.4 Automated Booking and Itinerary Creation**

AI streamlines the booking process by auto-filling details, suggesting itineraries, and managing cancellations or rescheduling. Predictive analytics can even anticipate customer needs, offering proactive suggestions for accommodations, transport, or activities.

### **5.3.5 Fraud Detection and Security**

AI systems monitor transactions to detect anomalies, unusual patterns, or suspicious activities. Computer vision and biometric verification enhance security by validating identity documents during booking or check-in.

### **5.3.6 Sentiment Analysis and Feedback Management**

AI evaluates customer reviews and feedback to identify satisfaction levels and pain points. This helps OTAs refine their services, improve customer trust, and respond proactively to negative experiences.

### **5.3.7 Operational Efficiency**

AI automates repetitive tasks such as ticket issuance, refund processing, and customer notifications. This reduces manual errors, speeds up workflows, and allows human staff to focus on complex problem-solving.

## **6. DISCUSSION AND FINDINGS:**

The findings of the study clearly indicate that Artificial Intelligence (AI) has become a strategic enabler for Online Travel Agencies (OTAs), influencing both operational efficiency and customer experience. AI techniques such as recommendation systems, chatbots, dynamic pricing, and automated backend operations have transformed the way OTAs interact with users and manage internal processes. Consistent with earlier studies, AI-driven personalization allows OTAs to analyse large volumes of customer data, including browsing history, preferences, and past bookings, to offer tailored travel recommendations, thereby enhancing customer satisfaction and engagement. This confirms that personalization remains one of the most impactful AI applications in the online travel ecosystem.

The study also highlights the growing importance of AI-powered chatbots in improving customer service efficiency. Chatbots enable OTAs to provide 24/7 assistance, handle routine queries, and reduce response time, leading to improved user experience and lower operational costs. However, the findings suggest that while chatbots are effective for basic interactions, their limited ability to handle complex or emotionally sensitive issues continues to be a challenge, which may affect overall user trust and satisfaction.

Dynamic pricing mechanisms supported by AI play a crucial role in optimizing revenue management by adjusting prices in real time based on demand, seasonality, and competitor behaviour. Although this enhances market responsiveness and profitability for OTAs, the study reveals that a lack of pricing transparency may lead to perceptions of unfairness among users, highlighting the need for ethical and user-friendly pricing strategies.

Furthermore, AI-enabled backend automation significantly improves operational efficiency by streamlining inventory management, fraud detection, and demand forecasting. Despite these advantages, the study identifies critical concerns related to data privacy, algorithmic bias, and unequal access to advanced AI technologies, particularly for small and medium-sized OTA platforms. Overall, the discussion underscores the necessity for balanced AI adoption, combining technological innovation with transparency, ethical considerations, and user-centric design to ensure sustainable growth and long-term trust in OTA platforms.

## **7. CONCLUSION:**

The study concludes that Artificial Intelligence (AI) plays a transformative role in enhancing the operational efficiency and user experience of Online Travel Agency (OTA) platforms. Based on the analysis of secondary data, it is evident that AI technologies such as machine learning-based recommendation systems, chatbots, dynamic pricing algorithms, predictive analytics, and automated backend operations significantly improve personalization, service responsiveness, and resource optimization. AI-driven solutions enable OTAs to better understand customer preferences, forecast demand accurately, and respond quickly to market changes, thereby strengthening competitiveness in the digital travel ecosystem.

However, the study also identifies several limitations associated with the adoption of AI in OTAs. Issues related to data privacy, algorithmic bias, lack of pricing transparency, and limited user trust pose challenges to the effective implementation of AI technologies. Furthermore, smaller and medium-sized OTA platforms face constraints in adopting advanced AI systems due to high costs and technological complexity. Overall, while AI offers substantial benefits to OTA platforms, its successful integration requires a balanced approach that addresses ethical, technical, and user-centric concerns to ensure sustainable growth and long-term customer satisfaction.

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