Skift RESEARCH + McKinsey & Company

REMAPPING TRAVEL WITH AGENTIC AI

Table of Contents

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Introduction

Agentic AI could upend the travel industry. Travel and hospitality organizations should explore how agentic can help catalyze AI's transformative potential.

The travel industry has been no stranger to tech upheaval. Tectonic shifts over the past several decades have changed the ways that we plan, book, and experience our journeys—while also disrupting the companies that help bring those journeys to life.

While some tech innovations create clear and capturable opportunities for travel industry growth, others offer tantalizing potential that bumps up against real-world challenges. With the arrival of each successive tech trend, industry stakeholders are forced to ask some questions: Will this flashy invention bring delight to travelers and deliver ROI to travel companies? Or will it burn time, money, and effort while generating little in the way of concrete results?

Consider gen AI, a heralded technology that has garnered considerable attention from investors, executives, and boardrooms. Within two months of ChatGPT ushering gen AI into the public consciousness in 2022, the software had already attracted more than 100 million users. But a few years later, gen AI's significance for most corporations remains undetermined: McKinsey research indicates that 78 percent of companies report using gen AI, yet more than 80 percent of companies have seen no material contribution to earnings from their gen AI initiatives. This suggests that there continues to be great enthusiasm about what the technology can do and great uncertainty about how best to extract value from it.

Agentic AI is the buzziest new tech tool on the scene, and it offers thrilling capabilities. While gen AI mostly functions as an adviser by providing well-informed counsel, agentic AI can function more as a direct report by accomplishing tasks. It has the agency to make decisions and then autonomously act on them. It can identify problems, find fixes, and apply solutions all on its own. It's smart and tireless, a self-starter and go-getter, requiring only limited human oversight. Perhaps most important: Agentic AI can serve as an interface that could help companies harness the full power of AI.

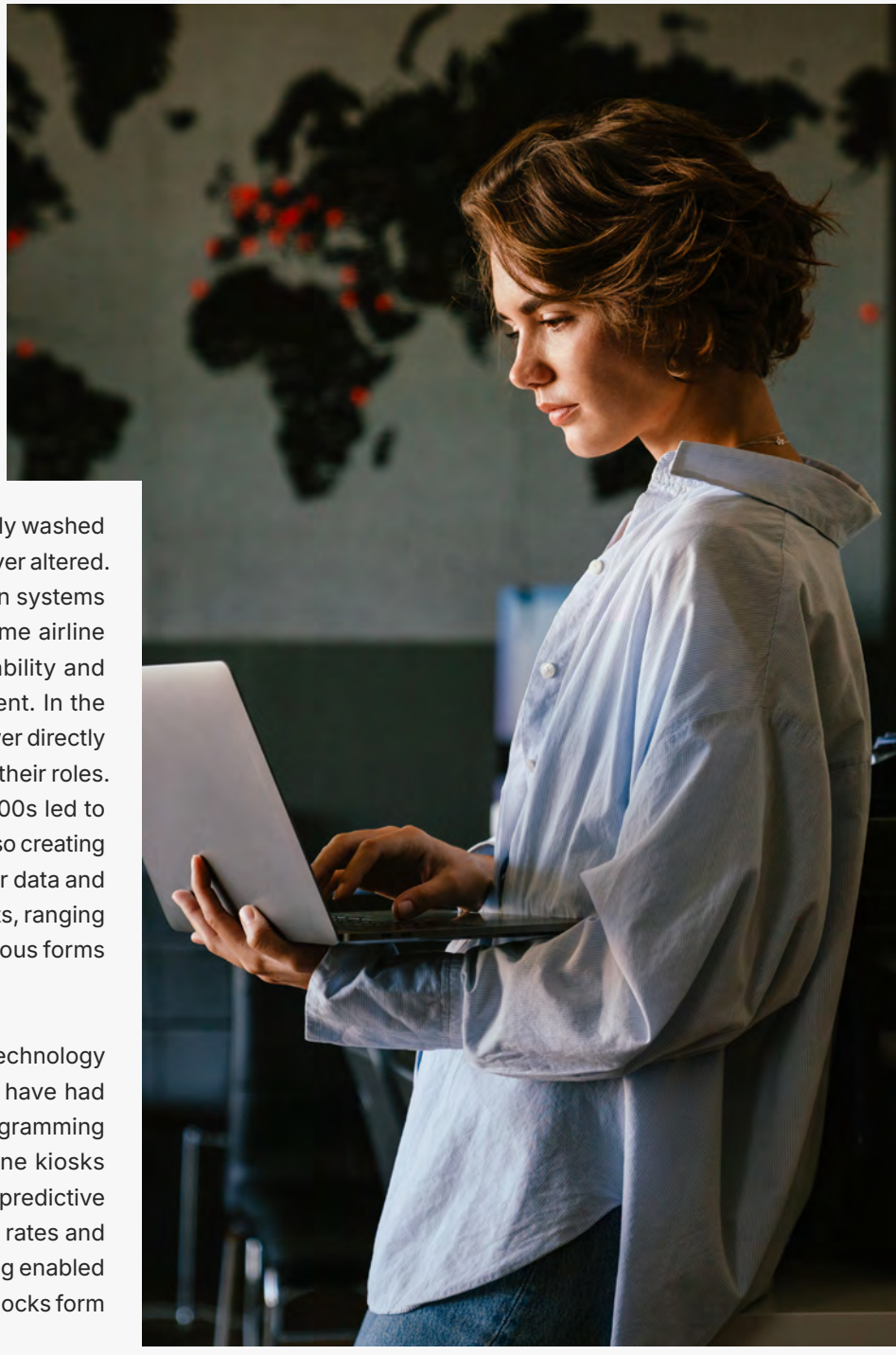
Agentic systems could hold the keys that at last unlock the AI-fueled productivity and efficiency gains that have so far proved elusive for many organizations. Agentic AI makes possible true process reinvention, not just task automation, by embedding agents across complex vertical workflows and function-specific use cases. It can boost speed, personalization, and resilience while opening new revenue streams.

Given the tremendous potential of agentic AI, travel and hospitality companies are beginning to experiment with it. But to realize the technology's full impact, organizations will need to create new AI strategies, governance, and infrastructure—altering core business processes and ways of working. Companies will have to shift from scattered pilots to enterprise-scale transformations architected by cross-functional teams and championed by deeply engaged C-suite leaders.

What does the travel industry need to know as it ponders going all in on agentic AI? How suited is this technology to the unique dynamics of the travel sector? Which consumer- and non-consumer-facing use cases could offer travel and hospitality players the most ROI in the near term and over the long haul? How can organizations integrate agentic AI in ways that will allow it to deliver maximum benefit to companies, workers, and consumers?

This report, a collaboration between McKinsey and Skift, examines the potential for agentic AI to unleash the full value of AI in travel. Based on analysis incorporating surveys of 1,002 travelers and 86 travel executives, the report traces the digital prologue that brought the industry to this moment, details agentic AI's transformative capabilities for both travelers and travel companies, and provides a blueprint for travel and hospitality leaders who are eager to accelerate their organizations' agentic AI initiatives. ‹

AI's growing but not fully realized role in travel



Waves of new technology have periodically washed over the travel landscape, leaving it forever altered. In the 1960s and '70s, global distribution systems made it possible for travel agents to access real-time airline inventory and fares, thereby enabling global scalability and boosting the growth of corporate travel management. In the 1990s, online travel agencies extended that same power directly to consumers, forcing many travel agents to reframe their roles. The widespread adoption of smartphones in the 2000s led to more on-the-go decision-making for travelers while also creating new opportunities for travel companies to gather user data and push out targeted offers. Other ongoing developments, ranging from autonomous taxis to room service robots to various forms of AI, continue to reshape the industry.

In recent years, AI has opened new horizons. The technology builds on modern digital advances, many of which have had direct effects on the travel sector. Deterministic programming language laid the groundwork for self-service airline kiosks that automate the check-in process. Diagnostic and predictive analytics have allowed hotels to track room turnover rates and airlines to anticipate weather delays. Machine learning enabled dynamic pricing of tickets and stays. These building blocks form the foundation that AI is constructed on.

Exhibit 1

Advances in digital technology have transformed the travel industry in the last ~75 years

★ Newest wave of the evolution

1950

Digitization of services and workflows

1960 – 1970

Transition from analog to digital systems

Early Global Distribution System platforms allowed airlines to **manage bookings digitally**

Rule-based and process automation

2000 – 2010

Implementation of deterministic programming logic

Airlines began to roll out **self-service kiosks** to help automate the check-in process

Descriptive and diagnostic analytics

2010 – 2015

Harnessing big data to understand causal inferences

Hotels began **tracking room turnover rates** to improve guest readiness times and staff utilization

Predictive and prescriptive analytics

2010 – 2020

Forecasting outcomes using advanced statistics

Detailed weather forecasts allow airlines to **more accurately predict delays, saving millions of dollars per year**

2025 ★

Agentic AI

2024 – pres.

Autonomous systems that plan and act toward goals

Generative AI

2022 – pres.

AI that creates novel text and image content

Prominent OTAs have integrated GenAI directly into mobile apps to assist with travel planning and booking

Machine learning

2012 – 2020

Systems that use patterns in data to improve prediction and classification

Large hotel chains began to **price hotel rooms dynamically, continuously updating demand forecasts** and adjusting offerings accordingly

1. IBM and American Airlines | 2. Schipol Airport and KLM | 3. E.g., Starwood Hotels | 4. E.g., Tomorrow.io and JetBlue | 5. E.g., Medallia and Hilton | 6. E.g., Expedia

AI's increasing travel industry presence

AI has seen accelerating adoption in the travel industry. Only about 4 percent of companies in the Skift Travel 200 (a subset of the largest publicly traded travel companies in the world) mentioned some form of AI in their 2022 annual reports. By 2024, that had risen to 35 percent.

Meanwhile, AI-based travel start-ups are attracting a surge of venture capital interest. In 2023, according to Skift tracking, only about 10 percent of travel-industry-related venture capital funding went to travel start-ups that provided AI-enabled offerings. By the first half of 2025, that figure was 45 percent. "At least 70 percent of our portfolio is using AI," says Kurien Jacob, managing director at Highgate Technology Ventures, a travel-focused investment outfit. "It's getting used in operations, in engineering, in product, and now it's being brought to customers."

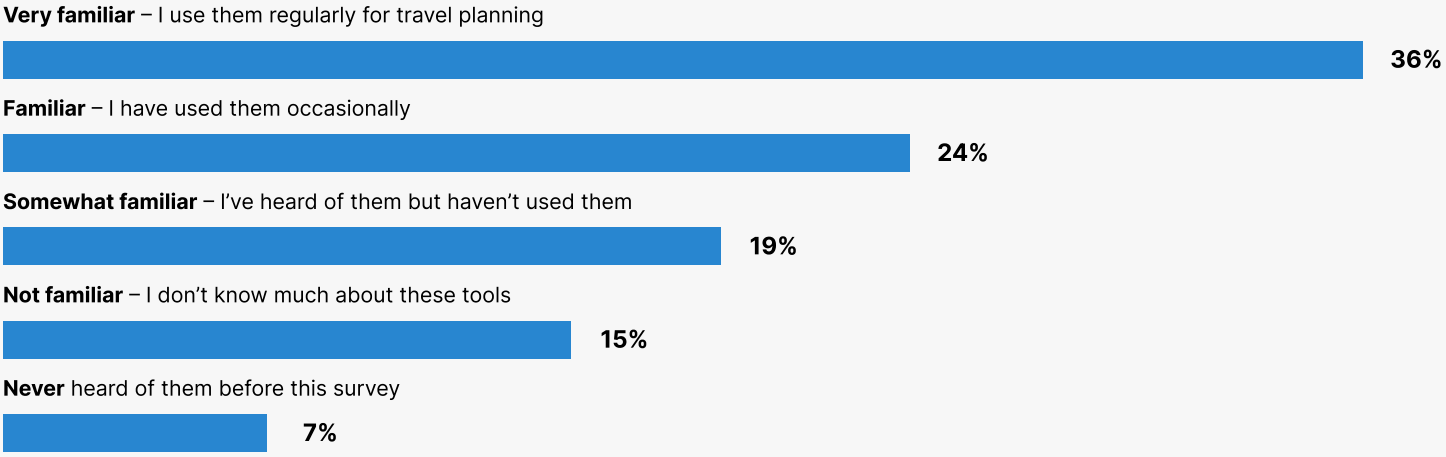
Some travel and hospitality companies seem excited about the opportunities that AI is presenting. In a survey of 86 mostly US-based travel executives conducted for this report, 26 percent of respondents say that introducing AI to their organizations has led to cost reductions in operations, 30 percent say that it's aiding faster decision-making, 33 percent say that it's improving customer personalization, 36 percent say that it's enabling higher-quality outputs, and 59 percent say that it's increasing employee productivity. A majority of respondents indicate that adopting AI in their organizations has resulted, over the past three years, in more than 6 percent annual revenue growth and more than 6 percent annual cost savings. (It's important to distinguish the broader definition of the term "AI" and the capabilities that it encompasses from the narrower definition implied by the term "gen AI.")

"In some ways, it's impossible to track the absolute bottom-line impact, but there's no doubt we are seeing really positive customer and business outcomes from AI," says Alex McGowan, chief operations and service delivery officer for Cathay Pacific Airways. "For example, we had a recent typhoon that shut down flights from 5:00 a.m. until 6:00 p.m., with more than 200 flights stopped during that period. Using AI and augmented-decision-making tools, we were able to rebuild our schedule in roughly two hours, when historically—using whiteboards and spreadsheets—it would have probably taken eight to ten hours and been much less precise."

Travel consumers are also becoming more comfortable with AI and are increasingly exposed to AI tools that can enhance travel experiences. In the June 2025 Skift US Travel Tracker Survey (which collected responses from more than 1,000 US travelers), more than half of respondents report having used AI-based planning tools for travel. And in just the past year, use of ChatGPT for travel planning has increased considerably.

Exhibit 2

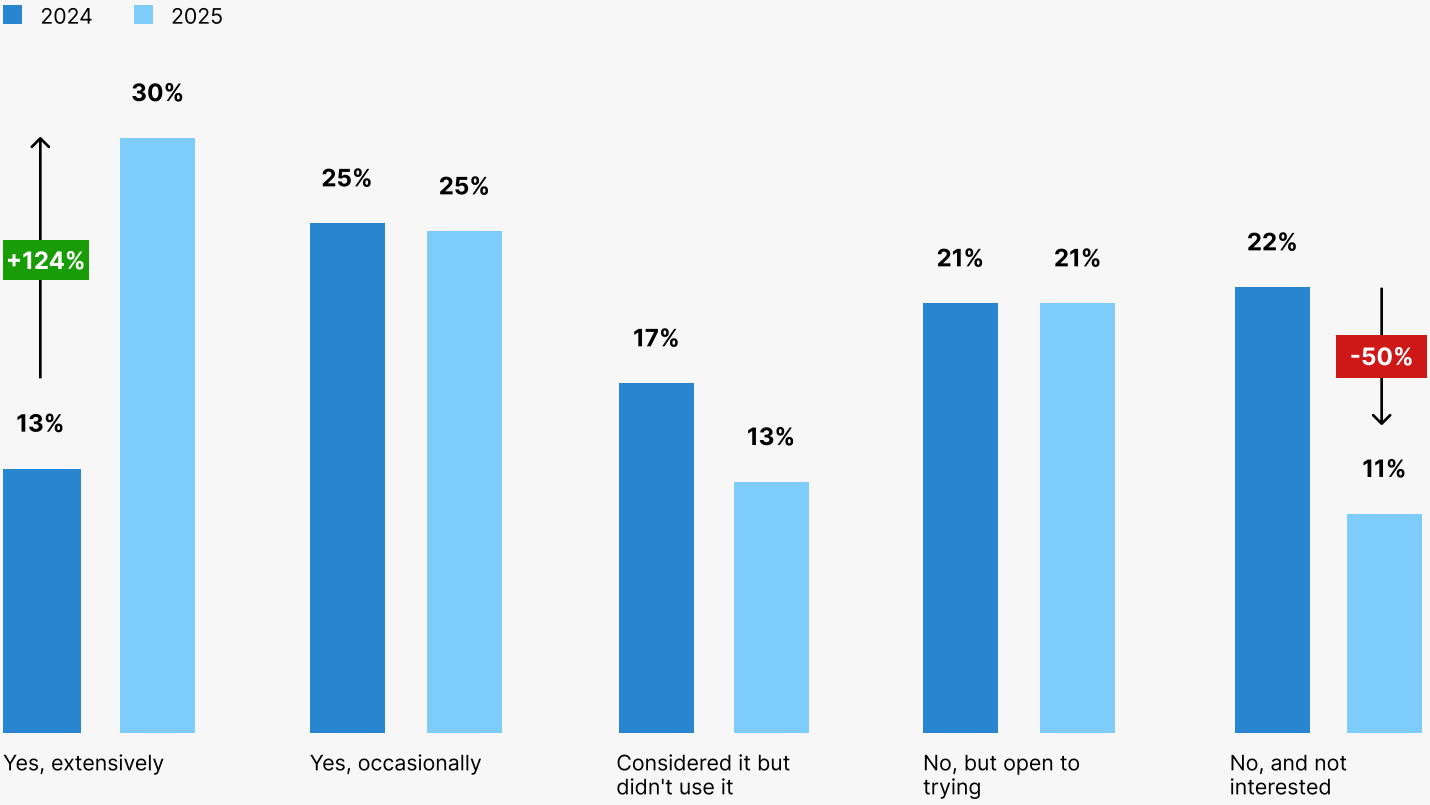
How familiar are you with AI-based travel planning tools (e.g., ChatGPT, GuideGeek, TripGen)?



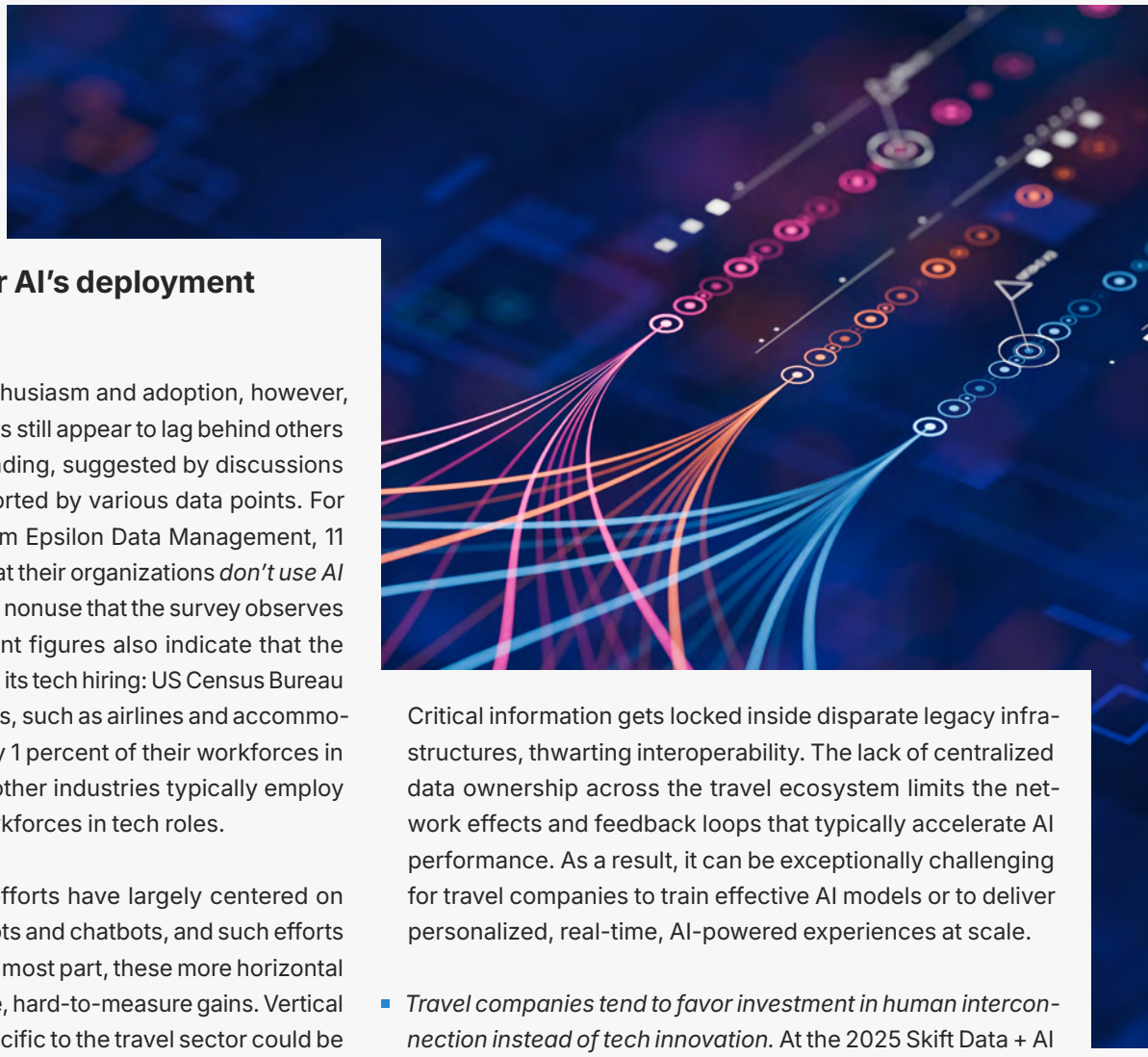
Source: US Travel Tracker Survey, conducted between June 3, 2025, and July 5, 2025, (N = 1002)

Exhibit 3

Have you used ChatGPT or a similar AI-based app to assist in planning any aspect of your trip?



Source: US Travel Tracker Survey, conducted between June 3, 2025, and July 5, 2025, (N = 1002)



Challenges that hinder AI's deployment in travel

Despite all this burgeoning enthusiasm and adoption, however, the travel and hospitality sectors still appear to lag behind others in terms of AI maturity. This finding, suggested by discussions with industry leaders, is supported by various data points. For instance, in a 2025 survey from Epsilon Data Management, 11 percent of travel leaders say that their organizations *don't use AI at all*—almost double the rate of nonuse that the survey observes in other industries. Employment figures also indicate that the travel industry hasn't ramped up its tech hiring: US Census Bureau data reveals that travel suppliers, such as airlines and accommodation companies, employ only 1 percent of their workforces in tech roles, and companies in other industries typically employ closer to 4 percent of their workforces in tech roles.

Travel companies' AI-based efforts have largely centered on creating enterprise-wide copilots and chatbots, and such efforts have scaled quickly. But for the most part, these more horizontal initiatives have delivered diffuse, hard-to-measure gains. Vertical use cases that are function specific to the travel sector could be more transformative, but the vast majority of these more focused experiments have remained stuck in pilot mode.

Why has the travel industry faced challenges as it attempts to dive deeper into AI? Two possibilities emerge as central stumbling blocks:

- *Siloed data and incompatible systems make using AI more difficult.* The travel industry (and especially hospitality) is highly fragmented, cobbled together in part from countless small to medium-size businesses spread across nearly every country. This leads to siloed data that's inconsistent in its parameters and difficult to unify. A single consumer could interact with more than 100 different travel platforms or services in just one year. Likewise, one travel company could have data about a single customer lodged within a dozen different outdated data systems.

  Critical information gets locked inside disparate legacy infrastructures, thwarting interoperability. The lack of centralized data ownership across the travel ecosystem limits the network effects and feedback loops that typically accelerate AI performance. As a result, it can be exceptionally challenging for travel companies to train effective AI models or to deliver personalized, real-time, AI-powered experiences at scale.

- *Travel companies tend to favor investment in human interconnection instead of tech innovation.* At the 2025 Skift Data + AI Summit, Chris Silcock, president of global brands and commercial services for Hilton, said, "It's not an unfair suggestion that hotels have been behind the curve in terms of AI adoption. It's because we have been so focused on the experience—the human-to-human interaction."

  Some of the travel sector's wariness regarding AI might be attributed to the industry's general view that it specializes in service, not technology. New tech capabilities are often seen as enablers but not as core business components. As a result, tech talent and tech investment can lag behind.

The good news is that a new wave of tech advancement could address both concerns. It could help the sector to overcome many data hurdles and strengthen some of the human elements of travel—while also unlocking important use cases and efficiency improvements. ‹

Agentic: The next chapter in AI's evolution

In just the time since the publication of the 2023 McKinsey and Skift report on AI in travel, there have been some remarkable AI innovations. Perhaps chief among these is the advent of agentic AI, a cutting-edge technology poised to revolutionize the travel industry. A few features distinguish agentic AI from previous forms of AI (including gen AI):

- Agentic AI can *autonomously make decisions and take the initiative* to accomplish goals, using multistep reasoning while undertaking complex actions.
- To execute tasks, agentic AI can *call on external tools, APIs, and systems.*
- Agentic AI *can store and recall long-term, structured memories* that track context, progress, and user preferences, allowing it to deeply personalize its responses and to handle requests spread across multiple sessions.

While gen AI has mostly played a reactive, advisory role—answering research questions and offering helpful suggestions when specifically prompted to do so—agentic AI takes a far more proactive posture. An AI agent can carry out a complicated task end to end and can even direct teams of other AI agents to work together on the project. Agentic can monitor a situation, understand on its own when intervention is necessary, and then develop a responsive plan and enact it with little human involvement. It can also remember who someone is and what they've needed in the past and then incorporate that understanding into the present.

Exhibit 4

Agentic AI elevates existing AI technologies

Non-exhaustive

Level ● High ○ Low

Technology evolution over time →

	Traditional AI	GenAI	Agentic AI
Primary function	Executes predefined rules and models to **analyze data** within fixed parameters	**Creates human-like content, predictions, or insights** based on learned patterns	**Autonomously decides, adapts, and acts** with minimal human input
Decision- making process	**Deterministic** - if-then logic, ML models	**Pattern-based** - predicts trends, generates reports	**Goal-oriented** - plans, reasons, and makes autonomous decisions
Adaptability	○ Requires manual updates	◑ Learns patterns but lacks independent action	● Adapts to changing supply chain conditions in real-time
Memory & Learning	○ Static - relies on historical data updates	◑ Context-session aware but lacks long-term memory (if not designed explicitly for it)	● Retains, learns and improves from past interactions
Multi-systems integration	○ Static – relies on predefined data connections	◑ Context-aware but lacks long-term system interoperability	● Integrates and orchestrates systems in real-time (eliminating costly integrations as EDI)
Human involvement	● Rules set by humans	◑ Relies on user prompts, assists with creative problem-solving	○ Acts independently, adjusting strategies dynamically
SC use cases examples	• Demand forecasting with historical data • Route optimization for flights • Room and inventory management automation	• AI-generated reports on travel risks • Scenario simulations for demand planning • Automated supplier communication drafting	• Full travel process orchestration • Real-time rerouting in case of disruptions • Self-adjusting inventory, procurement, and logistics strategies

Agentic AI's capabilities could enable exciting new possibilities in almost any sector. But why is agentic AI especially suited to disrupting the travel industry?

- Unlike traditional automation tools that can only access structured APIs, agentic AI can navigate user interfaces directly, clicking through websites and legacy systems much as a human would. This enables the integration of information in fragmented situations that previous technologies simply couldn't handle. By acting as connective tissue in this way, agentic AI can retrieve or update data across silos, perform multistep workflows, and, importantly, save humans from doing tedious interpretations between disconnected systems. "In travel, you have all these systems that don't talk to each other," says Marilyn Markham, vice president of engineering and AI strategy at American Express Global Business Travel (Amex GBT). "Humans can sometimes feel like they're having to spend time acting as 'middleware' that call on the various applications and transfer results from one over to the next. We want to free our teams to focus on complex customer queries, and on more valuable tasks."

- Agentic AI tends to shine in situations that depend on retrieving and reasoning across two different types of data sources: structured data sources (such as flight schedules, pricing tiers, and booking records) that are vital for executing actions and unstructured data sources (such as support transcripts, customer reviews, and travel blogs) that are crucial for understanding nuanced context, preferences, and sentiment. This is a frequently seen blend of components in the travel industry, and agentic AI can effortlessly combine these disparate elements because it can access both types of data dynamically, interpret them in real time, and act accordingly. This can allow end-to-end personalization, decision-making, and automation at scale.

- The ideal agentic use case has a clear objective that can only be accomplished by using open-ended, multistep reasoning and decision-making. Many travel industry use cases fall into this category. Few objectives, for example, are clearer than returning a stranded traveler back home. To manage a disrupted travel itinerary, however—replete with a canceled flight, unexpected delay, and sudden need for accommodation—can require multistep coordination across a variety of channels. Agentic AI, in its fully realized form, could rebook the flight, extend the hotel reservation, cancel the car pickup, and update all billing.

- Agentic AI thrives when presented with a high volume of tasks that are generally repetitive in basic structure but still require personalization based on individual context or user-specific data. Many workflows in travel and hospitality—for instance, booking London-to-New York trips for partners of a law firm with headquarters located in both cities—follow a consistent pattern and don't need to be completely reinvented each time, yet they also can't be sufficiently handled using a one-size-fits-all approach.

Consider the hypothetical example of Sally, a London partner at a global law firm who needs to fly to New York to meet with colleagues. Hundreds of partners have made this same trip before her, all following the same route booked against the same set of company travel policies. Sally, however, has a few specialized requirements: She can't walk long distances and needs assistance at the airport to get to her gate, she prefers sitting in an aisle airplane seat where she has more elbow room to work, she always uses the same airline for flights to the United States to gain loyalty points, she likes hotel rooms with two queen beds for more space, and she avoids hotel rooms on top floors due to her fear of heights.

Agentic systems are well equipped to deliver a trip such as this, basing their actions on information derived from customer interactions that require adaptive, high-touch engagement. Agentic AI can connect fragmented systems, combine structured and unstructured data, tweak a repetitive task based on context, and navigate the travel industry maze to achieve all of Sally's objectives. When fully developed and deployed, agentic AI could create a personalized itinerary for Sally that tailors the trip to preferences she mentions in a chat session, incorporates preferences remembered from previous chats or gleaned from other data sources, reflects updated information and feedback from more recent trips taken by other law firm partners, and aligns with her firm's latest policies. Agentic could then seamlessly coordinate across multiple booking systems to ensure that Sally's entire trip could be reserved at the press of a button.

But consumer-facing use cases aren't the only travel industry situations in which agentic AI could thrive. It could also be applied to internal workflows. Consider the hypothetical example of Miles, a housekeeping manager at a large hotel who juggles staff scheduling, room readiness, and unexpected guest requests. Heading into a weekend with a large Saturday night wedding planned, Miles is concerned about keeping things running without a hitch.

If a hotel has implemented an agentic AI system, that system could autonomously anticipate a spike in late-checkout requests based on both structured data (such as patterns of guests in previous reserved wedding blocks who've requested late checkouts) and unstructured data (such as incoming feedback from current guests). An AI agent could suggest optimized staffing shifts and coverage for Miles to approve, set up contingency plans for late checkouts, and establish coordination with the hotel's booking system, room status database, and payroll software. On the day of the wedding, as guest requests roll in, the AI agent could dynamically reroute housekeeping staff to priority rooms and stagger shift transitions to meet conditions on the ground. Miles would be freed from the burden of constant micromanaging, and both staff and guests could benefit from a smoother experience.

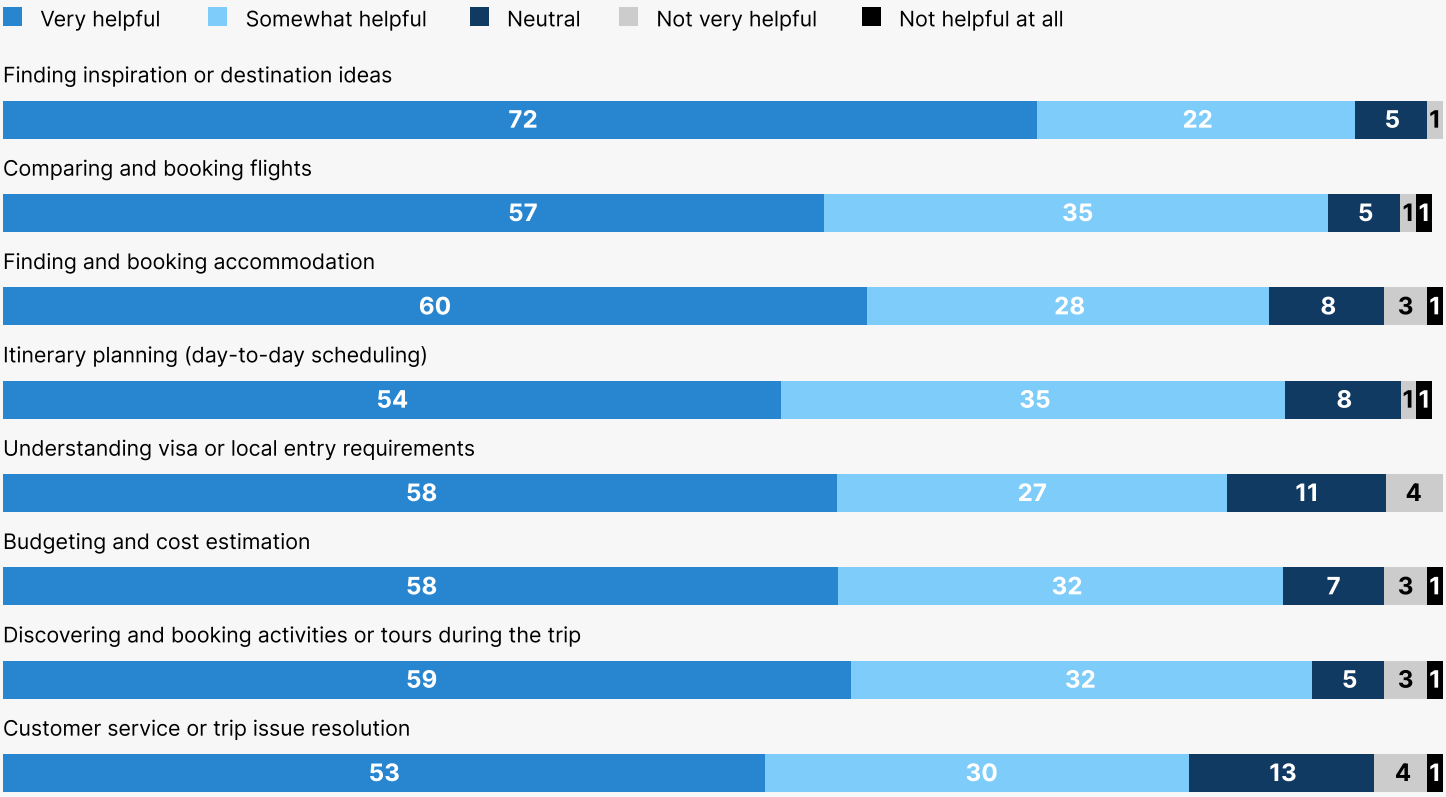
By taking over some duties and connecting systems that don't always properly mesh, agentic AI can allow workers to focus on being true counselors to their customers and colleagues. Workers can spend less time wrestling with frustrating tools and more time understanding needs, curating experiences, and resolving anomalous exceptions. "When we think about hospitality," says Breno Helfstein Moura, head of hospitality at Palantir Technologies, "ordinary tasks that previously required substantial time and effort will now be completed almost instantaneously. Humans will have more time for extraordinary, more people-focused tasks." ‹

The agentic-AI-powered future of customer experience in travel

As customers have developed greater familiarity with AI-based tools, their trust in those tools has increased. More than 90 percent of customers report some confidence in the accuracy of travel information that they receive through AI. It's worth noting, however, that consumers tend to express more comfort with using currently available AI tools to brainstorm in open-ended ways (such as finding inspiration or destination ideas) than with using these tools in more high-stakes situations (such as understanding visa requirements and resolving customer service issues).

Exhibit 5

How helpful do you find AI tools for each of the following travel planning components?



Source: US Travel Tracker Survey, conducted between June 3, 2025, and July 5, 2025, (N = 1002)

This wariness is understandable, especially given the pervasive reports of hallucinations occurring in gen AI output. Only 2 percent of respondents in Skift's State of Travel 2025 report say that they're currently willing to give an AI tool full autonomy to "take the wheel"—to make and modify travel bookings without human oversight. Travel companies will need to work to build consumer trust in tech capabilities.

This is a place where agentic AI could potentially make a meaningful difference. It can detangle the more specific, thornier issues that gen AI is unable to handle. And the technology could go a step further by resolving issues on its own instead of merely suggesting solutions.

There's in fact strong demand for a future AI-powered travel assistant that could competently and reliably act on its own. Nearly 70 percent of consumers express interest in using a digital assistant that could successfully book or manage an entire trip for them. And there are indications that this capability could be differentiating for travel companies: More than 60 percent of consumers say that they'd be more likely to choose a company that uses AI-powered travel assistants capable of, for instance, booking and managing trips than one that doesn't.

Exhibit 6

How much more likely are you to choose a travel company that uses advanced AI tools (e.g., travel assistant that books or manages your trip) to enhance your experience over one that does not?

Source: US Travel Tracker Survey, conducted between June 3, 2025, and July 5, 2025, (N = 1002)

Agentic AI could revolutionize the way that consumers experience the travel-planning-and-booking process. Consider the hypothetical example of James, a frequent flyer who has long dreamed of enjoying a weeklong stay at an over-the-water bungalow in the Maldives. The preagentic process for planning such a trip can involve hours of searching through blogs and videos, comparing resort options, coordinating with a travel agent, and navigating various loyalty programs to understand point redemptions—while also keeping dietary restrictions in mind and checking when peak holiday pricing periods occur. Gen AI could make suggestions in response to one-off prompts from James, but its assistance would end there. And even as James closes in on a final itinerary, last-minute changes (such as losing reward seat availability) could force him to restart this entire process from scratch.

Using agentic AI, James' trip-planning experience could look dramatically different. While scrolling through social media, he might stop on a video of a Maldives resort. His agentic AI travel assistant could recognize his interest, identify his prescheduled vacation days, remember his travel preferences, sort out his loyalty points, and propose a complete, personalized itinerary, including flights, meals, and excursions. James could ask for changes, and agentic would instantly rearrange the schedule. And then, with one tap, James could confirm the booking—no flipping through website tabs, no endless scenario mapping, and no missed opportunities.

Exhibit 7

Before – with GenAI

In the past, planning a trip like this involved hours of searching through blogs and videos, comparing resort options, coordinating with a travel agent, and navigating loyalty programs to redeem points—all while juggling dietary restrictions and peak holiday pricing.

Even as he would close in on a final itinerary, James may have faced last-minute changes, such as losing award seat availability, which often meant restarting the entire process from scratch.

After – with Agentic AI

While scrolling through social media, James stops on a video of a Maldives resort. His AI travel assistant recognizes his interest, matches it with his pre-scheduled vacation days, loyalty points, and preferences, and proposes a complete, personalized itinerary—flights, meals, excursions, and all.

The agent books a resort with strong vegetarian reviews, applies his miles to the best-value flights, and notifies him of dynamic availability in real-time.

With one tap, James confirms the booking—no coordination, no unnecessary back-and-forth, and no lost opportunities.

Current examples of agentic AI helping travel consumers

Some travel industry companies are already using agentic AI in intriguing ways. SkyLink, which bills itself as an AI corporate travel agent, deploys agentic AI within an organization's existing systems to simplify and automate the corporate-booking process. Instead of calling a traditional corporate travel agent on the phone or dealing with a traditional booking channel, users can text chat with SkyLink, which understands the user's travel preferences and the organization's travel policies. The tool can "look at thousands of data points and decide on the best offer in a matter of milliseconds," says SkyLink cofounder and CEO Atyab Bhatti. Users can then book directly through the chat.

Layla, another agentic AI tool, specializes in personal and recreational travel. It draws on users' historical travel preferences to book personalized trips. Layla not only responds to specific requests (for example, "book a week in Kauai for a family of five for less than $10,000") but can also suggest itineraries and destinations to meet a broadly described need (for example, "we're looking for a long weekend at a beach that's a maximum of five hours' travel from New York City"). Layla can offer templates and example itineraries to speed the process by walking users through their decisions.

Consumer use cases for agentic AI outside the travel industry

Beyond the travel industry, some companies are demonstrating use cases that offer hints about how travel companies could use agentic AI to transform customer experiences. For instance, Amazon's agentic AI Alexa+ system—delivered primarily through the company's widely available voice assistant, Alexa—helps users perform tasks such as shopping, home automation, and family scheduling through natural voice commands. When integrated with a user's Amazon account, Alexa+ can place product orders, make personalized product suggestions, manage subscriptions, control smart-home devices, and navigate the internet to research and execute to-do items, such as finding and contracting with a home repair service.

Amazon's AI agents are becoming increasingly proactive, using context and past behavior to anticipate users' needs. These capabilities could also be applied in the hospitality space—for instance, by automatically providing hotel guests with products and comforts they love from home but also allowing them to instantly chat with a voice assistant if they want to ask for something new. "The whole idea is to use AI to create dynamic, personalized travel experiences," says Gilad Berenstein, founder of Brook Bay Capital, an investment fund focused on technology and travel. "Because in travel, everything we sell is about perceived value. For example, instead of just putting a bottle of wine in my room, a hotel could use agentic AI to deliver my daughter's favorite mermaid toys to our room, along with the same premium sunscreen I loved from the French Riviera. There's no major hard cost to the hotel for those items, but they significantly enhance how I perceive the value of the trip."

Tonal, an AI-powered home strength-training system, is another example of a nontravel company that's pioneering use cases that travel companies could find inspiring. Tonal combines a digital weight machine with adjustable resistance arms to deliver highly personalized, dynamic workouts. The system leverages agentic AI to analyze performance in real time, automatically adjusting resistance and responding to physical cues as it gathers data from multiple inputs to ensure that each workout is tailored to the individual user.

This type of technology also holds tremendous potential for the travel industry. Much as Tonal adapts to a user's physical state, a travel experience powered by agentic AI could hypothetically respond to a traveler's indications of exhaustion or stress—for instance, based on sleep data obtained from hotel room sensors or from sentiment cues in social media posts—in real time, proactively suggesting alternate plans or activities tailored to the traveler's preferences, context, and well-being. ‹

How agentic AI can improve travel's internal workflows

There's been much buzz about consumer-facing possibilities for AI in travel. But there's also transformational, value-boosting potential to be found in non-consumer-facing use cases, which has been the case thus far with gen AI. A McKinsey report on the economic potential of gen AI found that its top use cases in terms of financial impact on companies were in marketing, sales, customer service, and internal software engineering.

It makes sense that the most immediate and tangible value derived from deploying AI could come from embedding the technology across internal functions—in realms where processes are already well understood, experiments can be more carefully controlled, and outcomes are easier to measure. There's a clearer, more quantifiable path to ROI. "What agentic AI does is perform tasks that are tedious and time consuming," says Marilyn Markham of Amex GBT.

"Digitizing our back end, from billing to inventory, will be a huge use case," says Parveen Chander Kumar, executive vice president of commercial business at the Indian Hotels Company Limited. "In a few years, we'll start each day with real-time insights to guide everything from procurement to what guests are likely to eat."

Investing in internal use cases can have multiple benefits. For instance, risk reduction: When mistakes occur in the early application of a new technology, they're far less costly if confined to internal use cases. Also, building muscle memory: Piloting technologies in internal workflows can help develop organizational familiarity and technical readiness that accelerates the rollout of future customer-facing innovations.

Agentic AI's value for frontline travel workers

Historically, employee-facing technologies in the travel industry have often lagged behind their consumer-facing counterparts. For example, travelers might have access to sleek mobile interfaces when selecting their airline seat assignments, but airport gate agents frequently rely on slower, kludgier, legacy systems when executing last-minute seating changes. Agentic AI could provide the impetus to end this unequal application of technology.

Frontline workers often spend considerable time on repetitive, manual tasks. Agentic AI could, for instance, automate the airline rebooking process during travel disruptions and handle routine tasks, such as processing refunds and issuing vouchers. This could free frontline employees to focus more on empathetic, human-to-human customer interactions.

Situations involving cancellation and rebooking are often stressful for frontline workers, who can come face-to-face with frustrated travelers. By circumventing the need for some of these human confrontations, agentic AI could help reduce the emotional toll that frequently leads to burnout in frontline roles, thereby helping to enable more rewarding and fulfilling worker experiences. This is no small matter: Our survey of travel executives finds that nearly 20 percent of respondents say that attracting and retaining talent is one of their top five challenges.

Agentic AI's potential to transform hotel operations and property management

Hotel operations and property management involve a large volume of quick, on-the-go decisions. McKinsey analysis indicates that letting agentic AI make some of those decisions could lead to significant efficiency improvements:

- *Automated guest room allocation:* By connecting to a customer data platform, agentic AI could automatically execute room assigning in ways that incorporate guests' preferences, loyalty tiers, and feedback from past stays. This can improve the guest experience while also reducing work for employees. The current impact of AI—through providing room assignment recommendations—is a savings of roughly 30 minutes per day of front-office staff time. With agentic AI's ability to perform real-time room allocations, reassignments, and related guest communications on its own, the time savings could be closer to one or two hours daily.
- *Predictive maintenance:* Agentic AI could anticipate when elements of the hotel property will need attention. It could plan repairs based on input from smart sensors, maintenance and housekeeping logs, and guest feedback. The current impact of AI-powered predictive maintenance is a roughly 10 to 15 percent reduction in rooms' out-of-service time. Agentic AI could lift that reduction to 20 or 30 percent—for instance, by initiating the maintenance ticket on its own, sending the ticket to the proper team, prepping the work plan to address the issue, proactively ordering any necessary replacement parts, and so forth.
- *Housekeeping task management:* Using information such as staffing levels, guest schedules, and computer vision analysis of rooms after guest departures, agentic AI could dynamically identify and assign housekeeping tasks in ways that optimize workflows, minimize delays, and ensure that rooms are cleaned efficiently and on time. The current impact of AI on housekeeping management equates to a roughly 5 to 15 percent reduction in housekeeping hours, mostly through clustering room assignments and setting task schedules. With agentic AI, housekeeping hours could be reduced by 10 to 30 percent through autonomously assigning tasks based on real-time room availability and status and on the current locations of housekeeping staff members.
- *Menu engineering:* Agentic systems could autonomously analyze and optimize food and beverage menu offerings and prices based on demand, ordering trends, and profitability and automatically procure needed inventory ahead of time. The current impact of AI in this realm is a roughly 2 to 5 percent uplift in net profit through basic data analysis and forecasting. Agentic AI could provide a 5 to 15 percent uplift in net profit through real-time menu personalization, cross-system integration, and autonomous execution.

Exhibit 8

Agentic AI Use Cases: Hotel Operation and Property Management

Automated guest room allocation

Automatically assign rooms by connecting to a customer data platform, ensuring room allocation matches each guest's preferences, past stays, or loyalty tier. This can improve guest experience and reduce time spent by hotel employees on manual tasks.

Current AI impact: ~30 minutes front office staff time saved daily through basic room matching and suggested room allocation

1-2 hours of front office staff time saved daily through real-time allocation, reassignment and guest communication[1]

Predictive maintenance

Proactively schedule predictive maintenance, optimizing based on staffing schedules and guest reservations, and **dynamically planning repairs** based on IoT sensors, maintenance and housekeeping logs, and guest feedback.

Current AI impact: Room out-of-service time reduced by 10-15%

Room out-of-service time reduced by 20-30%[2]

Housekeeping task management

Dynamically identify and assign housekeeping tasks using data from staffing levels, guest schedules, and computer vision analysis of rooms after guest-departure—helping optimize workflows, minimize delays, and ensure rooms are cleaned efficiently and on time

Current AI impact: Housekeeping hours reduced by 5-15% through optimized task schedules, room clustering

Housekeeping hours reduced by 10-30%, through autonomously assigning tasks based on real-time room availability, status, and housekeeper current location[3]

Menu engineering

Autonomously analyze and optimize menu offerings and price based on demand and profitability and latest ordering trends – and **automatically order needed inventory** ahead of time.

Current AI impact: 2-5% uplift in net profit due to basic data analysis and forecasting

5-15%+ uplift in net profit from real-time personalization, cross-system integration, and autonomous execution[4]

1.Hospitality Today, Fast Company | 2. McKinsey Rewire reports, Datategy | 3. LinkedIn, Viqal | 4. Hospitality Headline, Fourth

Using agentic AI in airline pricing and revenue management

There are many opportunities for agentic AI to provide value in airline offer management. Agentic's ability to analyze shifting information and execute tasks could combine to improve the way that offers are crafted:

- *Dynamic bundling:* Agentic AI could create personalized bundles that are tailored to passenger preferences. This can help ensure that offerings are relevant to customer needs, boost conversion rates, and maximize the value captured from ancillaries, such as checked bags and extra legroom. The current AI impact in this realm is a roughly 5 to 7 percent revenue uplift, attained through sending out preset bundles differentiated by customer segment. A 20 to 30 percent revenue uplift could be achieved with an AI agent self-assembling hyperpersonalized bundles, testing them in real time, and deploying them to customers on its own.

- *Real-time pricing:* Using up-to-the-moment information and indicators (such as search trends, weather conditions, and third-party data), agentic AI could dynamically adjust pricing to align with real-time market conditions and demand forecasts. AI's current effect on pricing translates to a 15 to 25 percent reduction in time spent by analysts, mostly deriving from AI-produced demand forecasts. Adding an agentic system to the process could result in a 40 to 50 percent decrease in analyst time spent, resulting from executions such as autonomous responses to demand surges.

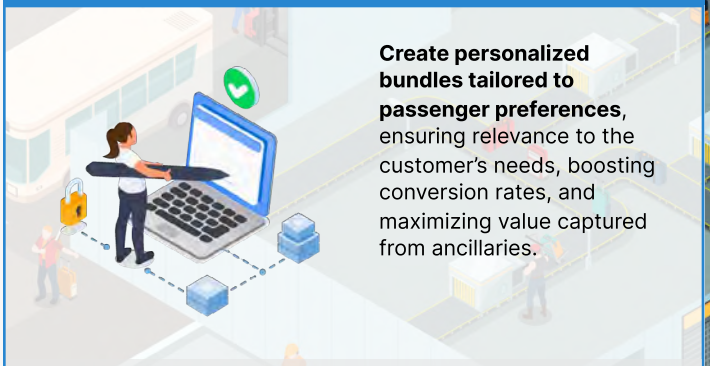
- *Load factor optimization:* Airlines purposefully overbook seats to achieve maximum load factors (in other words, seats filled) on aircraft. Agentic AI could automate and fine-tune overbooking calculations by analyzing past booking patterns, no-show rates, and various other external inputs. AI can currently create 1 to 2 percent improvements in load factors. Agentic AI could boost this figure to 3 to 4 percent.

- *Loyalty reward personalization:* Agentic AI could help create tailored loyalty rewards and proactively send them to program members. This could enhance customer engagement, improve customer retention rates, and increase the lifetime value of a given customer. AI can currently achieve a 5 percent revenue uplift through segment personalization. Agentic AI could spur a 15 to 25 percent uplift through autonomously sending more individualized offers to reward members. ‹

Exhibit 9

Agentic AI Use Cases: Airline offer management

Dynamic bundling



Create personalized bundles tailored to passenger preferences, ensuring relevance to the customer's needs, boosting conversion rates, and maximizing value captured from ancillaries.

Current AI impact: 5-7% uplift via pre-set packages by segment

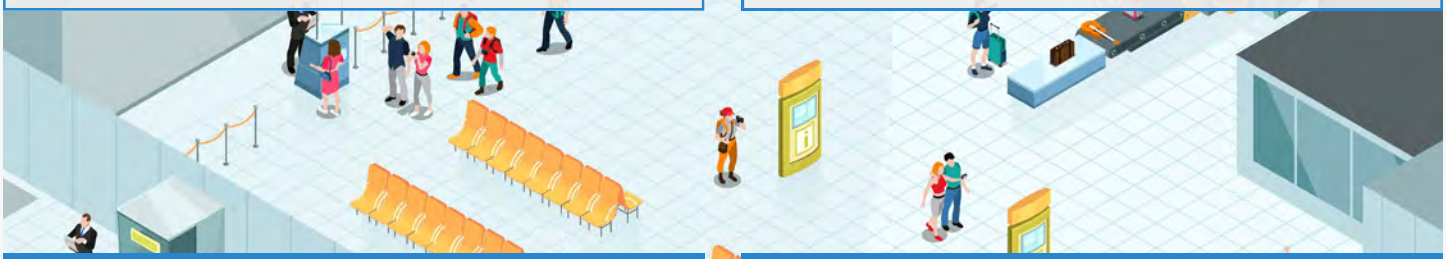
20-30% projected uplift from self-assembling bundles, real-time testing, and deployment via agentic systems[1]

Real-time pricing

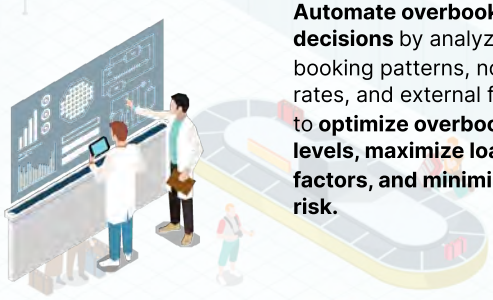
Adjust pricing dynamically using real-time and leading demand indicators—like search trends, weather conditions, and third-party data—to create accurate, responsive strategies aligned with market conditions and demand forecasts.

Current AI impact: 15-25% reduction in analyst time due to demand forecasts and optimization

40-50% projected decrease in analyst time due to dynamic pricing loops and demand-surge response[2]



Load factor optimization



Automate overbooking decisions by analyzing past booking patterns, no-show rates, and external factors to **optimize overbooking levels, maximize load factors, and minimize spill risk.**

Current AI impact: 1-2% improvement in load factor through AI

3-4% improvement through Agentic AI[3]

Loyalty reward personalization

Create tailored loyalty rewards and proactively send to program members, enhancing customer engagement and driving customer retention and lifetime value

Current AI impact: 5% improvement through segment personalization using AI

15-25% improvement through personalized offers to reward members[4]

1.MIT study on dynamic offer generation, Cornell University School of Hospitality | 2. International Air Transport Association | 3. Virtasant Insights, Air Transport Research Society | 4. OfferFit, McKinsey Research

Launching and accelerating agentic AI adoption

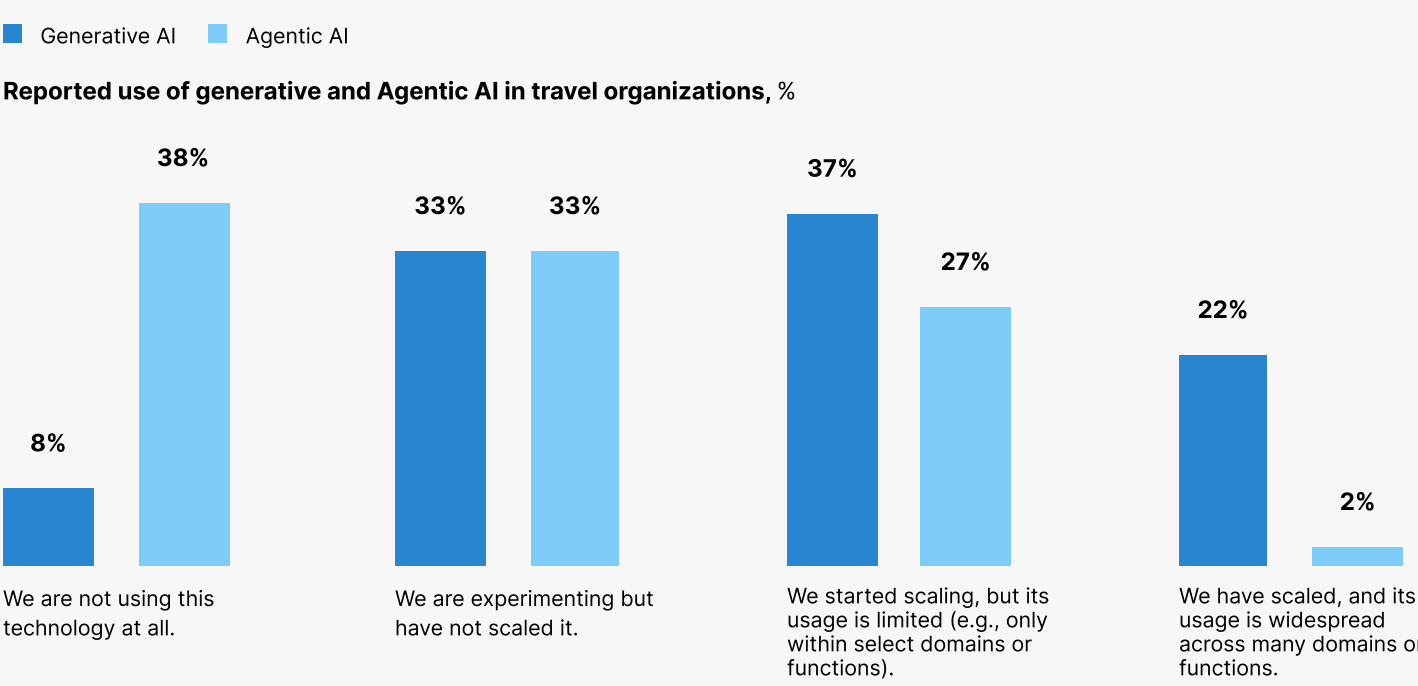
While many travel and hospitality incumbents already use and benefit from a variety of digital and AI technologies, adoption of agentic AI lags behind. Of the travel executives we surveyed, 90 percent say that their organizations currently use gen AI in some capacity, but 38 percent say that they're not using agentic AI at all. And while 22 percent say that gen AI use is widespread across their organizations, only 2 percent say the same of agentic AI.

Although agentic AI adoption still has room to accelerate, there's clearly an appetite for it among travel executives. Of the respondents in our executive survey, 80 percent say that they plan to implement agentic-AI-enabled use cases at scale across many domains and functions within the next three to five years. The most frequently anticipated future use cases are in customer experience and service delivery, sales, and marketing.

Exhibit 10

Agentic AI use could follow the growth trajectory of GenAI, which has been scaling across domains over the past five years

Organizations that report using GenAI at scale are more likely to be experimenting with Agentic AI

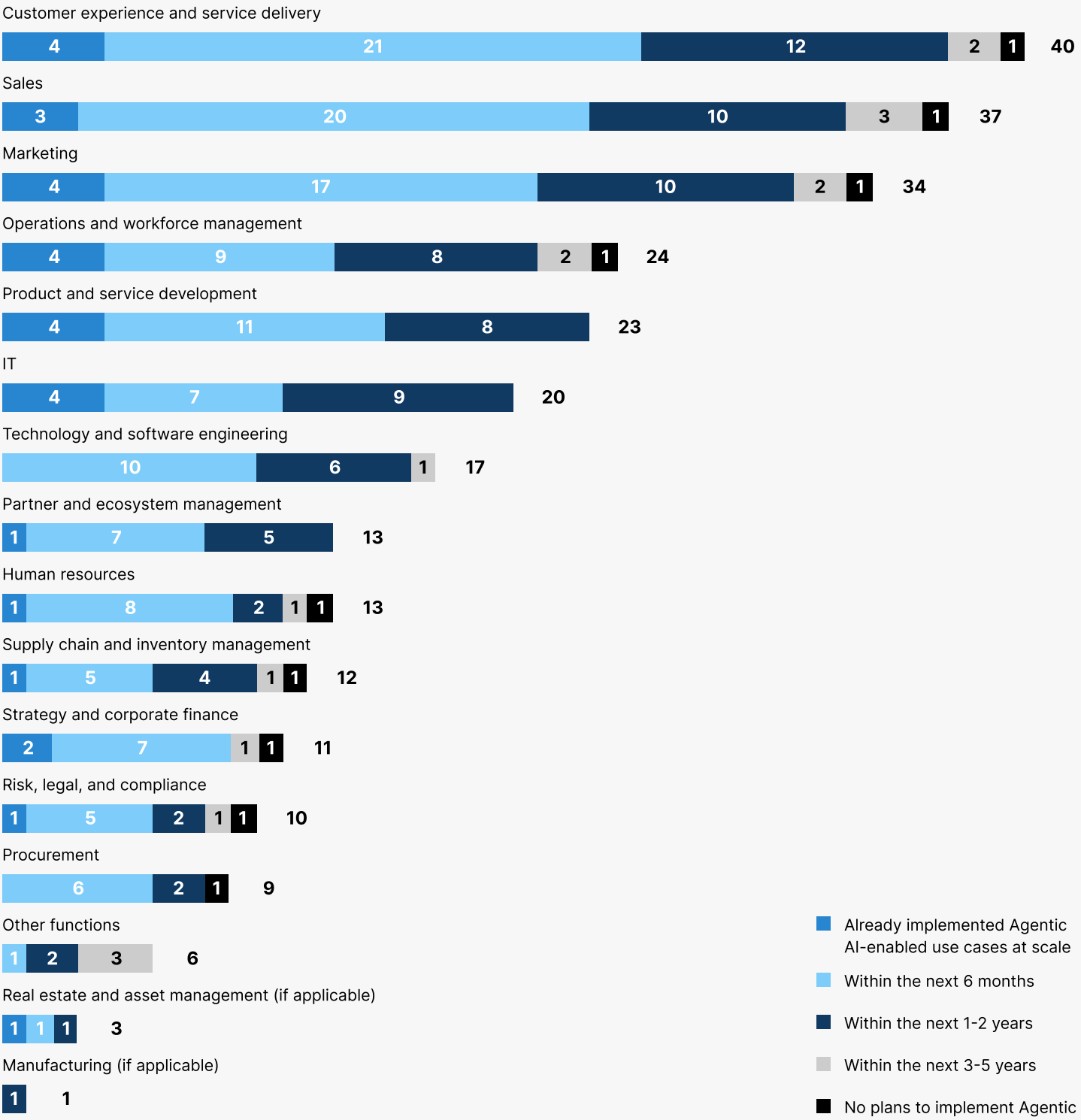


Source: McKinsey x Skift Survey, conducted Summer 2025, (N = 86)

Exhibit 11

Travel executives report planning to implement Agentic AI at varied rates across most domains in the next five years

Number of travel executives who reported implementing Agentic AI in certain domains across time horizons, #



Source: McKinsey x Skift Survey, conducted Summer 2025, (N = 86)

The executives we spoke with raised the prospect that agentic AI could be applied widely across their organizations. Some see spectacular possibilities stemming from data analysis, for instance. "Get all the data into one structure, and you can do anything," says David Neeleman, founder of JetBlue Airways and founder and current CEO of Breeze Airways. "Who flies four times a year but hasn't flown in six months? Who had a delay and never came back as a customer? You can slice and dice any which way." Agentic AI could then create and execute tailored marketing and engagement plans for each customer segment that emerges from such queries.

Others see agentic AI's immediate value in streamlining processes: "We are currently experimenting with agentic AI internally," says Marilyn Markham of Amex GBT, "and one of the places it's being used is by the people who are building it—the tech teams, beginning with internal tools. We're also implementing it into customer-facing products and starting to see how we can improve the user experience."

Some might be tempted to frame agentic AI adoption as a race with winners and losers. There's a rush to identify how value propositions could be scrambled if, for instance, consumers increasingly begin their booking journeys by interfacing with an AI agent. But it's important to remember that many approaches can succeed.

The travel industry isn't one size fits all. Companies should understand how agentic AI best matches their specific strategies, segments, and channels. "There is room for everybody to win in different areas," says Cara Whitehill, a vice president at the travel-focused investment group Thayer Investment Partners, "and to address different components of the delivery of the travel experience. Ultimately, the traveler is going to win when experiences become better and more cost-effective."

Insights and lessons learned from tech adoption efforts across various industries can provide a valuable road map for travel companies that hope to initiate or accelerate their own adoption of agentic AI.

Prepare your technology foundations

Travel organizations can begin by examining their baseline tech conditions. Building out agentic system capabilities will require foundations such as a scalable cloud infrastructure, strong data readiness, and previous implementation of more conventional forms of AI. Future possibilities are exciting, but it's only when solid infrastructure is in place that agentic AI can thrive. Shilpa Ranganathan, chief product officer for Expedia, offers a metaphor that captures the crucial interplay between foundations and outcomes: "Our end goal isn't to be in the electricity business but in the chandelier business," she says, "lighting up rooms for customers with beautiful, useful, AI-powered experiences."

Many travel companies currently rely on subpar foundational technology. A 2020 report from McKinsey and Skift found that travel incumbents are often burdened with "highly customized, clumsy legacy technology that does not adequately support business needs." That deficiency persists. "You can build the most modern tech," says Kurien Jacob of Highgate Technology Ventures, "but you often still have to plug it into some legacy stuff."

Some companies have discovered an interesting approach to remediating their tech foundations that might be described as "tech, heal thyself." In these cases, agentic AI is deployed to orchestrate autonomous squads of specialized AI agents that can assess, update, and build complex tech infrastructures on their own. Agents within each squad automate tasks such as reverse engineering code and performing quality assurance. This speeds the process of modernization and helps improve the reliability of the resulting tech systems.

As an example, a multinational bank needed to convert more than 100 fragmented risk models from one programming language to another. Done manually, the task would be laborious. But the bank deployed five squads of AI agents that analyzed the risk models' legacy code, translated its business logic into plain English, and then collaborated with business-side and IT experts to define a revised target state for the risk models. The agents subsequently converted the models into the new programming language with 90 percent accuracy, achieving an 80 percent acceleration in project timelines.

This approach offers tremendous potential for the travel industry. Agentic AI could be deployed to modernize the industry's complex, fragmented systems, laying the groundwork for further tech advances that could provide more intelligent, responsive, and personalized traveler experiences. "We often say the industry is fragmented," says Kurien Jacob, "but that's also the opportunity. With the right foundational data layer, you can harness that fragmentation and unify these diverse systems."

Chart a digital road map for integrating agentic AI

Technology alone isn't the answer. To achieve step changes, organizations need to rethink how technology fits into their teams, functions, and ways of working. Even autonomous technology, such as agentic AI, still needs forms of oversight. "Governance is critical," says Drew Pinto, executive vice president and chief revenue and technology officer for Marriott International. "We're defining what roles agents should and shouldn't play, who has access, and how to manage that responsibly across the organization."

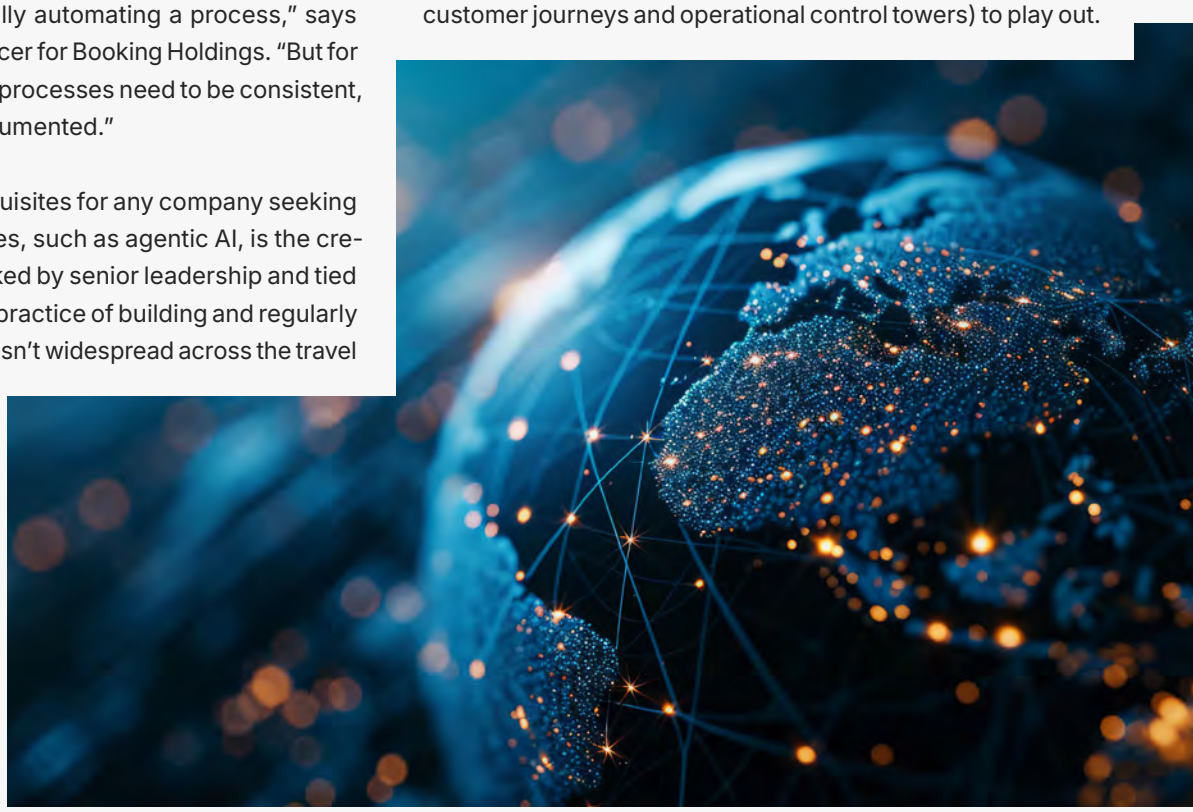
McKinsey's AI quotient framework, which evaluates the AI maturity of companies based on components such as strategy, culture, and capabilities, indicates that the travel sector posts relatively high scores in terms of pure technology but lower scores in terms of tech enablers, such as talent, adoption, and scaling. This trend is commonly found in companies that are early in their AI journeys.

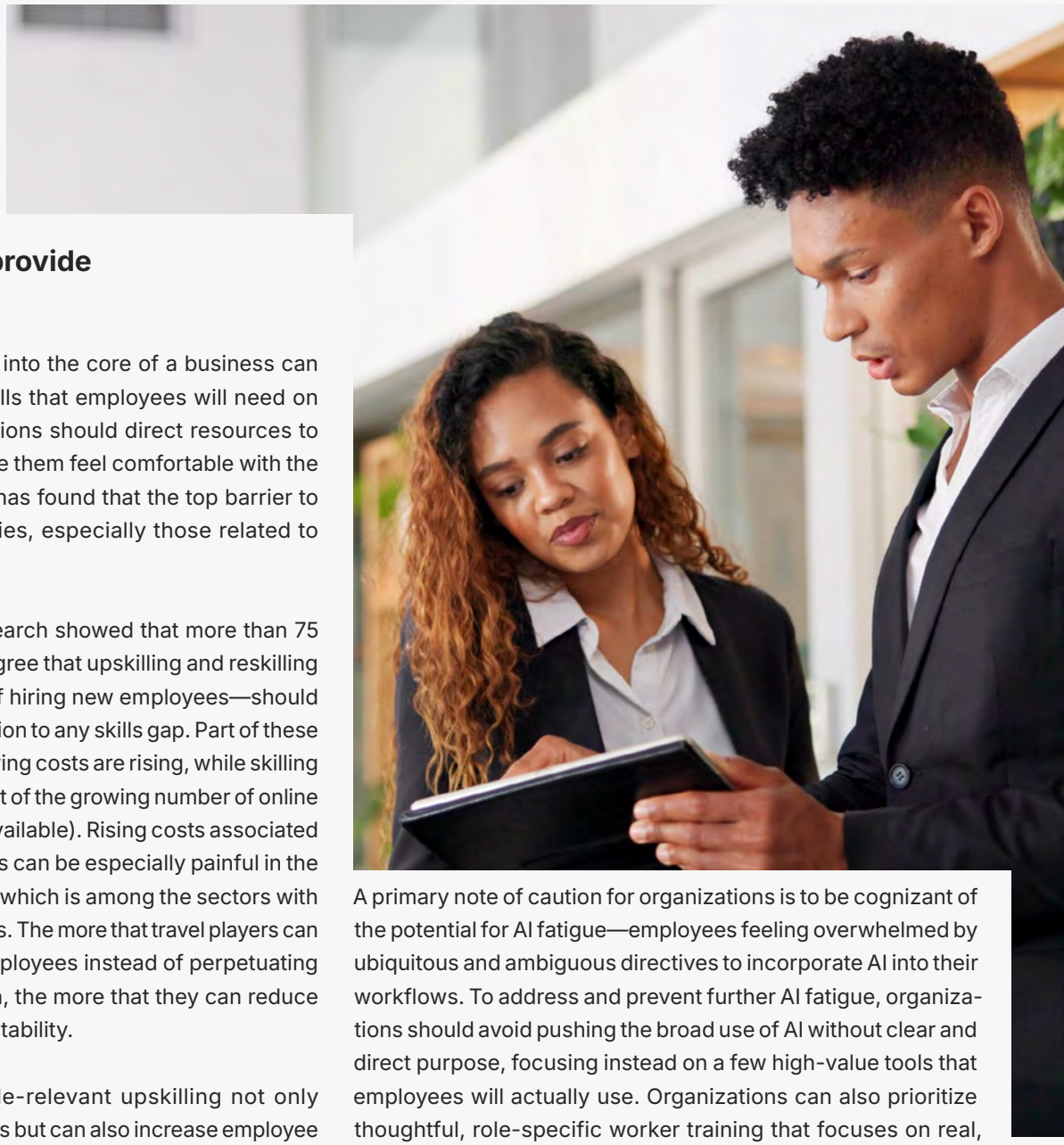
Our survey of travel executives reveals that their most cited challenge regarding AI adoption is a lack of technical expertise and talent. But their second-most-cited challenge is a lack of a clear road map for business domain transformations. Technology doesn't work in isolation from the organization's broader functionality. "An agent is essentially automating a process," says Rob Ransom, chief strategy officer for Booking Holdings. "But for automation to work well, those processes need to be consistent, well defined, and properly documented."

Among the most critical prerequisites for any company seeking to adopt advanced technologies, such as agentic AI, is the creation of a digital road map backed by senior leadership and tied to business outcomes. But the practice of building and regularly updating a digital road map still isn't widespread across the travel and hospitality industry.

Leaders should consider a few elements while drawing this road map:

- *Align on the organization's strategic vision* by asking questions such as, "Which business problems are the most urgent and valuable to solve?" and "What future experiences do we want to enable for customers and employees?" Rob Ransom says, "You don't want AI to be technology in search of a problem. If you're not solving a real customer need, it's not going to deliver value."
- *Thoughtfully prioritize use cases* for agentic AI that fit into the strategic vision. While the technology's flexibility is a strength, without a business-led strategy, there's a risk that individual efforts will become disconnected pilots with limited scalability and enterprise-wide impact.
- *Make sure that the digital road map is jointly owned* by tech and business leadership. Accountability for outcomes should be shared.
- Quick wins (such as automating repetitive frontline workflows) are great for morale and proof of concept. But it's vital to *make space and time for longer-term bets* (such as redesigning customer journeys and operational control towers) to play out.





Upskill employees to provide needed capabilities

Introducing new technologies into the core of a business can fundamentally change the skills that employees will need on a day-to-day basis. Organizations should direct resources to upskill those workers and make them feel comfortable with the new tech. McKinsey analysis has found that the top barrier to implementing growth strategies, especially those related to digitalization, is talent.

McKinsey Global Institute research showed that more than 75 percent of global executives agree that upskilling and reskilling current employees—instead of hiring new employees—should provide at least half of the solution to any skills gap. Part of these executives' reasoning is that hiring costs are rising, while skilling costs are decreasing (as a result of the growing number of online training programs becoming available). Rising costs associated with bringing in new employees can be especially painful in the travel and hospitality industry, which is among the sectors with the highest annual turnover rates. The more that travel players can invest in upskilling existing employees instead of perpetuating the cycle of hiring and attrition, the more that they can reduce costs and improve workforce stability.

Investment in thoughtful, role-relevant upskilling not only enhances workforce capabilities but can also increase employee loyalty by highlighting the on-ramps to longer-term career pathways. And it can boost morale when newly learned skills involve more rewarding activities and fewer rote, unimaginative tasks. "We see opportunities in back-office automation," says Drew Pinto of Marriott International, "taking redundant tasks off employees' plates so they can focus on higher-value work. That's a core part of our road map." Organizations might even find ways to make upskilling more fun. Marilyn Markham from Amex GBT says her teams are encouraged to add AI prompts they've used to a shared page : "Anyone who comes up with an awesome prompt that really helped them adds it to the shared page which ideally makes AI related tasks easier for everyone else."

A primary note of caution for organizations is to be cognizant of the potential for AI fatigue—employees feeling overwhelmed by ubiquitous and ambiguous directives to incorporate AI into their workflows. To address and prevent further AI fatigue, organizations should avoid pushing the broad use of AI without clear and direct purpose, focusing instead on a few high-value tools that employees will actually use. Organizations can also prioritize thoughtful, role-specific worker training that focuses on real, day-to-day benefits instead of abstract mandates. Leaders can be trained to avoid AI fatigue, too: Executives should understand both the capabilities and the limitations of AI to minimize the risk of unrealistic expectations and ensuing disappointment.

Some workers could have concerns about being replaced by agentic AI. Organizations should emphasize that the technology is meant to augment, not substitute for, human work. "Our philosophy is to be human centered and tech enabled," says Drew Pinto of Marriott International. "We see AI not as a replacement but as an enabler, helping our employees deliver the excellent service we're known for."

Foster a quick-moving, flexible corporate culture

The pace of agentic AI's advancement is rapidly accelerating. A recent study by the not-for-profit research organization METR shows that since 2019, AI agent performance—as measured by agents' ability to take on complicated tasks that would take humans substantial time to complete—has roughly doubled every seven months. This type of exponential evolution means that technologies recently considered nonviable can suddenly become ready for real-world use. "We built one experience from idea to production in less than a week," says Shilpa Ranganathan of Expedia. "That would've been unthinkable just a year ago."

Ignoring fast-moving developments in this space could easily lead to a competitive disadvantage. To avoid this, companies need to foster cultures of flexibility, experimentation, and adaptability. They should stay constantly informed about new tools and platforms entering the market, conduct regular build-versus-buy assessments, and maintain a willingness to pause or pivot from projects when necessary.

There will always be initiatives that succeed and initiatives that don't. This is both expected and necessary. What matters more is an organization's ability to recognize sunk costs and move on from them when appropriate. "We've tried some things that didn't work well," says Drew Pinto of Marriott International. "But we learned from them and built new capabilities. That's part of our infrastructure now."

This is especially true with rapidly advancing technology because an inability to fail fast and step forward can lead to considerable costs. Organizations should be particularly wary of investing heavily in custom-built, in-house solutions only to find that a superior off-the-shelf product has been released before the internal version is realized. One approach is to "timebox" early-stage innovation efforts. When clear time limits and milestones are established from the start, teams feel free to experiment within those defined boundaries and make more objective decisions about whether to grow, scrap, or rescope a project. "Technology is evolving so quickly," says Marilyn Markham of Amex GBT. "Quickly recognizing and leaving behind ineffective approaches helps us stay current and nimble."

Redesign end-to-end business processes

A McKinsey survey of executives who've launched digital transformations found that more than 70 percent said that their organizations' transformations lost momentum during adoption and scaling. This is the danger for companies beginning agentic AI journeys. Simply integrating a new AI use case into existing processes or workflows isn't enough to realize value and remain competitive and relevant.

Another survey conducted by McKinsey found that the success rate of digital transformations was 1.8 times higher when standard operating procedures were modified to include new digital technologies. Successful adoption and scaling of agentic AI will require rethinking and redesigning underlying business processes so that the organization can sustain new ways of working. "It is very tough to build a solution on top of legacy processes and design choices," says Atyab Bhatti of SkyLink, "because the new flow of information and the experience will heavily deviate from the traditional solution. So you need to redesign from a first-principles perspective."

Travel companies adopting agentic AI will need to consider the potential upstream *and* downstream effects of implementing new technology. For example, imagine that an AI-powered solution has been developed to optimize planes' cargo load factors. This tool would make real-time operational decisions by dynamically pricing and prioritizing shipments, planning optimal cargo placement and routing, and adjusting load plans to maximize space utilization and revenue while incorporating uncertainties, such as cancellations and travel delays.

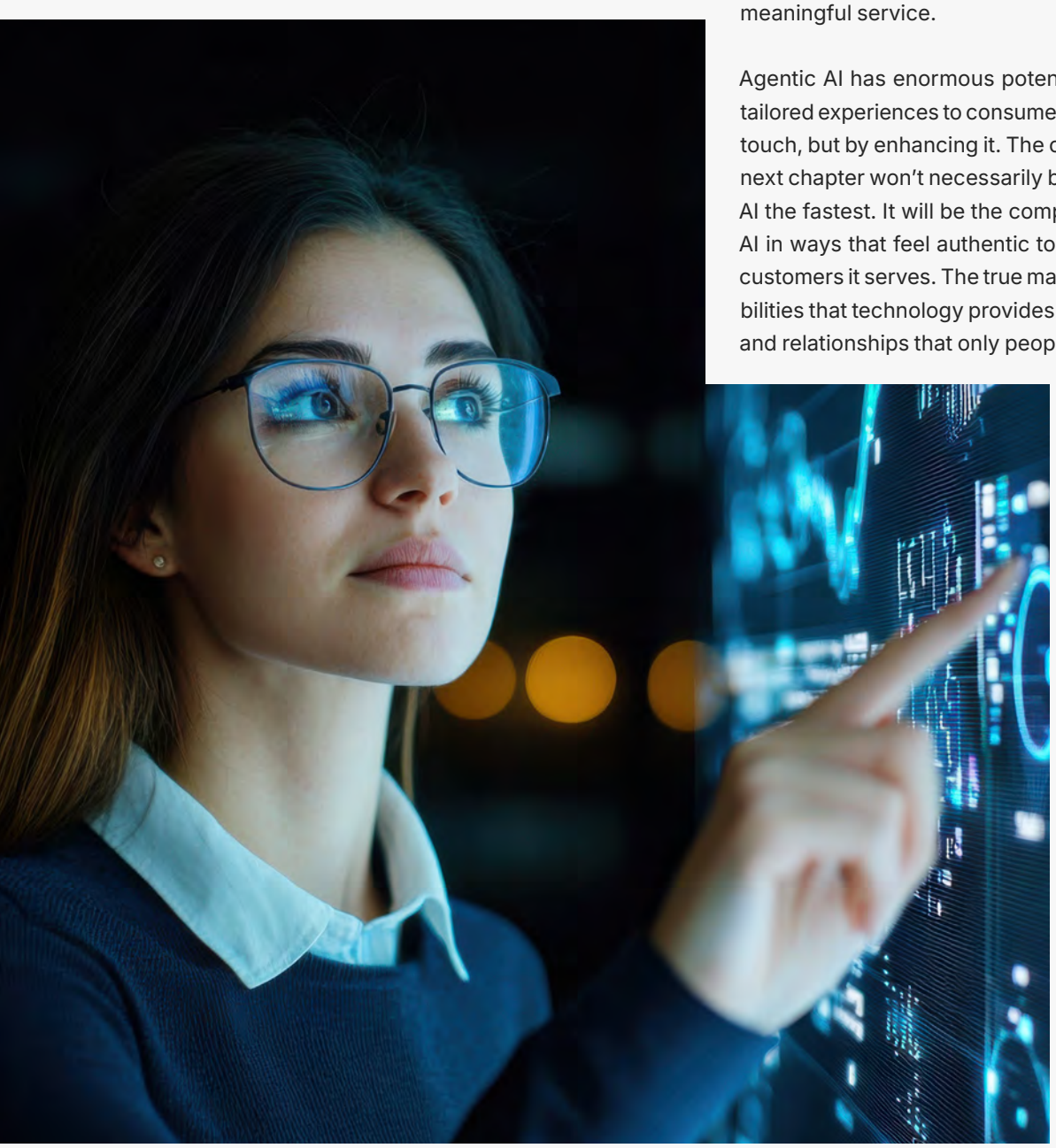
Upstream, experienced sales reps would need to understand how to search for and communicate available capacity and pricing in real time, modifying their existing day-to-day workflows. Downstream, veteran supervisors of airports' ground operations teams would be required to dynamically adjust the time allocated for loading or unloading cargo based on varying load factors. That would be a notable change if previous operational standards assumed a fixed time for cargo handling.

It's crucial for companies to recognize that agentic AI isn't merely new technology to implement. It's a transformative enabler that could allow businesses to fundamentally reimagine and redesign their processes in ways that will need to adapt to a future landscape that's likewise shaped by AI advances.

Through decades of tech progress, from jet engines to mobile apps and beyond, the fundamental reasons people travel have remained remarkably constant. They long to explore the unfamiliar, form lasting memories, and deepen human connection. These timeless human motivations won't change.

Technologies such as agentic AI don't reimagine the *why* of travel. They reimagine the *how*. They can reduce friction across the journey, make personalization truly scalable, and free employees to focus less on managing systems and more on delivering meaningful service.

Agentic AI has enormous potential to deliver richer and more tailored experiences to consumers—not by replacing the human touch, but by enhancing it. The companies that lead during this next chapter won't necessarily be those that can adopt agentic AI the fastest. It will be the companies that can deploy agentic AI in ways that feel authentic to both the organization and the customers it serves. The true magic of travel lies not in the capabilities that technology provides but in the moments, memories, and relationships that only people can create. ‹



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