

Chatbots and the hospitality industry

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The premise of a chatbot is simple - automate communication and act as a window to access a service. In the hospitality industry, one which is built around making the customer alpha, communication and information transactions must be smart, swift, insightful and analysable. Chatbots are hence the perfect tool for this type of communication and service provision. They live in messaging apps where today's internet user spends a significant portion of his time, they are also cheap in the long run and can provide deep insights into customer preferences that can greatly improve offerings for the customer.



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In 2017, key players are still trying to figure out how to build the perfect chatbot - smart, capable of understanding complex semantics, and conversing with the customer as an experienced service rep would. Today's chatbots, limited as they are by the available underlying technology, have been deployed by several players in the hospitality industry - flight providers, hotels and more.

Nigerian OTA Hotels.ng looks at existing and projected applications of chatbots and attempts to estimate the net effect that they might have on the entire industry in years to come.

Bookings and reservations

Brands that require that bookings be made - flights, hotels, tour guides and more - are already rolling out functional chatbots. Using these bots is convenient, simple and gives an air of chatting with a friend. Hipmunk recently upgraded their chatbot to allow for group planning and chats on their Facebook Messenger based platform. It's easy to see how this can be adopted for OTAs providing group tours. Expedia and Kayak are some other early adopters of chatbots for the purpose of making reservations.

Learn user preferences

By silently sitting in the background, and potentially collecting information such as the correlation between geolocation and time versus brand-specific actions carried out, smart deductions can be made as to the user's behavioural tendencies and preferences. Also, past responses, questions, and queries that the customer made can be automatically processed to give actionable insights into the customer. Brands can, as a result, offer personalised and customised services to the customer and increase the chances of delighting them as well as spending less to acquire each dollar from them than they normally

would.

Customers can also be retargeted in the future with higher precisions. Brands are able to engineer a greater correlation between the time of the customer's need, and the content and timing of chats sent with a marketing intent.

Upselling to clients

With chatbots, brands can more easily induce customers to make more expensive purchases, upgrades, and add-ons, thereby increasing the chances of squeezing more value out of the client without appearing over enthusiastic. Products and services can be upsold or cross-sold through casual suggestions to the client.

Top-of-mind awareness (TOMA)

The modern day internet user spends more time on messaging apps than they do on social media. In the fight for users' eyeballs, chatbots which mostly live in messaging apps, therefore, provide great opportunities for subtle top-of-mind awareness campaigns. TOMA is defined as awareness campaigns aimed at making a brand the first a customer thinks of when asked an unprompted question about a brand's category.

Cost effective customer support

Eventually, AI-driven chatbots become smarter through learning. When they become sufficiently smart and are able to handle complex queries, brands spend less on the supervision of chats, customer support, and can dedicate saved funds into other segments of the brand.

Challenges and controversies

As with most novel technologies, chatbots too have controversies and challenges tied to their successful implementation. A few pressing ones are discussed below:

- **Threat to existing jobs:** As in all forms of automation, job shifts occur and jobs designing and managing the automation always displace the jobs that previously ran the processes. Markets will always demand more reliable, cost effective, and faster processes making these threats to jobs an occurrence that can be managed but not eliminated.
- **Sharecropping:** To tap into what makes chatbots powerful for brands - large audiences - they have to be sharecropped on platforms that host the most people, thereby expanding the potential reach and influence of the brand. Facebook, Wechat, and Amazon Echo are a few popular platforms that host numerous chatbots. They are popular because people want to interact with brands on platforms where they already interact with friends. Understandably, this hands over reins of control to the messaging and voice AI giants, but it's a reasonable compromise that should be made.
- **Privacy concerns:** Chatbots have the potential to offer so much personalised information and services that they might

come off as intrusive. Care must, therefore, be taken while designing them in order to handle information transactions at levels of personalisation that are at par with the target audience's temperament toward AI. Helpful can easily become creepy.

- **High cost of build:** Chatbots can be expensive to build. In the long run, however, they are almost always smart investments as they bring down operational costs, open up new opportunities for brands and help generate more revenue.

- **Lack of empathy:** Chatbots can come off as stiff or robotic. While this is not a problem for many, a few people are put off by it. Most primitive chatbots work like a search engine that searches for some keywords that then trigger predetermined responses. AI driven chatbots are, however, more capable of handling more complex queries and conversing as a human would.

Chatbots are simple, ubiquitous, and highly effective. AI-driven chatbots also become better and smarter with use so while the wide adoption by hospitality brands will create job shifts, it will also create new opportunities that will allow for better personalisation of experiences for the customer. In one line, the hospitality industry will benefit greatly from the adoption of chatbots.

ABOUT JOGBOJOGBO ABDULRAHMAN

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