# Generative AI and sustainability driving investment in tourism technology

According to innovation specialist Plug and Play, generative artificial intelligence (AI) and environmental, social, and governance (ESG) initiatives are currently drawing the most investment in travel technology. On the Travel Tech Stage at Arabian Travel Market (ATM) 2023, which took place at Dubai World Trade Centre (DWTC) from 1-4 May, experts from the Silicon Valley-based company provided a variety of insights into the most recent investment trends.
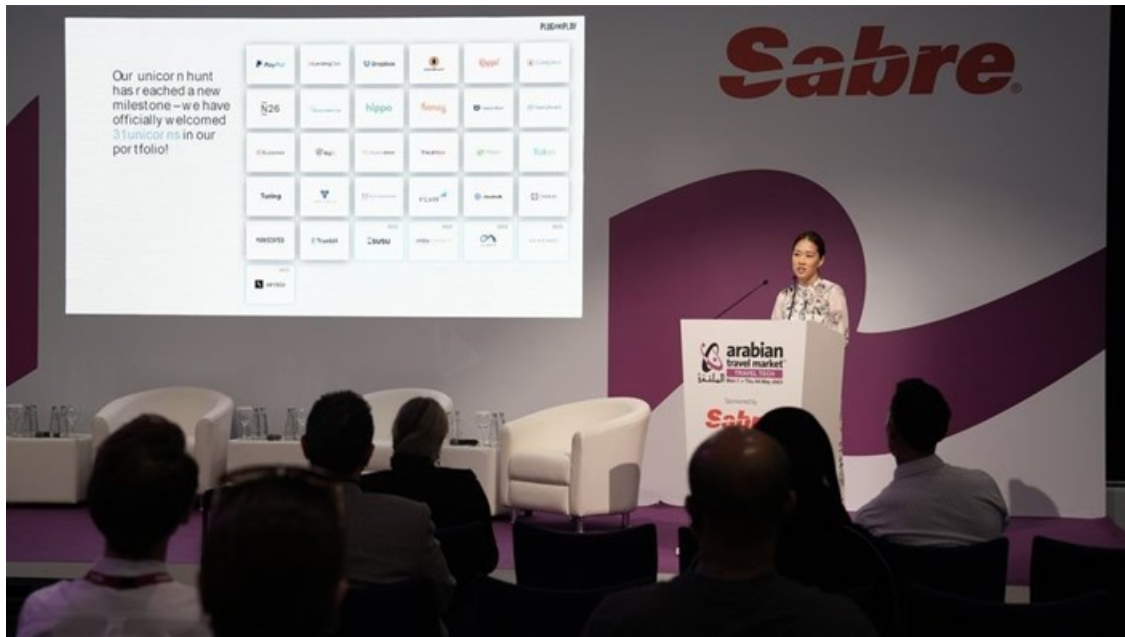
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Speaking on the third day of the show, innovation specialists explored how travel startups are being affected by macroeconomic headwinds and fears of a global recession as part of the 'Investment Trends Leading Travel Tech' session.

Kristie Choi, early stage tech investor at Plug and Play, noted that venture capital (VC) investment witnessed a "dramatic pullback" in the second half of 2022, a trend that continued into Q1 2023. "While this looks pretty scary, there are still billions of dollars of dry powder out there to be gained," she told attendees. "Travel tech round dynamics tend to follow similar patterns as the wider tech market, and we are seeing an increased focus on profitability and cash efficiency in this segment."

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Choi said that the travel sector was leading the curve in terms of generative AI investment and adoption. This technology is being leveraged to enhance the customer experience by facilitating trip planning, automating refunds and back-office processes, and supporting content creation.

ESG is also a major focus for the travel technology sector, she explained, with sustained investments in transparent data reporting and sustainable aviation fuel (SAF) serving to bolster the growth of responsible tourism. The influencer economy, meanwhile, is "driving business away" from online travel agencies (OTAs), according to Choi, as companies look to attract the Gen Z market by integrating direct booking into the channels of content creators.

Tourism tech sustainable investment

Following Choi's presentation, Mike Sung, director, Partner Success – Travel & Hospitality at Plug and Play, joined Natalie Seatter, chief product officer at OAG on the ATM Travel Tech Stage for a conversation about travel technology investment trends.

Speaking on the growing importance of artificial intelligence to the tourism industry, Sung noted: "It's going to be very interesting to see how generative AI is leveraged, especially among travel suppliers in the metaverse. There's a lot of experimentation happening in the metaverse, and for generative AI, it's not just about text. It's also about audio, video and graphics. I think this technology is going to ramp up the velocity of [Web3] solutions, especially for travel and hospitality."

Commenting on the need for investment in data transparency, Seatter said: "The big elephant in the room is the large cloud-based data warehouses [the industry] is using to power platforms. It's either really hard to understand the carbon-emission cost of these platforms or no one wants to tell you how big it is – or maybe it's a bit of both. I think that's certainly one of our challenges."

The day-three session followed the 'Plug and Play: Sustainable Tech – Startups Pitch Battle' on day two of ATM 2023, which saw six new ventures compete for a range of industry support and data. Sustainable commercial food waste solutions company, Winnow, beat off stiff competition from CarbonClick, Eilago, Hotelverse, OACIS Middle East Limited LLC and Thrust Carbon to be crowned this year's winner.

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