

WHITEPAPER

Experience-as-a-Service

Transforming tourism from
journeys to joy



Executive summary

This whitepaper explores the transformative impact of Experience-as-a-Service (EaaS) on the tourism industry. The tourism sector is undergoing significant changes driven by technological advancements, evolving customer preferences, and the integration of artificial intelligence (AI).

EaaS is majorly driven by the experience economy where travellers today are willing to pay premium for tailored experiences rather than just ticking a location off their dream destinations to visit.

To successfully implement EaaS, enterprises must adopt advanced analytics solutions, AI-powered data analytics, and innovative digital marketing strategies. This can help enterprises understand customer behaviour, preferences, and trends, enabling them to tailor experiences that resonate with travellers.



The new wave of tourism

The tourism industry is undergoing a seismic shift, driven by technological advancements, evolving customer preferences, and the integration of AI. In 2024, the global travel and tourism sector contributed an estimated USD 11.1 trillion to the economy[1], reflecting its vital role in the global GDP. Increased adoption of AI for personalized travel experiences, the rise of sustainable tourism, and the growing demand for unique, immersive experiences are the key trends ruling the market.

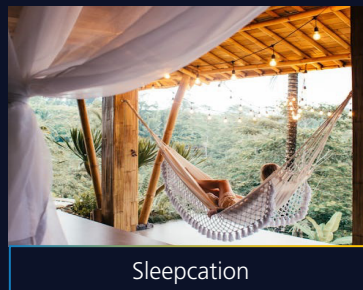
The experience economy:

The background to EaaS

A major factor driving EaaS is the experience economy. Typically, this is a term used to describe the current economy where customers seek experiences over products and services. It can be quantified as the economic value of an experience, which is a psychological process customers can go through. In the experience economy, customers are willing to pay a premium for unique, memorable experiences. Studies show that 86% of buyers will pay more for a better customer experience [2].

Examples of premium experiences include:

1. **Eco-tourism:** Sustainable travel options that minimize environmental impact.
2. **Bleisure:** Combining business and leisure travel for a balanced experience.
3. **Silent tourism:** Destinations that offer tranquility and escape from noise.
4. **Sleepcation:** Travel focused on rest and rejuvenation.
5. **Oenotourism:** Wine tourism, exploring vineyards and wine-making processes.
6. **Detour destinations:** Off-beat locations offering unique experiences.
7. **Astrocartography:** Travel based on astrological charts and celestial events.



Oenotourism,
Detour destinations,
Astrocartography
and many more...

What is EaaS?

EaaS encompasses the delivery of personalized, memorable experiences to travelers, leveraging technology and data to enhance every aspect of their journey. This includes smart recommendations, hyper-personalization, smart itineraries, and more. Here are some examples:

01

Expedia's 'Travel Yourself Interesting' campaign

Repositioned travel as a valuable investment in personal growth, achieving significant ROI.

02

Icelandair's Iceland Academy

Offered immersive educational experiences to travelers, enhancing engagement and brand loyalty.

03

S7 Airlines' Imagination Machine

Used brainwave technology to offer free tickets, engaging travelers in a unique way.

04

Marriott's Virtual Honeymoon

Provided virtual reality experiences to newlyweds, creating memorable moments.

The future of EaaS

The future of EaaS is bright, with advancements in AI and Augmented Reality (AR) set to revolutionize the industry. According to a research article, by 2030, the metaverse will enable never-ending tourism, where travelers can virtually explore destinations before, during, and after their trips [3]. This integration of digital and physical realities will create seamless, immersive experiences that transcend traditional travel boundaries.

Benefits of EaaS

EaaS offers numerous benefits to various stakeholders:

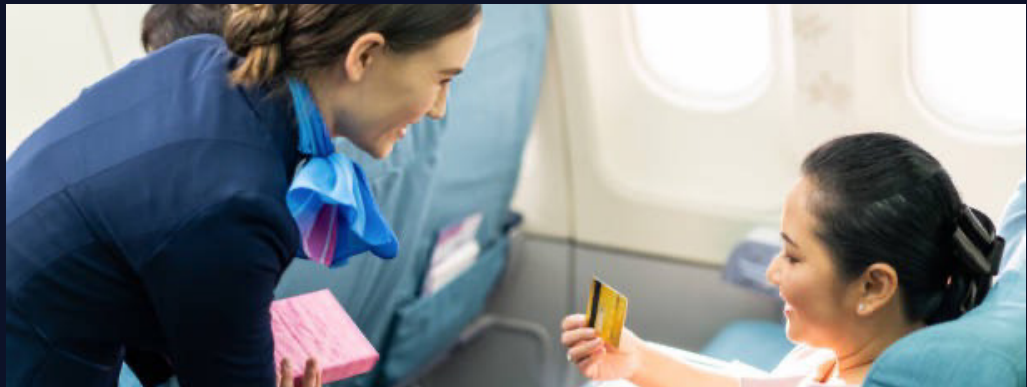
Travelers

Enhanced satisfaction through personalized experiences and smart itineraries.

Businesses

Increased revenue and customer loyalty by offering unique, memorable experiences.

- The airline industry is in an extremely competitive market with tight profits and stringent regulations. EaaS is transforming the traditional airline business model by allowing airlines to differentiate themselves. It integrates with key components of an airline's business model to add value to business stakeholders and customers.
- EaaS use cases in airline operations include AI-powered customer service, personalized in-flight experiences, and smart itineraries. These innovations streamline operations, reduce costs, and enhance passenger satisfaction.



EaaS is reshaping the traditional hospitality business model. Hotels can differentiate themselves in a competitive market through key components such as customer segments, value propositions, and revenue streams. EaaS in hotel operations include AI-powered concierge services, personalized room settings, and smart itineraries. These innovations streamline operations, reduce costs, and enhance guest satisfaction. By leveraging AI and data analytics, hotels can anticipate guest needs and provide personalized recommendations. Digital concierges and personalized marketing campaigns have been key strategies for enhancing customer engagement.

Given the era of experience economy, EaaS can significantly enhance revenue streams and increase profitability for hotels through personalized packages, exclusive events, and unique amenities. It can also improve some of the most important KPIs in the services industry, such as:

1. Customer satisfaction
2. Net promoter score
3. Revenue per customer
4. Mindshare
5. Wallet share
6. Repeat engagements

EaaS: A two-pronged solution

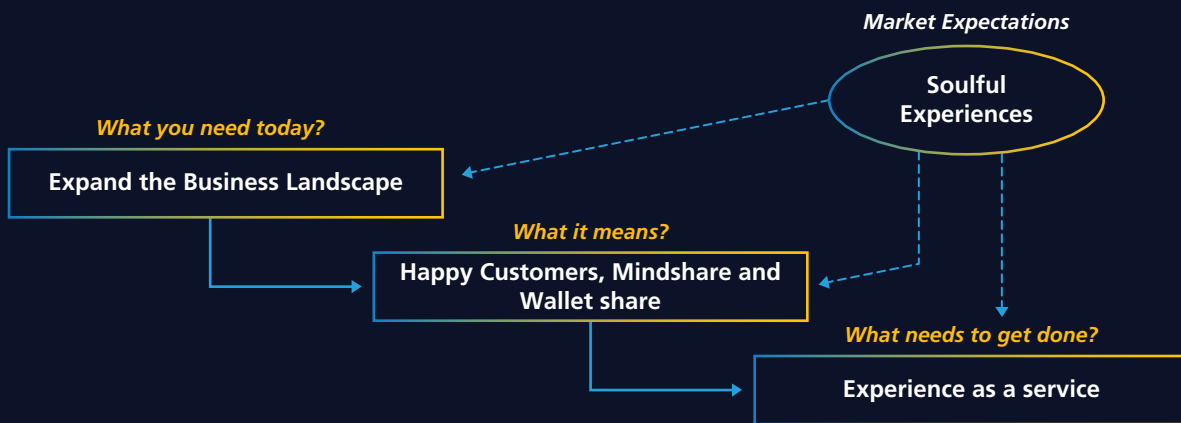
EaaS allows businesses to focus on two key areas of customer experience.

One part of it looks at packaging existing services and offerings of a business into experiences. For instance, hotels in hill stations with facilities like a spa, yoga, meditation etc. can sell their rooms with these services - packaged as 'silent tourism' - focusing on quiet and mindful experiences. Another example could be establishments providing sustainable/ ecotourism experiences to customers. Hence, it is important for the travel industry to focus on packaging experiences rather than standalone offerings.

The other part pertains to customer personalization. Businesses look at personalizing their offerings to customers basis their preferences and behavior. For example, professional travelers display characteristic behavior such as booking in specific business hotels, staying short durations, ensuring a gap between booking and travel dates, travelling alone, and visiting certain cities. An airline should focus on providing services that aid this type of traveler, such as miles, currency exchange, lounge facilities etc. Similarly,

families can be given tourist passes to visit local attractions. This ensures that customers spend more with the business, and not feel disturbed with irrelevant and frequent reach outs. Converting a customer effectively depends on the timing, frequency, capacity, and the channel used.

Aligning Business goals with Market trends



Must-have Capabilities to sustain this Market Trend

Understand customer needs and **Personalize**

Convert business offerings into **Experiences**

Visualize and **market** the Experiences

Figure 1: Aligning Business Goal with Market Trends



Enabling EaaS

To successfully implement EaaS in the tourism industry, enterprises must adopt a combination of advanced analytics solutions, AI-powered data analytics, and innovative digital marketing strategies.

Advanced analytics

Advanced analytics solutions are crucial for transforming raw data into actionable insights. These tools help enterprises understand customer behavior, preferences, and trends, enabling them to tailor experiences that resonate with travelers. Key components include:

Predictive analytics

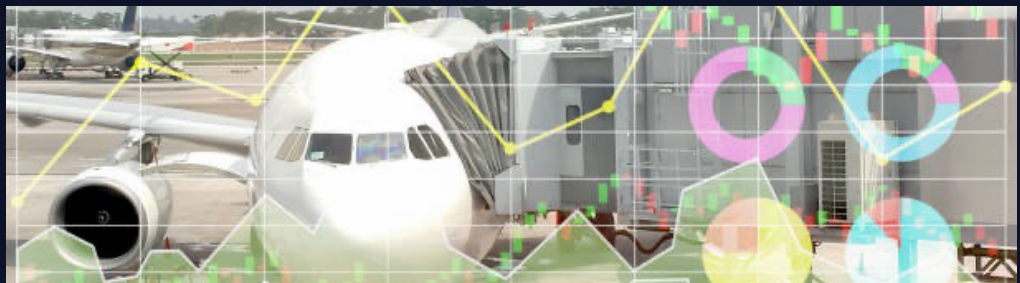
By analyzing historical data, predictive analytics can forecast future trends and customer behaviors, allowing businesses to proactively design experiences that meet anticipated needs.

Real-time analytics

Real-time data processing enables immediate insights into customer interactions, allowing for on-the-fly adjustments to enhance the travel experience.

Augmented analytics

This involves using Machine Learning (ML) and Natural Language Processing (NLP) to automate data analysis, making it easier for non-technical users to derive insights and make data-driven decisions.



AI-powered data analytics

AI-powered data analytics play a pivotal role in enabling EaaS by providing deep insights into customer preferences and behaviors. Augmenting businesses with these capabilities effectively can grow the market share and likeability of customers.

Hyper-personalization

AI algorithms analyze vast amounts of data to create highly personalized travel experiences, from customized itineraries to tailored recommendations.

Smart itineraries

AI can optimize travel plans based on real-time data, ensuring that travelers have seamless and enjoyable journeys.

Actionable data insights

AI-powered insights help businesses identify opportunities for improvement and innovation, enhancing customer experience.



Digital marketing

Digital marketing is essential for promoting EaaS offerings and engaging with customers. Innovative strategies include:

Content marketing

Creating engaging content that highlights unique travel experiences can attract and retain customers. This includes blogs, videos, and social media posts that showcase destinations and activities.

Influencer partnerships

Collaborating with travel influencers can amplify reach and credibility, as they share their experiences with a broad audience.

AI-driven campaigns

AI can optimize marketing campaigns by analyzing customer data to determine the most effective messaging, channels, and timing.

Implementing EaaS

To fully leverage EaaS, enterprises must integrate AI and analytics across the entire customer journey. This involves:

01 Data integration

Combining data from various sources, such as booking systems, social media, and customer feedback, to create a comprehensive view of the customer.

02 Cloud-based solutions

Utilizing cloud platforms like Snowflake for scalable data storage and processing, enabling real-time analytics and insights.

03 ML automation

Implementing ML operations (MLOps) to automate data processing and analysis, ensuring that insights are continuously updated and relevant.

03 App, website integrations

Implemented models and processes must be seamlessly integrated with customer-facing assets to create a seamless yet powerful experience for customers.

EaaS: Creating personalized in-flight experiences

EaaS can significantly enhance the in-flight experience for passengers by providing personalized services and entertainment. Let's look at the detailed process and activities to do so.

Data collection

The first step in implementing EaaS for personalized in-flight experiences is data collection. Airlines gather vast amounts of data from various sources, including:

Passenger profiles

Demographic information, travel history, preferences, and feedback.

Booking data

Details of past bookings, including destinations, seat preferences, and special requests.

Behavioral data

In-flight interactions, entertainment choices, and purchase history.

External data

Weather forecasts, flight schedules, and real-time flight data.

Data modeling	Once the data is collected, it is processed and analyzed using advanced data modeling techniques. The key steps involved are:	
	Data preprocessing	<ul style="list-style-type: none"> • Data cleaning: Removing duplicates, correcting errors, and handling missing values. • Data transformation: Normalizing data to ensure consistency and compatibility across different sources.
Feature engineering	Creating features	Developing new features from raw data, such as preferred genres of movies, meal preferences, and frequent flyer status.
	Feature selection	Identifying the most relevant features that influence passenger preferences and in-flight behavior.
Machine Learning Models	Collaborative filtering	Using algorithms like matrix factorization to identify patterns in passenger preferences and recommend similar in-flight services.
	Content-based filtering	Analyzing the attributes of in-flight services (e.g., movie genres, meal types) to recommend options that match passenger preferences.
	Hybrid models	Combining collaborative and content-based filtering to improve recommendation accuracy.
Integration of outcomes	The outcomes of the data modeling process are integrated into the airline's tools and processes to deliver personalized in-flight experiences. The key integration points are:	
	In-flight entertainment system	<ul style="list-style-type: none"> • Real-time recommendations: Implementing the recommendation engine on the in-flight entertainment system to provide real-time suggestions for movies, TV shows, and music based on passenger preferences. • Personalized content: Offering tailored content such as destination guides, language lessons, and travel tips relevant to the passenger's journey.
	In-flight services	<ul style="list-style-type: none"> • AI-powered cabin crew assistance: Equipping cabin crew with AI-powered tools to provide personalized service, such as meal recommendations based on dietary preferences and special requests. • Smart seat adjustments: Using AI to adjust seat settings (e.g., recline, lumbar support) based on passenger preferences and past behavior.

Analytics and reporting

- Performance monitoring: Tracking the performance of the personalized in-flight experiences using key metrics such as passenger satisfaction scores, engagement rates, and in-flight purchases.
- Continuous improvement: Using feedback and performance data to refine the recommendation models and improve accuracy over time.



Case study: Singapore Airlines

Singapore Airlines collaborated with Blings to incorporate groundbreaking MP5 video technology into its in-flight services. The key features included:

Inflight itinerary video

Tailored content according to the flight destination, including new game releases, videos, and TV shows.

Health and safety video

An informative video with FAQs that adapted based on the destination's COVID regulations.

Inflight shopping video

A dynamic shopping experience with special promotions.

The implementation of these initiatives brought forth valuable lessons:

Enhanced passenger experience

By providing a more personalized and engaging experience, Singapore Airlines observed a significant positive impact on customer satisfaction scores.

Increased awareness

The successful implementation of the health and safety video demonstrated the importance of clear and effective communication to passengers.

Valuable insights

Leveraging real-time analytics proved instrumental in optimizing content based on passenger interactions and preferences.

Embracing EaaS for a brighter future

The tourism industry is poised for a transformative journey with the adoption of EaaS. By leveraging AI-powered insights, advanced analytics solutions, and innovative marketing strategies, businesses can create unforgettable experiences that resonate with travelers. The integration of advanced/ AI-powered data analytics and innovative digital marketing strategies will enable businesses to stay competitive and meet the evolving demands of the experience economy. It is crucial for businesses to identify and activate the right kind of products that enable them to be in this competitive landscape. Today, enterprises have started implementing personalization in pockets. EaaS could prove to be a well-thought-out, full-fledged package of use cases curated to drive customer experience from inside out.

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