

Artificial Intelligence Setting All Airfares? That future might not be far off

Warm-up question: Have you ever searched online for a flight or product and noticed the price change later? How did it make you feel?

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ARI SHAPIRO, HOST:

Artificial intelligence is reaching deeper into every aspect of our lives, and soon it could determine how much you pay for an airline ticket. Delta says by the end of this year it wants to use AI to set 20% of all fares, and it's already started. Lawmakers are asking what this means for privacy and whether it'll wind up raising prices for customers. Kyle Potter has been writing about this new policy and the controversy surrounding it for the website Thrifty Traveler. Welcome.

KYLE POTTER: Thanks for having me, Ari.

SHAPIRO: So how does this work? How is it different from the kind of **dynamic pricing** that we've seen for sports, shows and airline tickets for a long time now?

POTTER: You know, I think we kind of have to divide this discussion into the present and the near future and then the vision of just how far airlines want to take this. You know, currently, airlines like Delta are using AI to really kind of power use it as the engine for the system that they've been using for decades to set airfare, which is - you know, as frustrating, as constantly changing as airfare is, the mechanics of how airlines actually set prices are pretty outdated. And so how Delta is currently **deploying** this is just using the AI, the technology, to **tweak** that at scale so that it's constantly changing those different fare buckets to try to get, you know, as much money as possible, as every airline does.

SHAPIRO: But is the vision that someday, if I search for Rolex watch prices, I'll get charged more for a plane ticket than if I search for the location of my nearest dollar store?

POTTER: You know, I think that is the big, big question, is just how far the data can go and what kind of data airlines will use in order to set prices. But no question, that is the future vision. And I just want to be clear, not just for Delta, but for every airline.

SHAPIRO: Have other airlines said that they plan to **roll this out**? I mean, we're only talking about Delta at the moment, but...

POTTER: The future here is really **hinged** upon some bigger-picture modernization of how airlines set prices. The vision is that all of them will be able to, in some ways, personalize airfare so that you and I search for the same flight from New York City to Washington, D.C., and at some point in perhaps the not-too-distant future, you and I might see different prices for the exact same flight.

SHAPIRO: What is the concern that lawmakers are expressing about this?

POTTER: I think lawmakers are tapping into the concern that everybody in America probably feels right now, seeing Delta talk about doing this for 20-plus percent of its fares, which is, what does this mean for what I pay? And given what we've seen from the airline industry not just for years, but decades, are they going to **gouge** me? And what kind of data are they going to use in order to do that? And what kind of say do I have in that, in order to make sure that I'm paying a fair price?

SHAPIRO: Are we at the stage right now where debating the use of AI is kind of like debating the use of the internet back in the '90s? - where, a decade from now, this whole discussion will look **quaint** and naive because AI will be so deeply integrated into everything we do?

POTTER: Yes and no. You know, on the one hand, I think this is a good time to start talking about this for airfare in particular because we are still, I believe, years away from a broad adaptation of using personalized airfare powered by AI and personal data. That's still a ways away, and I think now is the time to talk about that.

At the same time, I mean, no question, AI as a whole is powering what airlines are doing, what every business in the world is doing. So while we do have some time, I think, to put in, you know, some potential **guardrails** for just how far airlines can take this, **time is of the essence** here. The time to start talking about this was probably yesterday.

SHAPIRO: That's Kyle Potter, executive editor of Thrifty Traveler. Thank you.

Vocabulary and Phrases:

1. **Dynamic pricing:** A strategy where prices change frequently based on demand, time, or other factors instead of staying fixed.
2. **Deploying:** Putting something (like a tool, system, or technology) into action or use.
3. **Tweak:** To make small changes to something in order to improve it.
4. **Roll out:** To officially introduce or start using something new (like a product or policy).
5. **Hinged:** Depended or relied on something (often used figuratively to describe cause-effect relationships).
6. **Gouge:** To unfairly charge someone too much money for something.
7. **Quaint:** Old-fashioned in a charming or naive way.
8. **Guardrails:** Rules or guidelines put in place to prevent things from going too far or becoming harmful.
9. **Time is of the essence:** A phrase that means something must be done quickly; there is urgency.

Comprehension Questions:

1. What is Delta currently using AI for in setting airline prices?
2. How is this new approach different from past airline pricing methods?
3. What future possibility does Kyle Potter mention about personalized pricing?
4. Why are lawmakers concerned about this use of AI?
5. Why does Potter say "time is of the essence" when discussing guardrails for AI?

Discussion Questions:

1. Do you think it's fair for two people to pay different prices for the same flight? Why or why not?
2. What kinds of personal data should companies be allowed to use when setting prices?
3. How should governments or companies set rules to prevent unfair use of AI in pricing?
4. In what other areas of life do you think AI might change how prices are set?