Blockchain in hospitality: challenges or opportunities for hotels?

Dr. Andriew Lim
Professor of Technopreneurship and Innovation
Hotelschool The Hague, the Netherlands
Email: a.lim@hotelschool.nl

Abstract

Hospitality industry has become a data-driven industry, where data has become an important competition tools. At the same time, the development of blockchain has been influencing the business model in various ways across industries. As the distributed ledger system that supports cryptocurrencies and influences the financial services in different ways, its decentralised characteristic is able to execute autonomous scripts. With this characteristic, blockchain has been applied for smart contracts, which is based on data-driven code. However, blockchain is currently underappreciated within the hospitality industry due to high uncertainty and little is known how it would mean to the business. On the one hand it is a disruptive technology that is still emerging and, on the other hand, its hype has economic impact on the society. This paper tries to identify the opportunities of blockchain in the hospitality industry by analysing current best-practices conducted by various companies. There are three major opportunities with blockchain for hotels. First, based on the decentralising characteristic that blockchain can eliminate third-party costs, a number of companies created platforms for direct interaction with consumers. This means the role of online travel agency could be reduced and, at the same time, loyalty programme could be enhanced. The second opportunity is supporting transparent supply chain for the hotels, in particular those who are franchisors. Using blockchain network for smart contracts, the transactions between the franchisees and suppliers can be recorded and reviewed transparently. This means the hotels would have better control in their quality control of their enterprises. Finally, using smart contracts on blockchain network would enable hotels to enhance their services through collaboration with travel industry by providing their guests with connectivity to the other service providers during their journey. This means the hotels would be able to optimise their business process through reducing transaction costs. To conclude, despite the challenges as an infant technology, blockchain has more business potentials than perceived for the hospitality industry. Since the technology companies are the drivers behind blockchain, hospitality companies should consider further collaboration with the technology companies to further develop and implement blockchain as part of their businesses.