


Chapter 6

Blockchain Technology and Internet of Value in the Hospitality and Tourism Industry

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ABSTRACT

The purpose of this critical reflection is to investigate blockchain technology and its ability to unleash the Internet of Value (IoV) throughout the hospitality and travel sectors through the five realms of the emerging financial technologies and economies, which are cryptocurrencies, decentralized finance, metaverse, non-fungible token, central bank digital currency. Thus, in evolving electronic markets across the hospitality and tourism industry the blockchain technology could unleash the IoV. Nevertheless, certain challenges of blockchain technology such as its applications, privacy, legal frameworks, and environmental impact have to be discussed as all of these facets are critically important in order to optimize the benefits of cutting-edge technology. With the rising opportunities across the IoV, the hospitality and tourism businesses can improve and advance the hospitality and tourism operations by utilizing blockchain technology.

DOI: 10.4018/979-8-3693-6562-5.ch006

INTRODUCTION

A technological breakthrough is a delicate time where a single design is applied to multiple use cases (Lee et al., 2021). In the digital age, we are witnessing the developments of blockchain and distributed ledger technology, as the hospitality and tourism companies explore various use cases in order to apply blockchain technology. The main reason behind the embracement of blockchain technology in tourism is its ability to provide outstanding money transfers, which are effortless and direct (Irannezhad & Mahadevan, 2021). Thus, blockchain technology serves as a the stage that facilitates innovation of the Internet of Information (IoI) towards the Internet of Value (IoV) in today's asset driven hospitality and tourism businesses.

The IoV in the service and leisure sectors can be portrayed as an economic system of countless assets, which owns the commercial value for people. Hence, idea behind the IoV is to transfigure fabrics of quantitative values into a simplified structure that persist on blockchain (Treiblmaier, 2022a). More precisely, IoV is a digital nexus that permits a value transfer in the absence of governance (Treiblmaier, 2022a). Money is easily transferred within the IoV, which is similar to today's information movement, since blockchain technology removes intermediaries, which include financial institutions, bureaucracy, and various administrations, and it lowers payment fees, provides wide inclusion, and offers fidelity, privacy, and robust security (Lacity, 2020). In the hospitality and tourism sectors, the demands for payments are reciprocal to the increasing revenue, so the hospitality and tourism companies require seamless, interoperable, inclusive, certain, cost effective, and real time payments (Demirciftci et al., 2020).

The blockchain technology holds specific features that can unlock the IoV across the hospitality and tourism sectors, because various hospitality and tourism companies, supporting businesses, worldwide destinations, and many other stakeholders can set up their own ecosystem that is tokenized, interoperable, which is within and outside the particular business silos, and trustworthy for all the participants (Rashideh, 2020). Thus, the hospitality and tourism businesses are increasing their blockchain technology adoption in order to allure the emerging venture capitalists and streamline their networks (Su et al., 2022). Furthermore, blockchain technology enables business to lower their energy consumption and carbon footprints within the hospitality and tourism sector, capture the benefits of the central bank digital currencies (CBDC), extend the hospitality products and travel destinations into the metaverses, accelerate crypto transactions, offer valuable loyalty programs, and tap into the decentralized finance (DeFi) and tokenize physical assets, such as festivals, amusement parks, heritage sites, hotels, and resorts spaces in the form of non-fungible tokens (NFTs).

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