

BLOCKCHAIN TECHNOLOGY AFFECTING MORE OF THE TOURISM SECTOR



The world is changing in a very dynamic manner and all the sectors of the economy are reacting to this transformation. Tourism is no exception to the rule, with the industry constantly increasing its digital “footprint” and making use of new technologies - including blockchain technology.

Blockchain technology is a notable asset in this context and an asset whose potential is now being explored and used by tourism professionals all around the world. What exactly is the deal with it? Is it just a buzzword or does it have a real influence on the sector?

The reality is that blockchain offers a wide variety of interesting opportunities in the tourism sector. First, there is the obvious use in payments in the form of cryptocurrencies. As a result, transaction costs can be limited to a bare minimum.

The technology can also positively affect a somewhat stagnating market of loyalty programs, which still seems to be lost in old habits of the previous decade in terms of rewarding customers.

The possible implementation of cryptocurrencies in loyalty programs of companies could give them a new dimension, seeing as they are decentralized and fluctuate based on demand. Thus, customers can influence how much they are rewarded for their loyalty.

There could also be wide use of blockchain technology to facilitate storage and verification of customer data, as well as support OTAs, which could benefit from the reduction of intermediaries and thus also of transaction costs. As a result, companies can increase revenue and generate higher profits.

Finally, there is also room for non-fungible tokens (NFTs) which have been rising in popularity in the last couple of months. NFTs could represent tickets or coupons of the future and could be used for a wide variety of activities, from boarding a plane to buying tourism goods.

Airlines generally seem to be the most progressive in the industry in using blockchain technology. For example, companies like Norwegian Air or AirBaltic have started accepting payments in cryptocurrencies.

Northern Pacific Airways, a company set to begin operation this year, wants to reward its customers with tokens which will be redeemable for free flights and other benefits.

More prominent names in the industry are also studying moves in this direction, for example, British Airways, Lufthansa and Air France, with the latter testing a blockchain-based app for the presentation of Covid-19 tests and vaccination certificates.

Other companies using the technology include Expedia, which also accepts payment in cryptocurrencies, or for example, Lynkey, a company operating in the luxury tourism sector, which has started to implement NFTs in their business model.

It is clear that the implementation of the technology is still a work in progress, but the potential is

immense.

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