

# Blockchain Technology in Hotel Industry: A Case of Shangri-La Hotels & Resorts



Source: Unsplash (2021)

## Background

A blockchain is a highly secure and reliable decentralized network where data and values are simultaneously shared and maintained by computers around the world (Synopsis, n.d.). This technology was originally used in cryptocurrency trading to guarantee a safe transfer of encrypted information between users (Travala.com, 2023). In today's world, blockchain technology has gradually been implemented in the hotel industry.

In recent years, Shangri-La Group developed a blockchain-based loyalty program named Shangri-La Circle to monitor customer rewards and deliver a more effective loyalty experience (Apps Run The World, 2023; Shangri-La, n.d.). Through tokenization, loyalty points and rewards are generated and distributed directly to end-users. Additionally, the app promotes a safe and secure booking channel for guests, where all transactions and information are exchanged through encrypted ledgers exclusively between the hotel and the customer. By excluding third-party sites such as online travel agents (OTAs) from the booking process, the risk of personal information leakage is minimized. Furthermore, once a transaction is created, both the hotel and the customer can transparently view the transaction details. This enhances the customer experience and fosters greater trust between the customers and the hotel.

## Challenges

Several challenges must still be addressed for Shangri-La Hotels & Resorts to maximize the effectiveness of blockchain technology. The hotel industry often relies on outdated systems that do not easily integrate with modern blockchain solutions. Transitioning from these legacy systems to new blockchain-based platforms can be both time-consuming and costly for Shangri-La Hotels & Resorts (Duziak, 2023). Additionally, despite the robust security features

offered by blockchain, privacy concerns persist, particularly regarding the handling of personal guest information. Ensuring compliance with data protection laws is crucial (Löcher, 2023).

### **Discussion Questions**

1. How does blockchain technology enhance security and reliability in data sharing and transactions?
2. What are the key differences between traditional data management systems and blockchain-based systems?
3. How does the transparency provided by blockchain technology affect the trust relationship between hotels and their customers?
4. What privacy concerns might still exist despite the robust security features of blockchain, and how can they be addressed?
5. What strategies can be implemented to improve the efficiency of locating and retrieving information stored across a decentralized blockchain network?
6. How do you foresee the role of blockchain technology evolving in the hotel industry over the next decade?

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### **Keywords**

- Blockchain
- Data security
- Loyalty program
- Hotel
- Trust
- Data privacy

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