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Online Traveler Ratings: Impact on Determining the Top 25 Hotels

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A Research Proposal
Business Information and Decision Making RSCH 5500

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Abstract
The hospitality industry has changed the way the traveler makes a decision to stay in a hotel. Travelers use the social media and electronic word of mouth (eWOM) to search and evaluate different places. Traveler reviews and ratings have had an influence on the decisions of prospective new guests. TripAdvisor is the world’s largest travel site for travelers. TripAdvisor displays the Top 25 hotels in the United States based on traveler reviews. This research proposal is to identify the relationship between travelers’ ratings and the top hotels. The purpose of this study is to provide hospitality management an opportunity to understand which attributes hotels might possess to be considered a top hotel for travelers. The theoretical framework presents an overview based upon the hospitality industry. The study is realized by 22,993 reviews of top hotels based on the TripAdvisor website. The research proposes the quantitative method using traveler ratings overall, and variables such as room, services, quality sleep, location and cleanliness for all top hotel winners. The analysis uses a Likert-type scale. The results will be displayed by percent and averages for overall ratings, and the ratings on the six attributes for hotels. The study will employ a standard alpha $\alpha = .05$ for testing the hypothesis and to acquire statistical validation. The research proposal provides methods for managers to improve processes, procedures, and skills to become a top hotel based upon travelers’ ratings.

Keywords: TripAdvisor, Online Traveler Reviews, eWOM, Hospitality industry, Social Media, Online Traveler Rating.
Social Media is changing the word of mouth towards “electronic word of mouth” in the Hospitality industry. Travelers use websites for choosing hotels and the reviews can be an influence in making decisions. TripAdvisor™ is one of the leaders in social media traveler content providing reviews of hotel, places, and restaurants. According a survey conducted by PhoCusWright (2014) three-fourths of all travelers now use TripAdvisor before booking a hotel. TripAdvisor’s official page (2014) had posted more than 170 million reviews and more than 280 million travelers use the page. A Cornell Hospitality Research Center Study in late 2012 showed that by increasing its overall rating one point on TripAdvisor, a hotel could increase its room rate 11.2% without lowering occupancy. Another study released by the University of Michigan (2013) showed that hotels that increased their trip Advisor rating one point could increase the average daily room rate $10. TripAdvisor received the Traveler’s Choice Award for the top 25 hotels in the United States 2015. This study proposes an analysis of the impact of travelers’ ratings for determining the winners. The study verifies the relationship between overall ratings and the ratings of variables such room, services, cleanliness, quality sleep and location to the top hotels. The study presents an analysis using the quantitative method to measure the overall ratings and subcategories for determining the top 25 hotels. The purpose is present which variables are the most important for traveler for being a best hotel in the United States. This provides an opportunity for a manager to evaluate the properties and improve their hotel as well. Quality services are more than hotels stars, it is to bring an unforgettable experience before, during and after their stay. By continuing to stay in touch with their guests, they might return to the property and this might attract new guests. Also, the electronic world of mouth (eWOM) is an opportunity to create the best relationship with the guest and comprehend which attributes
they prefer. This research proposal includes literature review, proposed methodology and analysis for acquiring a valid result.

**Statement of the Problem**

The Social Media has an impact in the Hospitality industry. TripAdvisor provides a website where the traveler can search hotels, read customer reviews, compare hotels, and share their experiences. The travelers after their stay at a hotel can use TripAdvisor for writing reviews, where they evaluate the hotel with an overall rating, subcategories, and comments. TripAdvisor showed the Top 25 Hotels (2015) travelers choice in the United States based on customer reviews. How can these reviews affect the travelers in the Hospitality industry? How can the Hotel be part of the Top hotels in the United States? Why should hospitality management react to the online customer reviews? How does TripAdvisor determine the best hotel? The traveler using the eWOM expresses their experience with other travelers that could influence other persons to visit or not visit the property. This proposed study is important for hospitality management to use the website for engaging contact with the guest before, during, and after they stayed in their hotel. The study creates a way for hospitality management to evaluate which position their property is when travelers consider it.

**Purpose of the Study**

The purpose of this proposed research is to provide hospitality management an opportunity to understand the impact of online travelers’ ratings for determining the top hotels in the United States. The study presents an analysis using a quantitative method. The research is conducted to analyze and evaluate traveler ratings overall, and subcategories for the Top Hotels based on online reviews. The electronic world of mouth (eWOM) is a new way where guests communicate together about the different hotels and places. TripAdvisor is the world’s largest travel site used by millions of travelers. TripAdvisor announces (2015) Travelers Choice Hotel
winners based upon millions of reviews and opinions collected in a single year from Trip Advisor travelers worldwide (TripAdvisor, 2015). “The Traveler’s choice list of thousands of award-winning properties is perfect to inspire travelers as they think about their 2015 travel plans” said Barbara Messing, Chief Marketing Officer for Trip Advisor (TripAdvisor, 2015). According to a survey released by Trip Advisor, 65% of respondents are more likely to book hotels that win awards (TripAdvisor, 2014). Also, 80% of the respondents read at least 6-12 reviews before making their decision, and 53% will not book a hotel that does not have reviews. The hospitality industry should analyze which factors customers require for a “good” hotel. In addition, if the hotel does have a good rating, probably more guests will want to visit this hotel, but if not probably less will want to visit the hotel. The study is a good benchmark for analyzing hotel ratings and a good way for making new strategies in the hospitality industry.

**Research Question / Hypothesis**

To address this research investigation is expressed by the following research questions:

Is there a relationship between traveler ratings and the Top 25 Hotels in the United States based on TripAdvisor?

How is the traveler rating of the Top 25 Hotels in the United States based on online reviews through TripAdvisor?

The proposal for this study is testing which of following hypotheses:

The null hypothesis for this study is:

H0: There is no a significant relationship between high traveler ratings and the Top 25 Hotels in the United States based on TripAdvisor.

The alternative hypothesis for this study is:

Ha: There is a significant relationship between high traveler ratings and the Top 25 Hotels in the United States based on TripAdvisor.
Definition of Terms

1. TripAdvisor – is the world’s largest travel site, enabling to plan and book the perfect trip. The website offers trusted advice from real travelers and a wide variety of travel choices and planning features with seamless link to booking tools that check hundreds of websites to find the best hotel prices (TripAdvisor, 2014).

2. Social Media – websites and other online means of communication that are used by large groups of people to share information and to develop social and professional contact (Dictionary.com, 2014). Social media are computer-mediated tools that allow people to create, share or exchange information, ideas, and pictures/videos in virtual communities and network (Wikipedia, 2014).

3. Online Customer Review – refers to a review written by a consumer for a product or a service based on her experience as a user of the reviewed product. Usually, consumer reviews are in the form of several lines of texts accompanied by a numerical rating (Wikipedia, 2014).

4. Word of Mouth (WOM) – is the passing of information from person to person by oral communication, which could be as simple as telling the time of day. In marketing involves the passing information between a non-commercial communicator and a receiver concerning a brand, product or service (Wikipedia, 2014).

5. Electronic word of mouth (eWOM) – is relatively new-found term for Word – of – Mouth. EWOM is online reviews generated by internet users regarding travel destinations, hotels, and tourism services, which has become an important source of information for other travelers (Pan, MacLaurin, & Crotts, 2007).
Online travel searches, customer reviews, and booking places are on the rise in the last several years. Different websites provide travelers to share photos, their experiences, and to qualify the places. The process of online travel is changing, how customers search places, read reviews, and then book the hotel as a guest. TripAdvisor is the most useful search tool for travelers. TripAdvisor chooses the best hotels winners in the United States with an analysis of traveler reviews. The hospitality industry should integrate with different websites and analyze traveler reviews and ratings. The current research is to add to the existing literature by focusing on the relationship between the ratings and top hotels winners. The literature review includes: Social Media and Hospitality industry, Traveler Reviews Online and Electronic Word of Mouth, Traveler Ratings and Hospitality industry, and the TripAdvisor website.

**Literature Review**

**Social Media and Hospitality industry**

Social media is useful for the customer to share their experiences by comments, reviews, photos and catalogue when rating a property. Actually, the social media has had an increase through the years. Different websites create a platform where customers can express their experiences. Some studies focus on a social media having an impact on travel decision making. The hotel brand that adopts mobile technology are able to form a much closer relationship with their consumers than hotel brands that have not adopted such mobile technology (Tina & Chan, 2012). The Center for Hospitality Research presented research to explore how the proliferation of social media has changed customer preferences in the hospitality industry. The study indicated that there is phenomenal increase in travelers using customer reviews on social media websites. For example, they will use TripAdvisor to search for information about hotels. The results
demonstrate that social media and customer reviews are an essential part of many travels (McCarthy, Stock, & Verma, 2010). To be successful in the future, hotels need to acknowledge that social networks and user-generated content exist, and then try to influence its development to increase the amount of business generated and to build loyalty in consumers (Schetzina, 2012).

**Online Traveler Reviews and Electronic Word – of - Mouth**

Online customer reviews are a form of electronic word-of-mouth (eWOM). They have become important information resources for consumers ever since the Internet permeated the tourism and hospitality industry. These platforms allow consumers to socially interact with one another, exchange product-related information, and make informed purchase decisions (Pradeep, Connolly, & Christodoulidou, 2013). Recognize that Word – of – Mouth has been the primary method for customers to return back to a specific property. However, this is a new era where technology is increasing and customers are communicating via website with electronic word – of – Mouth. Numerous eWOM studies have used rating scales as the primary indicator of service providers’ perceived quality. However, there are some mixed findings, for example-determining the impact of online reviews on product sales. One group of studies (Chevalier & Mayzlin, 2006) found a positive relationship between star rating and factors such as product sales and external influence propensity of online reviews. Quality of services in a hotel are important characteristics, but now the industry is more complex. Quality services is changing to include the experience, intangibles, tangible materials, and eWOM. A study investigated characteristics of hotel review writers in popular sites such as TripAdvisor. They found that review writers are mainly driven by the concern for other travelers, the need to help service providers improve their services, and the need for positive self-enhancement (Yoo & Gretzel, 2011). Studies have shown
the importance for managers to understand the negative and positive influence of online comments.

**Online Traveler Rating and Hospitality industry**

The numerical rating assigned to service providers are an accurate estimate of perceived quality as it relates to customers’ sentiments. Web sites that host online reviews give consumers the option to assign a rating (either 1-5 or 1-7 Likert type scales) to a service provider (Pradeep, Connolly, & Christodoulidou, 2013). A study showed that numerical ratings sometimes do not often capture the actual sentiment and the variety of dimensions on which travelers evaluate properties. Sometimes, these numerical ratings can be deceiving and may not reveal the true quality of the property (Pradeep, Connolly, & Christodoulidou, 2013). The literature does present several studies with research that this rating can affect the decisions for the traveler. Traveler ratings might be good for quantifying the quality of services when opening of a new hotel.

**TripAdvisor websites**

TripAdvisor is an American travel website providing reviews of travel-related content. It also includes interactive travel forums. TripAdvisor was founded in February 2000 and operates sites in 45 countries and 28 languages. TripAdvisor branded sites make up the largest travel community in the world, reaching 315 million unique monthly visitors and more than 200 million reviews and opinions covering more than 4.4 million accommodations, restaurants, and attractions (Google Analytics, 2014). In 2014, 150 million travelers downloaded the various TripAdvisor apps. In August 2014, a survey founded that TripAdvisor is the most widely recognized, used, and trusted travel website (Zacks, 2013). TripAdvisor offers a standard format
when the traveler can create a profile, which includes all reviews, places, and photos that they share with others. Also, each profile is personalized on basis of the “likes” of the traveler. TripAdvisor has a standard format for each traveler’s comment about the hotel where they include a rating for the hotel, and review about their experience. The hotels that are part of the TripAdvisor have a standard page summarizing the ratings and showing all reviews of the travelers. Also included is information such as star ratings, ranking, price, and the traveler can book the hotel. A study explored how user-generated review websites are becoming more and more important to a hotel’s success due to the correlation between their standing on TripAdvisor and hotel’s RevPar. It concluded that the TripAdvisor Popularity Index was in eight cases out of nine positively correlated a hotel’s RevPar (Patel, M., 2011). Trip Advisor organizes the hotel, restaurants, and places based on ratings, reviews, and preferences of the travelers. “Talk to your guest before, during and after their stay. Learn what might make their stay special before they get there, and try to exceed expectations in some way during the visit. Then ask them to share their experience” said Steve Kaufer, President and CEO for Trip Advisor (TripAdvisor, 2014). The commissioned survey conducted by PhoCusWright reveals that more than half of respondents do not want to make a booking until they read reviews and find out what other travelers think about the property. According to the study respondents of TripAdvisor, 29% visit the site several times a month, 12% say they check the site at least once a week, and 26% regularly use the site more than once a week. Overall this means that 67% of respondents check TripAdvisor a few times a month (TripAdvisor, 2014).

Methodology

Research Design

The objective of this study is to analyze the impact of online traveler ratings for determining the Top Hotels in the United States. This study proposes a quantitative method for
acquiring specific results concerning the hypothesis and research questions. TripAdvisor displays the top hotels in the United States selected until 2014. The data for use in this study is collected in January (2015) of TripAdvisor website. The study uses data on rating responses on traveler reviews for each of the top hotels based on the website. Specifically, the study use the data of overall ratings and includes ratings of the six attributes for hotels. The study organizes the top hotels for analysis into dependent variables and independent variables.

**Sampling**

The sample will consist of 23,993 (N=23,993) travelers’ reviews collected in January 2015. The population of this study included all travelers that stayed in the top hotels and made an online review through TripAdvisor. The website presents a platform that includes a summary of the traveler reviews, and the data shows the frequencies of couples, business, solo, or family. For this study available data (secondary data) was found on the TripAdvisor website.

**Instrumentation**

The study used the traveler reviews summaries in each of the top 25 hotels. The study uses a quantitative method for determining an exact percent and average of ratings. The study also employs a Likert type scale of 1 to 5 categories. The scale is useful for determining the overall ratings and six attributes of top hotels.

**Likert type scale**

Travelers conducted an overall rating of a hotel using a 5-point Likert Scale: 1 = Terrible, 2 = Poor, 3 = Average, 4 = Very good to 5 = Excellent. The study recollected the traveler ratings summary for each category. The platform showed the type of traveler in each scale and each hotel. The study used summaries of ratings for each category with a percent for determining the most important top hotel. Also, the study uses the Likert-type scale to measure independent
variables containing six attributes: cleanliness, location, room, service, sleep quality, and valor. These variables are measured with a Likert type scale 5-point, very general of all traveler reviews for each hotel. The study will present percent and averages of the top hotels for determining the satisfaction of the traveler. Cronbach’s alpha coefficient will be calculated for the entire instrument and sub-sections (individually). All statistical tests will use a standard alpha $\alpha = .05$.

**Data Collection and Analysis Procedures**

The data collected will be analyzed using an SPSS (Statistical Package for the Social Sciences) a program for obtaining descriptive statistics with frequencies and valid percent distribution for overall ratings and six attributes based on traveler rating reviews. The overall ratings will be measured with a Likert scale of 1 to 5, with the total amount of all hotels present with percent. The data ratings present which variables are more preferred for travelers. In this part of the study, this analysis is for the impact of the overall rating of the top hotels. For null hypothesis, it is divided with a normal distribution of high rating and low rating for all top hotels. This study finds the mean score in both parts, compares the differences and using standard alpha $\alpha = .05$ for analyzing the correlation between high rating above 3 and low rating below or equal to 3. These results will determine rejection or fail to reject the null hypothesis of this study and also to determine statistical significance. Secondly, the study summarizes the six attributes: sleep quality, location, room, service, value and cleanliness. This variable was tested by Likert Scale 1 to 5 in general of each hotel. The data rating are shown with an average of the variables of all top hotels. Also, the study will measure high score and low score for each attributes in general of the top hotels. In fact, it will compare both results to determine if high ratings have an impact of being a top hotel. The study will identify which variables are the most important for travelers.
Additionally, the study analyzes other independent variables such as couples, solo, business, family, and no response to compliment for the general traveler ratings’ reviews. The analysis evaluates the relationship between ratings and top 25 hotels in the United States. The results are practical for the hospitality manager contributing to their understanding of the importance of ratings, traveler reviews, and the TripAdvisor website. The study is also valuable for an individual manager concerning their own property ratings and results.

**Discussion**

In the Hospitality industry, quantitative customer ratings such as electronic Word of Mouth (eWOM) have had more impact in the last several years. This study contributes to filling the gap between customer ratings and top hotels. The purpose of this study is to provide an opportunity for analyzing the importance of hotel by traveler reviews and ratings based upon TripAdvisor. Hospitality management should evaluate which attributes are important for being part of the best hotels and make comparisons with other hotels. Travelers use TripAdvisor to search and evaluate before booking a reservation in a given hotel. This study presents the importance of creating an “excellent electronic word of mouth.” The analysis is a good alternative to comprehend how guests catalogue hotels. This analysis provides the hotelier evaluation ideas to make new strategies, skills and training to be considered one of the best hotels in the United States. The study is limited to a specific sample, and hotel of the same category. Also, the study was measured based on traveler reviews through Trip Advisor. Other research will evaluate traveler reviews using a scale of hotel star rating categories. In addition, a manager can provide a survey inside the hotel for customer that visits their property. Research containing both information is good because the hotel can compare traveler reviews online with a
guest experiences at specific time. Also, they can include an analysis with quantitative and qualitative methods. TripAdvisor is one of the best ways for manager to create a direct contact with the guest. Managers can evaluate and analyze the information through Trip Advisor in different ways. TripAdvisor is a great resource, saves money and has useful data for making a future decisions. The hospitality manager can make a difference and make a great experience for each guest. Also, if the guest has made a bad review, the manager should apologize. This is quality service and personalizes their experience. Hotel management has an opportunity to offer quality services, improve guests’ expectations, and visualize the future to be successful.
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Top 25 Hotels — United States

1. The Langham, Chicago - Chicago, Illinois
2. French Quarter Inn - Charleston, South Carolina
3. Bardessono - Yountville, California
4. The Grand Del Mar - San Diego, California
5. Old Edwards Inn and Spa - Highlands, North Carolina
6. The Oxford Hotel - Bend, Oregon
7. 21c Museum Hotel Bentonville - Bentonville, Arkansas
8. Villas of Grand Cypress - Orlando, Florida
9. Tivoli Lodge - Vail, Colorado
10. The Inn at Lost Creek - Telluride, Colorado
11. The Talbott Hotel - Chicago, Illinois
12. Mandarin Oriental, Las Vegas - Las Vegas, Nevada
13. Ponte Vineyard Inn - Temecula, California
14. Primland - Meadows of Dan, Virginia
15. Casablanca Hotel Times Square - New York City, New York
16. Vintro Hotel South Beach - Miami Beach, Florida
18. The Nantucket Hotel & Resort - Nantucket, Massachusetts
19. Four Seasons Hotel Chicago - Chicago, Illinois
20. Four Seasons Resort Hualalai at Historic Ka'upulehu - Kailua-Kona, Hawaii
21. Inn at Palmetto Bluff, A Montage Resort - Bluffton, South Carolina
22. Allison Inn & Spa - Newberg, Oregon
23. The Peninsula Beverly Hills - Beverly Hills, California
24. Metropolitan by COMO, Miami Beach - Miami Beach, Florida
25. Library Hotel - New York City, New York

Figure 2. Top 25 Hotels in the United States Adapted from “2015 Travelers’ Choice” by TripAdvisor, 2015. Retrieve from http://www.tripadvisor.com/TravelersChoice-Hotels
Figure 3. TripAdvisor Hotel. Adapted from “French Quarter Inn” by TripAdvisor, 2015. Retrieve from http://www.tripadvisor.com/Hotel_Review-g54171-d225044-Reviews-French_Quarter_Inn-Charleston_South_Carolina.html