Thumbs Down... to Thumbs Up
Burnish hospitality brands by responding to social media

By Mike Lynn and Umar Riaz
When almost everyone—even those who mask their identities—have access to an electronic billboard to criticize your business, companies need to respond effectively. And, as the number of social-media sites increases and the favored online forums vary by generation, the challenge grows larger for the hospitality industry.

What are the effects of reviews—positive and negative—on hotels? To find out, we sampled academic research on social media and marketing published in the past four years, starting to search with keywords such as “travel,” “hotel,” “restaurant” and “marketing.” We culled a long list of studies to 44 articles that looked at the attitudinal and behavioral effects of online content. While many papers had conclusions that seemed somewhat predictable, several offered interesting findings.

Some of the studies were conducted in settings outside hospitality (retail, for example), but all of the articles summarized below contain insights for marketers and business executives associated with hotels and property-management companies. The endnotes contain information so readers can explore the studies in full detail.
#1 Accentuate the positive at the top

What are the effects of hotel reviews on trust and intentions to book a room?

It probably comes as no surprise that predominately favorable reviews, compared to unfavorable, generate trust and increase booking intentions. However, researchers Beverley Sparks and Victoria Browning\(^1\) found the negative effect of predominately unfavorable reviews is reduced when the first two reviews in a series of reviews are positive. Potential customers, in other words, give more weight to the first reviews read online than to latter reviews that are less flattering.

Holding constant the total numbers of positive and negative reviews, having positive reviews up-front increases both trust and booking intentions, but only when the reviews are accompanied by numeric ratings, the researchers found. Numeric ratings may serve as review summaries that reduce consumers’ perceived need to read all reviews. This finding reinforces the impact of the first few reviews in a long series on reviews.
#2 Build credibility with mixed reviews and dialogue

How do consumer reviews influence perceptions of companies?

Australian college students were shown a fictional Facebook page for a software product that contained consumer comments and reviews. The research team led by Victoria Shaw and Brent Coker altered the page content in three different ways:

- Four positive consumer comments and one positive company comment
- Comments from consumers only: three positive and two negative.
- Three positive comments and one negative, all from consumers, along with a company response to the negative review

Perceptions of company honesty, genuineness and trustworthiness were significantly higher in the mixed reviews with company response than in the all-positive reviews condition, and they also were significantly higher than in the mixed reviews without a company response. These findings suggest that a few negative reviews will not seriously undermine the brand or purchasing intent, and may even increase perceptions of brand trustworthiness as long as the company responds effectively.
#3 Respond to negativity... but on independent sites wait to be asked

How do responses to negative blog posts affect perceptions of the brand?

In an experiment conducted online, Dutch students and volunteers were shown a fictional blog announcement about an automobile recall, together with a very negative consumer post about the company’s handling of the recall. Guda van Noort and Lotte M. Willemsen led the research.3

• In half of cases, the blog on which the comments were posted was said to be owned by an individual rather than the auto manufacturer;

• The other half of the time the blog was owned by the automobile company.

Within each of these conditions, the company being criticized either posted no response, responded without being explicitly asked to do so by the critical consumer, or posted a response as explicitly requested by a critical consumer.

Evaluations of the brand were significantly higher when the company posted a response—either proactively or reactively—than when it did not respond to the negative consumer post. Proactive responses increased brand evaluations only when the blog was company-owned. They had no effect when an individual owned the blog, presumably because such unrequested responses on another’s blog were perceived as intrusive and manipulative.

The study’s findings suggest firms should respond to negative consumer posts and reviews on their own online sites and do so on consumer-owned sites when explicitly requested. Unsolicited responses to negative posts on consumer-owned sites should be posted, if at all, only if special care is taken to make sure the response is written in a candid, informative and human voice rather than a persuasion-oriented, corporate voice.
Can a connection be found between Facebook content and what consumers spend?

Researchers Khim-Yong Goh, Cheng-Suang Heng and Zhijie Lin examined the effects of consumer- and marketer-generated Facebook content on clothing expenditures. Using data from the Facebook brand community of a casual-wear retailer in Asia, they measured the information richness and valence of consumer-to-consumer and marketer-to-consumer communications directed at specific consumers as well as those directed to a broader audience. The research team combined this data with information about the expenditures of members of the retailer’s reward program, who differed in length of time they were fans (if at all) of the retailer’s Facebook page. Econometric models were used to assess the effects of Facebook communications on total expenditures for a set period of time.

Study results indicated that Facebook community membership increased expenditures as did exposure to more informative and positive content. Furthermore, exposure to more informative and positive communications increased expenditures more when it came from consumers than from marketers. Exposure to additional, informative marketer-generated content did not reliably increase expenditures, and it did so only when directed at specific users. In contrast, the research team found that exposure to more informative and positive consumer-generated content increased expenditures more when directed at broader audiences rather than specific users.
Focus on credible consumer-generated content to increase business

What are the effects of attitudes toward Facebook content on brand loyalty, perceived quality and purchase intentions?

Bruno Schivinski and Dariusz Dabrowski surveyed Polish consumers who had liked clothing, telecommunications or beverage brands on Facebook. They asked about perceptions of the liked brand’s consumer- and marketer-generated Facebook content, as well as about perceptions of the brand and their intentions to purchase.

Analyses using structural equation modeling indicated that perceptions of marketer-generated Facebook content had no effects on brand loyalty, perceived quality or purchase intentions. More favorable evaluations of user-generated content led to greater brand loyalty and perceived quality, which in turn lead to greater purchase intentions.
Ines Blal and Michael Sturman examined the effects of online reviews on hotel-room revenues. They obtained TripAdvisor reviews of more than 300 hotels in London, England over a 13-week period, and revenue per available room (revPAR) and occupancy data from STR Global on the same hotels, over the same period following the last review. Hierarchical linear modeling of this data—controlling for hotel size, location, and occupancy, among other variables—indicated that revPAR increased with review ratings but not with the number of reviews (holding review ratings constant). The effects, however, varied across hotel segments defined by average daily rates. Review scores increased revPAR more for higher-end hotels while the number of reviews increased revPAR more for lower-end hotels. In fact, the effect on revPAR of number of reviews was negative for upscale hotels.
#7 Address negativity to begin to reverse thumbs-down attitudes

What are the effects of management response to online hotel reviews on subsequent-customer satisfaction?

Bin Gu and Qiang Ye obtained customer reviews of thousands of hotels and management responses (if any) from China’s largest online travel agency. They focused on records from customers reviewing the same hotel more than once. The researchers sought to assess the effect of receiving a management response to a previous review on subsequent reviews by that customer. They also examined the effects of observing management responses to others’ reviews but not personally receiving one on subsequent reviews. Results of their regression analyses:

- Receiving a management response to a previous review increased customers' subsequent reviews of the hotel, but only among customers whose previous review was negative (with a rating of 1 or 2 on a five-point scale).
- Observing that others received a management review but not personally having received one decreased customers' subsequent reviews of the hotel, but again only among customers whose previous review was negative.
Compared to other industries, hospitality is well positioned to lead the way in responding to social media commentary. Why? Because the industry has a longstanding tradition of actively soliciting, listening and responding to customer feedback. In contrast, in oligopolistic or monopolistic settings, businesses do not sense an urgency to listen to customers. Hospitality, on the other hand, is hyper-competitive and few businesses can survive for long unless they consistently satisfy their customer base.

Customer service training is an integral part of the industry, and this focus extends naturally to responding to social-media commentary. By responding promptly, businesses can strengthen connections with customers and attract new customers who are using computers, tablets and smartphones to research their options.

Hotels, restaurants and property-management companies have undoubtedly picked up insights on how to improve facilities and services through comments. Marketers might cite the findings in the studies summarized above to support a business case for bigger budgets to monitor and respond effectively to social-media commentary.
Co-authors

• Mike Lynn is a professor of consumer behavior and marketing at the Cornell University School of Hotel Administration in Ithaca, New York.

• Umar Riaz is the North American Lead for Accenture’s Hospitality and Travel Services practice and has consulted for a diverse set of companies in this sector.

Endnotes

1. Beverley Sparks and Victoria Browning, 2011, Tourism Management

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