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Monitoring Web 2.0 - User Generated Content in the Hospitality Industry

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ABSTRACT

Increased importance of user generated content (UGC) forces hotel managers to place greater emphasis on monitoring their online reputation. The study at hand investigates the hospitality industry’s attitude towards UGC as well as if and how the industry monitors online reviews of tourists. Data collected from an online survey conducted in German-speaking countries in Europe (Austria, Germany and Switzerland) are analyzed. The analysis of 693 completed questionnaires revealed that managers in all three countries assess evaluating UGC as highly important. This is also reflected in a high percentage of managers monitoring their hotels’ reputation themselves and by not delegating the task to employees. Further, managers have a rather positive attitude towards negative reviews. However, only a minority uses social media for advertising purposes. Further results are presented and implications are discussed.

Keywords: hospitality industry, user generated content, monitoring.

INTRODUCTION

Social media such as blogs, media sharing sites, social contact sites, or rating platforms have fundamentally changed the usage of the Internet as a source of information as well as a channel for distributing information (Buhalis & Law, 2008; Pan, et al., 2007; Xiang & Gretzel, 2009). Social media sites enable users to submit their opinions regarding other members of a community but also regarding various topics such as experiences, services, products, or organizations (Dellarocas, 2003). Research has been investigating the influence of this kind of interpersonal communication on consumers’ decision-making processes and its impact on enterprises for many years (Beatty & Smith, 1987; Kiel & A., 1981). From a consumer’s perspective researchers put a lot of effort into understanding what motivates users to contribute to social media (Nardi, Schiano, & Gumbrecht, 2004; Stoeckl, Rohrmeier, & Hess, 2006), why people use user generated content (UGC) to search for information (Bailay, 2005; Goldsmith & Horowitz, 2006; Gretzel, Yoo, & M., 2007), what affects online buying decisions (Wen, 2008), or what website design is most advantageous in order to fulfil users’ requirements (Engele, Stangl, & Teichmann, 2009; Kansa & Wilde, 2008). From a supply side perspective issues like the influence of UGC on destination marketing (Carson, 2008; Schmalleger & Carson, 2008) and on the hospitality industry (O’Conner, Höpken, & Gretzel, 2008; Ye, Law, & Gu, 2009) are examined.

Social media is allowing for online feedback and thus is providing users with the opportunity to publicize experiences with enterprises (Dellarocas, 2003). Since users trust in their e-fellows’ opinion, behavior of a whole community towards a specific enterprise may be
affected (Gretzel, et al., 2007). According to Dellarocas (2003) the following activities of an enterprise may be affected: brand building and customer acquisition, product/service development and quality control, as well as supply chain quality assurance. Hence, businesses have to deal with opinions posted by customers or strangers. However, there is not enough research attempting at how enterprises should respond to negative or incorrect online word-of-mouth (eWOM) (Schmalleger & Carson, 2008). In order to be able to react to online contributions by customers businesses need to control and monitor social media sites. Yet, to the best knowledge of the authors there are no studies investigating if and how the hospitality industry is monitoring eWOM or its online reputation respectively. Hence, the study at hand focuses on these aspects, more particularly on monitoring online reputation from the perspective of hotels in German-speaking countries (Austria, Germany, and Switzerland). By analysing 693 completed questionnaires the contribution of the study is multifaceted: i) insights are given in the frequency of monitoring UGC in hotels, who is responsible for this task and which methods are applied in order to monitor platforms on a regular basis, ii) light will be shed on if hotels are using social media platforms for marketing purposes, and iii) how hotels deal with negative reviews. Further, iii) correlations between hotel size, bed capacity, frequency of monitoring, attitude towards negative reviews and the perceived importance of online reputation are revealed, and iv) relationships between perceived importance of online reputation and actions to be considered after negative reviews appeared are examined.

LITERATURE REVIEW

Corporate reputation is defined as the assessment by all relevant stakeholders over time with regard to their direct and indirect experience with a specific organization at any point of time in the value chain (Gotsi & Wilson, 2001; Wiedmann, Walsh, Frenzel, & Alvaes de Freitas, 2002). Online reputation is not only influenced by information published from the supply side but also by content provided by customers. There is evidence that online representations diverge from each other depending on whether the demand or the supply side published the information (Choi, Lehto, & Morrison, 2007; Tang, Choi, Morrison, & Lehto, 2009). Hence, corporate online reputation is influenced by eWOM and therefore, there is a need for monitoring UGC. By monitoring UGC social media platforms could serve as a research community in which hotels enter into a dialogue with customers and listen to dialogues between customers (Cooke & Buckley, 2008). Hence, monitoring UGC assists in identifying new market trends. This is particularly worthwhile, since these platforms enable enterprises to actively listen to customers and gather feedback regarding the quality of products and services offered or sold (Dwivedi, Shibu, & Venkatesh, 2007; Henning-Thurau, Gwinner, Walsh, & D., 2004; Pitta & Fowler, 2005). Thus, social media platforms open new possibilities for market research in terms of a valuable source for detecting customers’ wishes and needs. Furthermore, eWOM is unbiased and voluntarily provided by customers as well as easily and freely accessible by businesses (Kozinets, 2002).

Hypothesis development

Corporate reputation influences customer’s intention to switch between suppliers. Hence, it positively influences the maintenance of regular customers as well as the acquisition of new ones (Buxel & Wiedmann, 2005; Caruana & Ewing, 2009; Eberl, 2006). Online reputation is influenced by eWOM which in turn is posted because customers are satisfied or dissatisfied concerning a product or service bought. Customer satisfaction has been investigated since decades because it not only leads to positive eWOM but also influences the intention to revisit a website and loyalty (Barnes & Vidgen, 2002; W. DeLone, H. & McLean, 1992; 2003; Moon & Kim, 2001; Richard L. Oliver, Rust, & Varki, 1997; Parasuraman, Zeithaml, & Malhotra, 2005; Wolfinbarger & Gilly, 2001). Theories of disconfirmation such
as contrast theory (Hovland, Harvey, & Sherif, 1957) or expectancy disconfirmation theory (R. L. Oliver, 1980) stipulate that customer satisfaction depends on the degree of confirmation of expectancies on perceived product or service performance. Expectations are standards used to evaluate products and services utilized during a holiday. Disconfirmation appears if there is a positive or negative gap between expectancies and performance (Richard L. Oliver & DeSarbo, 1988; Yüksel & Yüksel, 2001) leading to positive or negative word of mouth. In an online environment opinions regarding satisfaction with a company disseminate quickly due to social media and may affect corporate reputation (Dellarocas, 2003). According to Clark (2001) the amount of user generated commentaries increases with the size and the awareness of a company. Thus, managers of well known and larger hotels should perceive online reputation as more important.

**H1:** The hotel’s level of grading correlates with the perceived importance of online reputation.

**H2:** The hotel’s bed capacity correlates with the perceived importance of online reputation.

According to Yüksel et al. (2001) reliable customer feedback is essential in order to be able to improve management strategies. Yet, especially expectancy-value theories (Bagozzi, 1981) such as theory of reasoned action (Fishbein & Ajzen, 1975) and the technology acceptance model (Davis, 1989) stipulate that peoples intention to act depends on the assessment of the behaviors’ impact on the performance. Thus, cognitive decision rules are applied in order to evaluate possible performance improvements due to a certain action (Bagozzi, 1982). Furthermore, past usage significantly influences ease of use. A system that is easier to use positively influences attitude and consequently positive attitude impacts future usage (Bajaj & Nidumolu, 1998). Hence, there is a relationship between attitude or perceived importance respectively and behaviour, which in our case is monitoring UGC. Moreover, experience with an information system influences behaviour. Thus, we propose:

**H3:** Perceived importance of online reputation correlates with the frequency of monitoring UGC.

**H4:** The hotel’s active application of social media platforms for marketing activities correlates with the frequency of monitoring these platforms.

Social media platforms offer the possibility of directly booking online. Ratings as well as reviews on these platforms influence customer’s purchase decision. Therefore, particularly companies which sell their services online should keep an eye on their online reputation in order to gain competitive advantages (Füllhaas, 2008). Reviews and ratings need to be considered by suppliers because there is evidence that consumers trust in content published by other customers (Fesenmaier, Gretzel, Lee, & Yoo, 2008). Negative online reviews even have a greater influence than positive ones (Park & Lee, 2009). Thus, negative reviews are reducing the probability of a positive buying/booking decision (Ricci & Wietzma, 2006; Vermeulen & Seegers, 2008).

**H5:** There are differences between the quantity of received bookings through booking platforms and the frequency of monitoring UGC.

In order to evaluate if customer’s perception of service or product quality is in accordance with the hotel’s own perception of quality, UGC is very helpful. Bad online reviews negatively influence online reputation. Park et al. (2009) revealed that there is an even higher effect of negative eWOM than of positive one. Moreover, it is shown that there are differences concerning the type of product involved (Park & Lee, 2009). Nevertheless, other studies discovered that the total number of reviews in combination with a balanced mixture of positive and negative reviews is evaluated to be authentic by customers. Further, the more positive reviews are available the less attention is given to negative ones. Therefore, it should be of great interest for every hotel to receive as much reviews as possible (Lee, Park, & Han, 2008; Reinecke, 2008). Efficient complaint handling, the ability to accept criticism
and conducting dialogues with complaining customers could lead to an improvement of corporate online reputation. Hence, the right strategy of dealing with negative eWOM helps the hotel in strengthening a positive online reputation (Bunting & Lipski, 2000; Harrison-Walker, 2001). Thus, we hypothesize the following:

H6: Hotel’s attitude that negative online reviews:
   a) can help to improve service quality
   b) are important for adjusting and further developing services
   c) are helpful as a source of detecting customers’ wishes and needs
   d) are necessary in order that consumers perceive a platform to be authentic correlates with the perceived importance of being reviewed by customers.

H7: Perceived importance of online reputation correlates with actions to be taken in case of detecting negative reviews.

METHOD

After a thorough literature review six experts are interviewed in order to reveal further relevant aspects such as which platforms are the most important in terms of distributing and advertising hotel services in Austria, Germany, and Switzerland. A self administered questionnaire is designed to measure attitude towards and usage of social media in the hospitality industry as well as intended behaviour in case of negative online-customer feedback. Furthermore, background data concerning the hotels is surveyed. A pre-test was conducted in order to provide clarity and readability of the questionnaire. In order to make as many hotels aware of the survey as possible the survey was posted in an electronic newsletters of tourism related organizations in the three countries. Furthermore, the survey was directly mailed to hotels, whereby after the initial e-mail two follow-up e-mails were sent out. This procedure was designed to maximize the return rate and lasted for a three month period (15th July to 15th October 2009). The data is analysed by applying contingency tables, correlation analysis, and one-way ANOVA. In order to test significances Monte Carlo Simulation (confidence interval: 95 %, 10,000 samples) is used to account for expected frequencies smaller than five.

RESULTS

Sample profile

The survey resulted in 693 usable questionnaires, consisting of 202 questionnaires of Austrian respondents, 305 of German, and 186 of Swiss. Concerning the grading scheme, the sample comprises 46.0 % four to five star hotels, 42.0 % three star, 5.6 % one to two star hotels, and 6.3 % of hotels not being graded. The majority of hotels (77.8 %) are privately owned, 6.2 % are a member of a national hotel group, 11.8 % belong to an international hotel group. About one third (34.3 %) of the hotels provide a capacity of 31 to 70 beds, 28.9 % about 71 to 150, 21.2 % supply more than 150 beds, and only about 15.6 % have less than 30 beds to offer. Furthermore, travellers mainly use the telephone/fax (24.0 %), corporate websites (20.6 %), as well as booking platforms (19.6 %) to do their reservations. On average 61.0 % of the guests stay for one to three nights, 35.1 % four to seven nights, and the rest longer than seven nights. 61.7 % of the guests accommodated in hotels are leisure tourists while 38.3 % are business travellers.

Descriptive results

77.1 % of the respondents consider online reputation as very important, 21.5 % as important, and 1.5 % as not that important or not important at all. In charge for monitoring online reputation in general is the top management in 68.0 % followed by the desk clerk (33.0 %). About one third (34.3 %) of the hotels regard being graded by customers as very
important, 45.2 % as important. 79.5 % judge the importance that travelers publish reviews as very important or important, 20.5 % as not important. Nevertheless, only 44.2 % actively motivate their guests to review the hotel online.

Regarding the frequency of monitoring booking platforms which provide users with hotel ratings Table 1 shows that the most frequently monitored platform is Booking.com followed by HRS (Hotel Reservation System) and HolidayCheck. However, there are at least 20 % of hotels which never monitor any of the platforms mentioned. Concerning the person in charge for monitoring UGC, again in a majority of the hotels it is a task of the top management (65.2 %) followed by the desk clerk in 57.0 %. In 79.7 % the top management and desk clerks respectively are doing a manual keyword search using search engines in order to find published reviews. 48.3 % use automatic feeds or alerts and 10.5 % draw on a specialised agency.

| Table 1 Frequency of Monitoring Platforms (in percentages, n=693) |
|------------------|------------------|------------------|------------------|------------------|------------------|
|                  | Daily | Once a week | Once a month | Once per ¼ year | Less often | Never |
| Tripadvisor      | 5.9   | 22.4        | 22.1          | 5.3            | 6.8        | 37.5 |
| Holidaycheck     | 10.0  | 30.3        | 26.6          | 8.2            | 5.2        | 19.8 |
| Expedia          | 4.2   | 20.3        | 21.8          | 7.1            | 8.5        | 38.1 |
| Booking.com      | 12.4  | 35.8        | 22.2          | 5.9            | 4.6        | 19.0 |
| HRS              | 12.0  | 33.6        | 23.8          | 5.3            | 5.5        | 19.8 |
| Tiscover         | 4.6   | 12.7        | 13.0          | 4.0            | 11.1       | 54.5 |
| Zoover           | 1.2   | 2.7         | 5.2           | 2.2            | 6.9        | 81.8 |

39.1 % of the hotels use social media platforms for marketing purposes. 72.0 % of those hotels apply social network platforms (e.g. Facebook, Twitter, MySpace), 69.0 % media sharing platforms (e.g.: YouTube, Flickr, Panoramio), and 33.3 % use blog platforms as a marketing tool. Further, 21.0 % of the hotels operate their own corporate blog, 64.9 % of those corporate blogs are imbedded in the hotel’s own website.

More than half (51.8 %) of the hotels totally agree and 27.7 % agree that negative reviews can help to improve service quality. 36.8 % totally agree and 32.8 % agree that negative reviews are important for adjusting and further developing services. More than two third (66.8 %) comply with negative reviews being a possible source of detecting customers’ wishes and needs. However, only 16.9 % totally agree that negative reviews are important for the platform to be found authentic by the customers, and 32.9 % totally disagree or disagree. Concerning actions undertaken after negative reviews appeared, 14.2 % of the respondents who perceive online reputation as very important and 20.8 % who perceive it as important would ignore negative reviews. 10.3 % and 8.1 % respectively would institute legal actions. Further, 79.4 % of hotels who perceive online reputation as very important are likely to get in contact with the author while 65.4 % would contact the provider of a platform. 73.6 % would publicly comment on the review and 86.1 % of the hotels also consider thinking about the quality of services offered.

Hypothesis testing

Results of contingency tables show that the level of grading ($\chi^2=34.4$, p=0.007, Cramer-V=0.129, p=0.000) as well as bed capacity ($\chi^2=22.2$, p=0.006, Cramer-V=0.103, p=0.008) significantly correlate with perceived importance of online reputation. Since Cramer-V is close to zero correlations are significant but not very strong.

There are significant relationships between perceived importance of online reputation (e-reputation) and the frequency of monitoring UGC for the platforms TripAdvisor, HolidayCheck, Expedia, Booking.com, and HRS. Not significant is the relationship for Tiscover and Zoover (Table 2). Although, for the significant relationships Cramer-V is rather
close to zero correlations are significant. The same significant relationships appeared for correlations between the active use of social media for marketing purposes and the frequency of monitoring UGC (Hypothesis 4). Thus, there are significant correlations for all platforms but not for Tiscover and Zoover.

Table 2 Correlation of Perceived Importance of E-Reputation with Frequency of Monitoring

<table>
<thead>
<tr>
<th>Platform</th>
<th>$\chi^2$</th>
<th>p-value</th>
<th>Cramer-V</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tripadvisor</td>
<td>57.15</td>
<td>0.000</td>
<td>0.17</td>
<td>0.000</td>
</tr>
<tr>
<td>HolidayCheck</td>
<td>71.29</td>
<td>0.000</td>
<td>0.19</td>
<td>0.000</td>
</tr>
<tr>
<td>Expedia</td>
<td>38.87</td>
<td>0.005</td>
<td>0.14</td>
<td>0.001</td>
</tr>
<tr>
<td>Booking.com</td>
<td>41.51</td>
<td>0.005</td>
<td>0.14</td>
<td>0.000</td>
</tr>
<tr>
<td>HRS</td>
<td>46.93</td>
<td>0.003</td>
<td>0.15</td>
<td>0.000</td>
</tr>
<tr>
<td>Tiscover</td>
<td>24.20</td>
<td>(0.096)</td>
<td>0.11</td>
<td>(0.062)</td>
</tr>
<tr>
<td>Zoover</td>
<td>7.02</td>
<td>(0.788)</td>
<td>0.06</td>
<td>(0.957)</td>
</tr>
</tbody>
</table>

In order to test if there are differences between the quantity of received bookings through booking platforms and the frequency of monitoring UGC (Hypotheses 5) a one-way ANOVA is applied with received bookings through booking platforms as the dependent variable. There are significant differences for Tripadvisor (p-value=0.008), Expedia (p-value=0.000), Booking.com (p-value=0.000), and HRS (p-value=0.000). However, there are no differences for Holidaycheck (p-value=0.074), Tiscover (p-value=0.222), and Zoover (p-value=0.228). Figure 1 depicts the mean-value diagram for the platforms which show statistical significant results.

Figure 1 Mean-value Diagram

Hypothesis 6 is supported because there are positive and at a 99 % level significant correlations between a hotel’s attitude towards negative online reviews and the perceived importance of being reviewed by customers. Particularly there are the following highly significant (Spearman-Rho, all p-values=0.000) correlation coefficients concerning negative online reviews: helps to improve service quality r=0.287, important for adjusting and further developing services r=0.288, helpful source of detecting customers’ wishes and needs r=0.294, necessary in order that consumers’ perceive a platform to be authentic r=0.170.
Table 3 shows that the relationship between perceived importance of online reputation and actions to be considered after negative reviews appeared such as contacting the author, publicly commenting on reviews, and thinking about the service quality are significant. While ignoring negative reviews, instituting legal actions and contacting the platform provider are not significant.

<table>
<thead>
<tr>
<th></th>
<th>$\chi^2$</th>
<th>p-value</th>
<th>Cramer-V</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ignore negative review</td>
<td>8.27</td>
<td>0.050</td>
<td>0.11</td>
<td>0.041</td>
</tr>
<tr>
<td>Legal actions</td>
<td>6.17</td>
<td>(0.096)</td>
<td>0.09</td>
<td>(0.104)</td>
</tr>
<tr>
<td>Contact the author</td>
<td>26.67</td>
<td>0.000</td>
<td>0.20</td>
<td>0.000</td>
</tr>
<tr>
<td>Contact the platform provider</td>
<td>5.92</td>
<td>(0.109)</td>
<td>0.09</td>
<td>(0.116)</td>
</tr>
<tr>
<td>Publicly comment on review</td>
<td>24.04</td>
<td>0.000</td>
<td>0.19</td>
<td>0.000</td>
</tr>
<tr>
<td>Think about service quality</td>
<td>27.52</td>
<td>0.000</td>
<td>0.20</td>
<td>0.000</td>
</tr>
</tbody>
</table>

**DISCUSSION AND CONCLUSION**

The study aimed at gaining an overview if hotels in German-speaking countries in Europe monitor UGC and if hotels take advantage of social media as a marketing tool. Results show that the hospitality industry is aware of the importance of online reputation. The majority of hotel managers do not delegate the task of monitoring online reputation or gathering feedback about the hotel in social media to employees. Although it is time consuming, top management followed by desk clerks manually enter keywords into search engines for the purpose of searching for UGC about the respective hotel. The study shows that awareness of online reputation correlates with the hotel’s level of grading as well as bed capacity. Different platforms such as HRS, Booking.com, HolidayCheck, or TripAdvisor are monitored frequently. However, there are still more than 20% of hotels not monitoring any of the platforms experts perceive as being the most important for tourist destinations in German speaking countries in Europe. Dellarocas (2003) suggests that managers should continually monitor social media in order to obtain relevant information about their business.

Further, the study gives insights into the usage of social media for marketing purposes. Although a minority of the hotels (39%) takes advantage of this market tool, 59.4% of those who actively apply social media platforms are regularly monitoring the content provided by the customers.

Concerning negative online reviews, the majority in the hospitality industry has a rather positive attitude. Negative UGC about ones hotel is seen as a chance for further improving services or finding out more about needs and wishes of customers. Regarding actions which are considered after negative UGC appeared Schmallegger et al. (2008) argue that correcting unfavourable opinions directly on the platform would be less acceptable. As the results of the study at hand show, the majority of hotels would get into contact with the author or comment on negative reviews directly on the platform. Further, about 20% would just ignore it and about 10% consider instituting legal actions.

Perceived importance of online reputation correlates with the frequency of monitoring and actions to be considered after negative reviews appeared. Moreover, perceived importance of being reviewed by customers correlates with the attitude towards negative reviews such as negative reviews help improving service quality and detecting customers’ wishes and needs. Finally it is shown that there are differences between the quantity of received bookings through booking platforms and the frequency of monitoring.

The study at hand presented first insights into how the hospitality industry deals with social media. Further and more sophisticated analysis is needed as well as comparisons
between Austria, Germany, and Switzerland in order to get further insights. However, a survey distributed by mail as well as a longitudinal design would allow for even more valuable insights.

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