



## Article Title

The differential effects of the quality and quantity of online reviews on hotel room sales

## Citation

Blal, I., & Sturman, M. C. (2014). The differential effects of the quality and quantity of online reviews on hotel room sales. *Cornell Hospitality Quarterly*, 55(4), 365-375.

## Abstract

While it is generally accepted that hotel reviews and ratings posted on travel websites drive hotel sales and revenue, the effects of reviews can be parsed into volume (the number of reviews about a hotel) and valence (the ratings in those reviews). This study finds that the two chief aspects of reviews—volume and valence—have different effects on hotels in various chain scale segments. Industry reports and academic studies show that online reviews influence customers' choice of hotel and thus drive hotels' revenue per available room (RevPAR). However, the valence of those reviews has a greater effect on luxury hotels' RevPAR, while the volume of reviews has a greater effect on lower-tier hotels.

## Methods

Authors drew data from 319 hotels in the London market over a twenty-six-week period from May 4 to November 30, 2011. We used independent variables from the first thirteen-week period to predict dependent variables in the second thirteen-week period. The  $n$  for each market segment was as follows: economy, 67; midscale, 18; upper midscale, 42; upscale, 78; upper upscale, 66; and luxury, 48.

The dependent variable in our hypotheses is sales performance which was based on measures of RevPAR during the second thirteen-week period. The independent variables for our study are the two dimensions of eWOM, based on user-generated content on TripAdvisor.

## Results

The findings underscore the importance of management attention to user-generated online content, notably on TripAdvisor. This study goes beyond prior work by demonstrating the relative magnitude of the effects of online ratings for various hotel chain scale segments. It is important to note that ratings have a greater effect on upper-tier hotels, while volume of reviews drives the lower-tier hotels' results. Moreover, it is critical to note that these conclusions apply to independent hotels, franchised hotels, and properties operated by international chains. The results indicate that the ideal for luxury properties would be a limited number of highly positive ratings. Managers may wish to focus on actions that address guest concerns and eventually increase the review scores for their hotels without necessarily aiming for a high number of reviews.

## Conclusion

The researchers' use of eWOM data from one time period to predict outcomes in a subsequent time period provides strong support for the conclusion that eWOM indeed has organizational-level effects. In general, this research confirms the importance and complexity of eWOM and its relationships. Specific to hospitality, the findings show that, when it comes to online reviews, both quantity and quality matter, but the extent and even the nature of the effects depend on the characteristics of the hotel product being considered.