



Article Title

The impact of online user reviews on hotel room sales

Citation

Ye, Q., Law, R., & Gu, B. (2009). The impact of online user reviews on hotel room sales. *International Journal of Hospitality Management*, 28(1), 180-182.

Abstract

Despite hospitality and tourism researchers' recent attempts on examining different aspects of online word-of-mouth [WOM], its impact on hotel sales remains largely unknown in the existing literature. To fill this void, we conduct a study to empirically investigate the impact of online consumer-generated reviews on hotel room sales. Utilizing data collected from the largest travel website in China, we develop a fixed effect log-linear regression model to assess the influence of online reviews on the number of hotel room bookings. Our results indicate a significant relationship between online consumer reviews and business performance of hotels.

Methods

The data used in this study were retrieved from Ctrip (URL: www.ctrip.com), which is the largest travel website in China.

Results

There is a significant relationship between the independent variables and dependent variable with an Adjust R-square of 67.8%. The result showed that positive online reviews can significantly increase the number of bookings in a hotel, and the variance or polarity of WOM for the reviews of a hotel had a negative impact on the amount of online sales. The results further suggested that a 10% improvement in reviewers' rating can increase sales by 4.4% and a 10% increase in review variance can decrease sales by 2.8%. Additionally, hotels with higher star ratings received more online bookings, but room rates had a negative impact on the number of online bookings. Furthermore, the GDP of the host city had a positive impact on the number of online bookings.

Conclusion

This study contributes to the hospitality literature by revealing the influence of online consumer-generated reviews on the amount of online sales of hotel rooms. Additionally, a methodological contribution is made by introducing a proxy to identify the number of online bookings on a travel website. Our results suggest that online user reviews have an important impact on online hotel bookings. Findings of this research are consistent with prior studies in other fields. Hotel managers should, therefore, seriously consider online reviews, especially those that were posted on a third-party website, about their hotels. Future research, such as the refinement of the evaluation model, is needed to improve the generalization of research findings in this area.

