Article Title

Social media review rating versus traditional customer satisfaction: Which one has more incremental predictive power in explaining hotel performance?

Citation

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Abstract

This paper aims to examine the effects of traditional customer satisfaction (CS) relative magnitude and social media review ratings on hotel performance and to explore which online travel intermediaries' review ratings serve as the most reliable and valid predictor for hotel performance.

Methods

An experimental study has been conducted to test the hypotheses and the research question. 349 young adults were involved in an online survey that asked to imagine searching for a hotel and reading other customers' reviews of a hypothetical chosen hotel. Three scenarios were created by studying a few comments posted by customers on the main websites used by tourists.

Results

The results of this study indicate that social media review rating is a more significant predictor than traditional CS for explaining hotel performance metrics. Additionally, the social media review rating of TripAdvisor is the best predictor for hotel performance out of the other intermediaries.

Conclusion

This study attempts to investigate the predictive power of social media review ratings and traditional CS on hotel performance. Additionally, the comparison of the relative magnitude of the impact of social media review rating in predicting hotel performance provides managerial implications. According to the findings, social media review ratings have the most significant impact on hotel performance indicators (e.g. ADR, RevPAR and TrevPAR). Additionally, the research findings indicate that TripAdvisor is the best predictor for hotel performance out of other major social networking sites. The finding of this study corroborates a direct association between social media online review and a company's financial performance (Duan et al., 2008). Collecting an internal financial information (e.g. room revenue) is a laborious task, and the number of online reviews serves as a good predictor of the number of rooms sold or actual hotel room bookings (Ye et al., 2011).

Invent the Future

This study assists hotel marketers and revenue managers to better allocate their budget for marketing and suggests a method for channel optimization. Therefore, the results of this study can directly increase a hotel's bottom line and can increase marketers' and managers' understanding of how to improve the overall customer experience.