



Article Title

The dimensions of hotel customer ratings that boost RevPAR

Citation

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Abstract

Online ratings provide valuable information to operators. However, the use of this information for revenue maximization purposes remains at a moot point. This article proposes a new method to decompose ratings based on their relevance to hotel performance. From a methodological standpoint, we propose a multi-criteria decision analysis approach. The empirical validation includes two independent data sources, online ratings from Booking.com and RevPAR data from STR.

Methods

In a standard multiple criteria decision analysis problem, a set of alternatives is evaluated on a set of criteria. In line with that, the overall rating is an aggregation of some criteria (e.g. individual ratings). The method used in some review platforms (e.g., Booking.com) is a simple average of the evaluation criteria, where the aggregation is fully compensatory (i.e., a hotel could compensate for the low score in one aspect with a high score in another) and does not differentiate between hotels with strengths in different areas.

Results

By means of pairwise comparisons in PROMETHEE, the findings reveal the different weights of individual ratings, helping operators to understand the weight of each rating attribute in terms of revenue maximization. In particular, apart from the importance of the location, the role of staff and facilities emerge as central in terms of revenue maximization. The proposed model offers new theoretical insights on the relevant dimensions, helping hoteliers to prioritize when making trade-off decisions.

Conclusion

The present study proposes an innovative weighting mechanism. This method offers a valuable application for practitioners operating in e-commerce, as it updates based on new customers' evaluations and performance data.