Article Title
An investigation of AAA diamond rating changes on hotel performance

Citation

Abstract
Despite previous attempts to link hotel rating systems to performance, no prior study has examined the effects of changes in Diamond ratings. Considering the variability in Diamond ratings, and the fact that hotels may gain or lose a Diamond over time, it is important for hotel properties to assess such outcomes on key performance indicators (KPIs). Hence, this study examines the influence of Diamond rating changes on hotels’ KPIs and competitive set indexes, which allow to benchmark a property’s performance against a designated competitive set.

Methods
This study was designed to identify the impact of hotel properties’ Diamond rating changes on hotels’ KPIs and respective competitive set indexes, for both the short and long-terms. In order to fulfill these objectives, two datasets were obtained from AAA and Smith Travel Research.

Results
Results suggest that in both the short and long-terms, significant differences in KPIs and indexes exist between properties which benefited from an increase in Diamond rating, versus those which suffered from a drop in Diamond rating. Furthermore, despite such improved performances over time, improvements in hotels’ KPIs and indexes tended to diminish over time. The current findings yield important contributions to the literature regarding the effects of hotel rating changes on KPIs and indexes and provide valuable insights to hotel owners and operators.

Conclusion
The current findings yield important contributions to the literature regarding the effects of hotel ratings on KPIs and KPI indexes, and provide valuable insights to hotel owners and operators. The results pertaining to the influence of Diamond rating changes on hotel KPIs and competitive set indexes were consistent with previous studies, which revealed that hotel ratings can impact hotel revenues.