Do online hotel rating schemes influence booking behaviors?

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ABSTRACT

Travelers' hotel booking behaviors increasingly depend on peers' opinions and online ratings. This study investigates the effects of online hotel ratings on travelers' attitudes toward the hotel and booking intentions, using a 2×2 experimental research design. The results suggest that online rating lists are more useful and credible when published by well-known online travel communities (e.g., TripAdvisor). More favorable attitudes toward a hotel and higher booking intentions emerge when the hotel appears in best hotels lists. Finally, for the entries on best hotels lists, better attitudes and higher booking intentions result if the list is published on a well-known online travel community (Tripadvisor), whereas for entries on a worst hotel list, attitudes and booking intentions decrease even further if the list appears on TripAdvisor.

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1. Introduction

Each year, millions of travelers book hotel accommodations, which represents a high-risk decision because of the inherent intangibility of the product offering (Lin et al., 2009). To minimize this risk, travelers often rely on official hotel ratings to gain insights into hotel quality criteria, as established by official bodies (e.g., National Tourist Offices) and assessed by trained inspectors (Ekinci, 2008). Yet hotel rating schemes do not reflect any universal quality standards but rather are determined by the official bodies, which implies that they might not reflect travelers' needs and preferences for hotels (Callan and Lefebve, 1997).

Therefore, modern travelers increasingly rely on peer opinions and electronic word of mouth (eWOM) when booking accommodations (e.g., Nielsen, 2009; Vermeulen and Seegers, 2009). Recent surveys suggest that 60% of U.S. travelers take eWOM recommendations into account when booking vacations (Travel Industry Wire, 2011), likely because travel websites offer a means for consumers to discover what other travelers think about tourism products, hotels, and restaurants. Comparing reviews by consumers and professionals, Zhang et al. (2010) conclude that consumer-generated content

has a positive effect on restaurants' popularity, whereas negative reviews and poor ratings by professional reviewers have negative impacts on visit intentions. Öğüt and Taş (2012) also note that hotel revenues and prices are influenced by online consumer reviews. Online travel Web sites and communities present a great opportunity to discover what other travelers think about tourism products (i.e. airline, tourism destinations) and hotels, restaurants. Travelers even might rely more on peer recommendations than on official quality ratings, because they tend to regard consumer advice as more trustworthy (Bansal and Voyer, 2000; Kozinets, 2002).

Some popular online travel communities (e.g., TripAdvisor, TravBuddy, Minube.com, Travellerspoint, WAYN, responsibletravel) offer best and worst hotel or destination lists (e.g., "dirtiest U.S. hotels," "top 25 hotels", "top 10 holidays"), which summarize travelers' reviews. These rating lists are very popular, yet their effect on travelers' decision making has not been explored previously. Instead, most prior studies focus on the effect of specific online reviews on consumers' decisions (e.g., Sparks and Browning, 2011; Vermeulen and Seegers, 2009) or consider influences related to the profile of the reviewers (Lee et al., 2011). For example, helpful reviewers are those who travel more, actively post reviews, and grant lower hotel ratings, though they can be of any age or gender. However, Serra Cantallops and Salvi (2014) call for extended investigations of eWOM as it pertains to the hotel industry, noting that modern technologies enable consumer to gather a high volume of information and evaluate it quickly, such as by leveraging online hotel rating lists. Racherla et al. (2011) also propose

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that hotel review websites should develop new methods to aggregate, synthesize, and publish their review content. Because online hotel rating lists represent a summary of travelers' comments and votes, analyzing their effects should produce key implications for the hospitality industry.

This study investigates travelers' perceptions of online hotel rating lists and their effects on attitudes and booking intentions. Specifically, we seek to:

- Assess the perceived credibility and usefulness of online hotel rating lists published by online travel communities, using TripAdvisor as an exemplary, well-known online travel community. It is one of the most popular global travel communities, hosting approximately 60 million reviews and opinions (TripAdvisor, 2012). Both perceived credibility and usefulness should exert strong influences on consumers' decision making (Casaló et al., 2011; Davis et al., 1989; Karahanna et al., 1999).
- Examine the influence of online hotel ratings on travelers' attitudes toward the hotel and intentions to book a room. Attitudes are key components of consumers' decision making (e.g., Wu and Chen, 2005), and intentions likely predict actual behaviors (e.g., McKnight et al., 2002).

To achieve these contributions, we develop research hypotheses based on signaling theory (Schlosser et al., 2006) and communication research, particularly that pertaining to free publicity (Vermeulen and Seegers, 2009). First, we posit that a well-known online travel community such as TripAdvisor signals the credibility and usefulness of its online hotel rating lists. Second, we predict that the online hotel rating lists provide free publicity, similar to online consumer or professional reviews, because they summarize and reflect user-generated content (Vermeulen and Seegers, 2009).

In the next section, we introduce the variables of interest for this research. After we formulate the research hypotheses, we present our study methodology and findings. Finally, we conclude with some implications and limitations.

2. Conceptual background

We consider four variables that previous research suggests are relevant to a traveler's online hotel purchase decision: perceived credibility of the online content (Mauri and Minazzi, 2013; Xu, 2014), namely, the online hotel rating list; perceived usefulness of this online content (Casaló et al., 2011); the traveler's attitude toward a hotel that appears on a best or worst hotel list (Chen and Peng, 2014; Vermeulen and Seegers, 2009); and booking intentions toward the rated hotel (Mauri and Minazzi, 2013; Phelan et al., 2011). Using two manipulations, each with two levels (i.e., best or worst hotel list, published by a well-known or unknown online travel community), we investigate (1) if perceived credibility and usefulness differ when the online hotel rating list is published by a well-known versus unknown online travel community, (2) whether attitude toward the hotel and booking intentions differ when the hotel is included in a best versus worst hotel list, and (3) the effects of the best versus worst hotel list on attitudes and booking intentions when the list is published by a well-known versus unknown online travel community.

2.1. Perceived credibility

Credibility is an individual assessment of whether information is reliable and trustworthy, according to that person's own expertise and knowledge (Rieh, 2010). As Johnson and Kaye (2009, p. 175) explain, "perceived credibility is not a characteristic inherent in a source, but a judgment made by the users themselves." Thus

credibility depends, among other things, on beliefs about the source, the message, the medium, and the receiver (Kang, 2010; Sarabia et al., 2014). It also has been measured with different dimensions (e.g., trust, authenticity, transparency, competence, fairness, accuracy, etc.), though trust in the truthfulness of the information is likely the most important (Blackshaw, 2008). Therefore, similar to previous research (e.g., Sarabia et al., 2014; Xu, 2014), we focus on this dimension of perceived credibility.

The Internet provides consumers with vast information from diverse sources (Flanagin and Metzger, 2003); consumers must assess the credibility of that information before they can use it to make purchasing decisions. That is, even as more people use the Internet to gather information, the credibility of that information remains uncertain and often depends on the information sources, such as personal websites or social networks (e.g., Flanagin and Metzger, 2000, 2003, 2007; Johnson and Kaye, 2009; Westerman et al., 2012). To assess the credibility of a blog for example, consumers often consider factors such as the source's knowledge, transparency, and reliability or the consistency and accuracy of the content (Kang, 2010). However, methods for evaluating credibility in social media remain unclear (Edwards et al., 2013). Whereas some studies attempt to analyze source credibility for Klout (Edwards et al., 2013) and on Twitter (Westerman et al., 2012), to the best of our knowledge, no research has investigated whether information presented by online travel community sites, especially that based on the combined comments or votes of many contributors, is credible (Flanagin and Metzger, 2003; Westerman et al., 2012). For the context of this study, we therefore define perceived credibility as the degree to which a traveler believes information presented by an online hotel rating scheme is credible, trustworthy, and honest.

2.2. Perceived usefulness

Technology adoption results when a user chooses to continue using a technology after a trial phase. The process that leads to adoption has two main antecedents: perceived ease of use and perceived usefulness (Davis, 1989; Davis et al., 1989). Perceived usefulness is the degree to which a person believes that a particular technology system enhances his or her performance, originally conceptualized in a work setting (Davis, 1989). A system or information that offers high usefulness creates positive attitudes toward its use and induces users to perceive a cost–benefit trade-off that encourages them to adopt. That is, during decision making, people consider both the effort required and the benefits gained, but because of their limited resources and energy, they allocate their efforts only to worthy activities (Radner and Rothschild, 1975). Davis (1989) shows that perceived usefulness relates more strongly to intentions to adopt than does perceived ease of use; ease of use may be essential, but its influence seemingly moves through perceived usefulness. For example, a person likely expects to gain more usage from a system that is easier to use. Contextual factors also might contribute to these effects. From a marketing perspective, perceived usefulness is the most significant determinant of purchase decisions, intentions to adopt a new technology or perform a behavior (Teo et al., 2003; Wu and Chen, 2005; Casaló et al., 2011). Accordingly, we investigate perceived usefulness, which we define as the degree to which travelers believe that information presented by online hotel rating lists is useful for their task of completing an online hotel booking.

2.3. Traveler attitudes

A traveler's overall attitude toward booking a hotel is a key variable for our research, because managing attitudes is essential to implement sustainable marketing strategies (Buil et al., 2012).