Research Paper

A methodology for a comparative analysis of the lodging offer of tourism destinations based on online customer reviews

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ABSTRACT

The objective of this paper is to develop a practical methodology to analyze competitor tourism destinations on the basis of their lodging offer and the perceived value concept. To implement this methodology, an empirical study of five competitor destinations was carried out using customer evaluations of lodging companies available on the Booking.com website. Today, online customer opinions and the development of practical methodologies to analyze tourism destinations are essential elements in designing a competitive strategy. The results show that the methodology proposed can contribute to managing tourism destinations and to analyzing the level of competitiveness of the lodging offer. Likewise, three hypotheses are formulated to determine the factors related to perceived value. The results reveal that the application of the methodology is practical and directly related to customers' real feelings because it is based on their online evaluations.

1. Introduction

The competitiveness of tourism destinations provides the basis for consolidating and achieving the economic, environmental, and social objectives of the communities involved (Hassan, 2000). The objectives must focus on the combined sustainability of companies' resources, capabilities, infrastructures, and performance (Beritelli, Bieger, & Laesser, 2007; Choi & Sirakaya, 2006; Farrell & Twining-Ward, 2004; Rodríguez-Díaz & Espino-Rodríguez, 2008), and effective governance of a tourism destination is necessary in order to obtain sustainable competitiveness with other destinations focused on similar market segments (Dwyer & Kim, 2003; Gomezelj & Mihalic, 2008; Pike & Page, 2014; Sheehan & Ritchie, 2005). To achieve the objectives formulated, Bornhorst, Ritchie, and Sheehan (2010) establish that a destination Management organization (DMO) is developed to facilitate the management and leadership of tourism destinations. Normally, tourism governance has been decentralized, but today, coordination between the DMO and the stakeholders involved in managing the destinations' resources is the key to achieving the destination's objectives and competitiveness (Blain, Stuart, & Ritchie, 2005). In this context, the role of the DMO is to design the destination's strategy by identifying the market segments, image, communication, branding, positioning, and promotion activities. To carry out these functions, it is necessary to analyze strategic information and develop methodologies that can determine the best competitive decisions (Pike & Page, 2014), taking into account the rapid surge in the use of the Internet, which increases the consumer's empowerment and implies a new challenge for destination and

hospitality managers (Ayeh, Au, & Law, 2016; Torres, Singh, & Robertson-Ring, 2015).

Competitiveness is also based on the capacity to obtain a high perceived value of the destination as a whole, and for each resource individually, such as the lodging offer, by integrating and planning the activities of the stakeholders involved (Fornica & Kothari, 2008). The concept of value has been extensively studied in the research on services marketing and quality management as a source of competitive advantage (Barney, 1991; Grant, 1991; Grönroos, 2007; Holbrook, 1994; Naumann, 1995; Parasuraman, Zeithaml, & Berry, 1988; Payne & Frow, 2005; Porter, 1980; Rust & Oliver, 1994). In destinations, perceived value has been studied from different perspectives, such as the environment (Esparon, Stoeckl, Farr, & Larson, 2015), image (Jin, Lee, & Lee, 2013; Tang & Jang, 2014), motivation and involvement (Prebensen, Woo, Chen, & Uysal, 2012), and the lodging offer (Rodríguez-Díaz, Espino-Rodríguez, & Rodríguez-Díaz, 2015). The lodging industry is a core resource for destinations' competitiveness (Rodríguez-Díaz & Espino-Rodríguez, 2008) because it has a direct influence on customers' decisions about destinations. Value in lodging has been studied in relation to websites (Jeong, 2002), co-production versus co-creation (Chathoth, Altinay, Harrington, Okumus, & Chan, 2013), the relationship between consumer reviews and the booking transaction value (Torres et al., 2015), and competitive positioning in a destination (Rodríguez-Díaz et al., 2015). However, the lodging offer has not yet been studied from the perspective of perceived value and competitiveness between destinations, even considering the databases

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available on websites dedicated to gathering online customer evaluations, such as Booking.com, Tripadvisor, Holidaycheck, Expedia, etc (Hu, Liu, & Zhang, 2008; Yacouel & Fleischer, 2012; Ye, Li, Wang, & Law, 2014).

A tourism destination is an open system with a competitive offer to attract customers based on its resources, infrastructures, supply chain, lodging, and complementary offer, such as restaurants, shopping centers, thematic parks, culture, history, and so on (Rodríguez-Díaz & Espino-Rodríguez, 2008). The aim of this study is to develop a methodology to specifically analyze the competitiveness of the lodging offer of tourism destinations, based on the perceived value concept. The main problem is obtaining reliable and valid data from customers. Currently, some websites allow clients to express their opinions and evaluate the lodging offer, such as TripAdvisor, HolidayCheck, Booking.com, and Expedia, among others. These sources provide important information because they show the most recent, direct, and realistic evaluations. Once the data are collected, the next step is to analyze the reliability and validity of the scales used in the websites. This new academic and research challenge is the first task of this paper. Thus, three hypotheses are tested to determine the relationship between the quality, price, and category of the lodging, and the value perceived by customers. According to Bagozzy (1996), validating these hypotheses makes is possible to determine the predictive validity of the scale used in the statistical analysis. The information is obtained from the Booking.com because it is one of the most important websites with reviews of actual customers. The destinations studied are competitors all year round, and they especially focus on sun and beach tourism. Three are in the Canary Islands (Gran Canaria, Tenerife, and Fuerteventura) in Spain, one is in Morocco (Agadir), and the other is in Egypt (Sharm El-Sheikh). In sum, the objectives of the paper are: (1) to develop a methodology to analyze the competitiveness of tourism destinations based on the lodging offer and the information extracted from the website of Booking.com; (2) to test the reliability and validity of the information available on Booking.com to determine whether the data are useful for the methodology proposed; and (3) to validate three hypotheses, in order to establish the relationships between the value perceived by the customer and the quality, price, and category of the lodgings in the destination analyzed. The study begins with a literature review and the formulation of the hypotheses. Then, the research methodology is presented. In the following section, the results obtained are shown in three parts. First, a means analysis is carried out in order to determine the discrimination capacity of the variables used in the study. Second, a comparative analysis between destinations is conducted through the Scheffé test; and third, a structural analysis PLS is applied to test the hypotheses formulated. Finally, the main conclusions and future lines of research are described.

2. Literature review and hypotheses

A tourism destination is a complex, open system composed of interconnected resources and capabilities and focused on achieving sustainable competitiveness (Buhalis, 2000; Farrell & Twining-Ward, 2004; Haugland, Ness, Gronseth, & Aarstad, 2011; McKercher, 1999; Murphy, Pritchard, & Smith, 2000; Rodríguez-Díaz & Espino-Rodríguez, 2008). Different individual actors are involved in such a way that their combined successes and strategies determine the competitiveness of the destination (Beritelli et al., 2007; Hassan, 2000). The stakeholders play a critical role in obtaining the individual and collective objectives (Aas, Ladkin, & Fletcher, 2005; Bornhorst et al., 2010; Byrd, Cárdenes, & Greenwood, 2008; Enright & Newton, 2004; Gomezelj & Mihalic, 2008; Rodríguez-Díaz & Espino-Rodríguez, 2008; Sheehan & Ritchie, 2005), and the DMO integrates and coordinates all the decisions affecting the destination's overall competitiveness (Bornhorst et al., 2010; Pike & Page, 2014). Therefore, the competitiveness of all the elements in the system and their interrelationships will establish the general competitiveness of the destination. According to

Fornica and Kothari (2008), the competitiveness of a destination must be based on the ability to create a high perceived value through effective management of the resources and capabilities and the integration of the individual interests of stakeholders. Moreover, the interrelations among resources must focus on developing relational capabilities in order to generate synergies that enhance the performance of companies and organizations in the destination (Dyer & Singh, 1998; Rodríguez-Díaz & Espino-Rodríguez, 2006, 2008).

The American Marketing Association (AMA) (2013) introduces the value concepts in the definition of marketing, establishing that the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings have value for customers, clients, partners, and society at large. Woodruff (1997) states that value should not be understood only from the perspective of customers because this view is too narrow to create value in firms. Ngo and O'Cass (2009) differentiate between the value-in-offering, from the perspective of the firm, and value-in-use, associated with the value perceived by customers. Therefore, the aim should be to create higher value from both perspectives. Nevertheless, customer evaluation provides basic feedback with which to analyze the firm's decisions and evaluate the performance obtained. Recently, online customer reviews have created a new source of information for tourism researchers and practitioners (Mudambi & Schuff, 2010; Ye et al., 2014). In the services industry, third-party websites are a powerful way to evaluate customers' perceptions of service quality and perceived value (Hu et al., 2008; Pantelidis, 2010; Ryu & Han, 2010; Vermeulen & Seegers, 2009; Zhang, Ye, Law, & Li, 2010). They are also a useful way to improve competitiveness and determine the price strategy of hotels (Ye et al., 2014). To the extent that the analysis of online customer reviews about perceived value and service quality focuses on the collective offer of lodgings in a destination, it is possible to develop a market tool for the management of destinations (Rodríguez-Díaz et al., 2015).

The academic literature establishes that the concept of value is subject to the perceptions and attitudes of customers, and it is fundamental in determining the competitive strategy in the service industry (Anderson & Narus, 1998). Value has been studied by different authors. Holbrook (1994, p.27) defines value as 'a relativistic (comparative, personal, situational) preference characterizing a subject's experience of interacting with some object'. Zeithaml (1988) determines four perspectives of the value concept: low price, what a customer wants in a product; the quality obtained by a customer for the price paid; and, finally, what a customer gets for what he gives. According to Rust and Oliver (1994, p.10), 'value is formed from perceived quality in combination with price'. Therefore, the value concept is related to the utility produced by the quality of the service (Oliver, 1997; Parasuraman et al., 1988) and the disutility generated by the price (Naumann, 1995). In this study, we use the concept of value perceived by the customer once the variable has been measured by Booking.com. From the tourism perspective, Prebensen et al. (2012, p.254) establish that the perceived value is 'the process by which a tourist receives, selects, organizes, and interprets information based on the various experiences at the destination, to create a meaningful picture of the value of destination experience'. Therefore, the perceived value (PV) by customers for each individual lodging or the joint offer of destinations can be measured in relation to the service quality (Q) and the price (P) through the following utility function:

Utility PV = Utility(Q/P)

Different methods have been proposed to measure perceived value (Lambert & Burduroglu, 2000; Rust & Oliver, 1994; Sweeney & Soutar, 2001). One critical aspect was the identification of the relationships among service quality (Parasuraman et al., 1988), satisfaction (Oliver, 1997), and service value constructs (Cronin, Brady, & Hult, 2000; Sweeney & Soutar, 2001; Ulaga & Eggert, 2006). In academic tourism literature, most studies have focused on determining customer satisfaction (Baker & Crompton, 2000; Chadee & Mattsson, 1996;