

The Expanding Role of User-Generated Hotel Reviews

The role of user-generated reviews is exploding. TripAdvisor(TM) attracts nearly 30 million monthly visitors and 88% of these visitors are influenced by content they read. Word-of-mouth adds a layer of credibility and is more effective than other more formal forms of promotion.

Why is this important? Because with an increasing number of user-generated reviews and people reading and acting on them, the impact of guest satisfaction and dissatisfaction is multiplied and has a quicker economic impact. It used to be said that an unhappy customer would tell 3 others about their poor experience; now they tell 3 million (with less effort). The guest experience has never mattered more.



Market Metrix research has demonstrated that beyond the additional revenue that repeat customers provide, their word-of-mouth communications translate into significant profits for the hotel. In one example the positive word-of-mouth from a happy customer was worth \$1,559 in profit for an upscale hotel. This additional revenue highlights the growing value of customers both while they are on property, and after they check out.

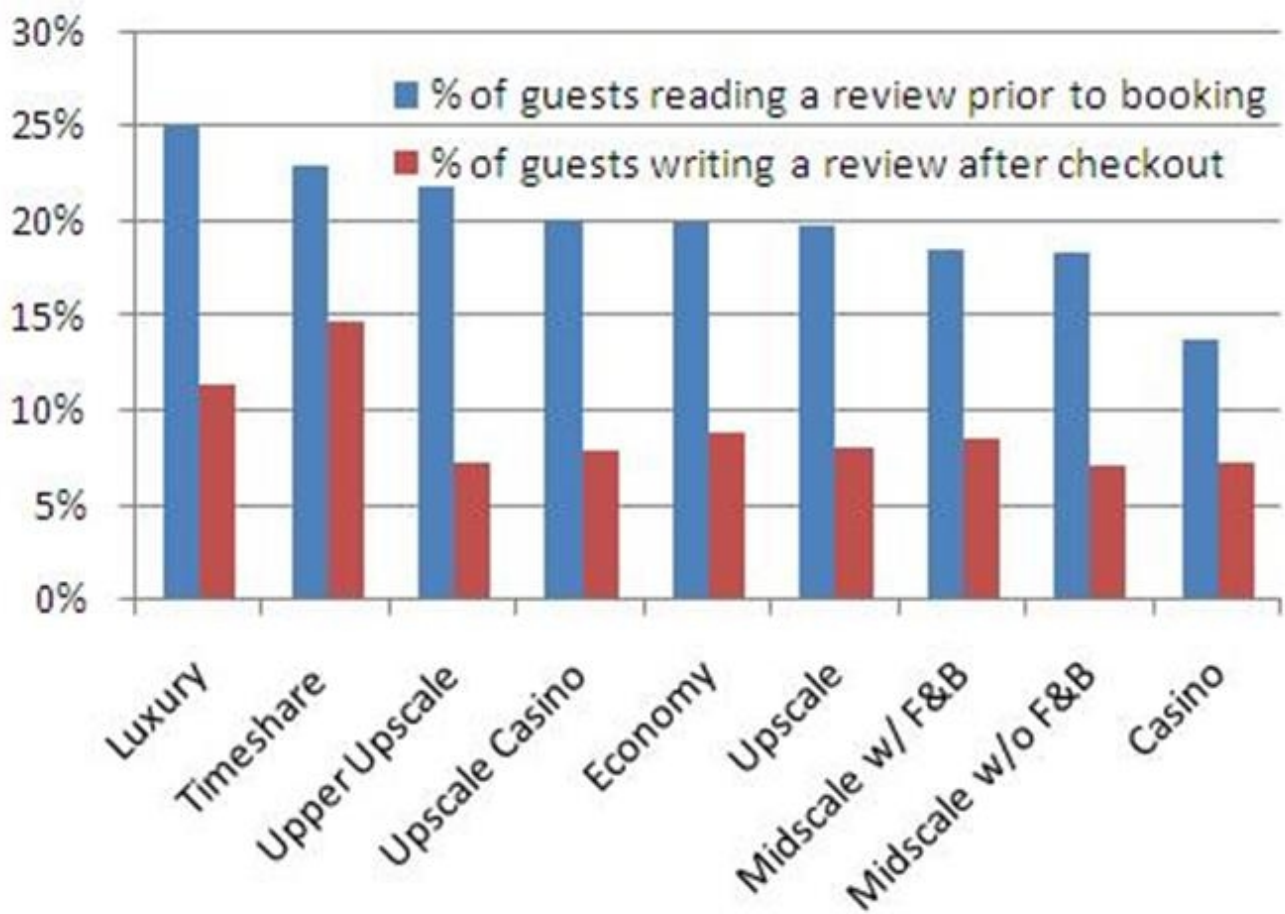
Who reads the hotel reviews?

According to the latest Market Metrix Hospitality Index(TM) results, one in five hotel customers read a review about a property before booking that hotel. Luxury guests (25%) and Timeshare guests (23%) were more likely to read a review before purchase, perhaps due to the variability among these

properties. Casino guests were least likely (14%) to read reviews, which may be due to the high rate of repeat guests in this segment.

Guests who read a review prior to their stay were more satisfied with their experience (+2) and were more likely to recommend that hotel (+4) compared to guests who did not read a review. This is not surprising. Reviews often provide guests with clearer and more realistic expectations for their hotel experience. Younger leisure travelers and women are more likely to read reviews prior to hotel selection.

Among luxury hotels, more Le Meridien guests read reviews prior to their stay (32%) compared to guests of other luxury brands. Interestingly, Le Meridien also had the lowest rate of loyalty for the same period suggesting that reviews are helpful for new or uncommitted guests.



Did you write a 'customer review' based on your stay?

On average, 9% of all guests wrote reviews about their hotel stay. Although these persons reported twice as many problems, they were more satisfied (+4) with their stay and much more likely to recommend the hotel (+10%) compared to persons who did not post a review of their stay. This is consistent with TripAdvisor's claim that more than 80% of their user reviews are positive.

More Timeshare guests wrote about their hotel experience (15%) while guests of Midscale w/o F&B hotels were least likely to write reviews (7%). Among luxury hotels, more Waldorf Astoria guests wrote reviews about their stay (18%) compared to guests of other luxury brands (11%). Waldorf Astoria also scored highest in guest loyalty for the same period indicating a logical connection between happy guests and more (positive) reviews.

What should you do?

Hoteliers need to engage every guest on their experience before they speak to the world. Beyond providing great service, hotels need to listen better. And even more importantly, respond to guest feedback instantly.



Consider asking the guest about his experience even before he leaves the property. If, even after you have engaged a guest with negative feedback, he posts negative feedback on a site, respond appropriately either on the blog or site if its conventions permit. If responding on the site is not an option, respond politely to the guest directly and attempt to resolve his problem or provide an appropriate compensation or promise for future visit.

In service recovery, you shift the cost from constantly courting new customers to cutting customer defection. A company's effort to ensure that its customers are satisfied over the long term is rewarded by an increase in profit through repeat business, referral sales, decreased customer maintenance costs, and reduced exposure to price competition.

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