Press Release

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PolyU Study Finds Online Customer Reviews Key to Understanding Customer Satisfaction

Online customer reviews can provide crucial aid to hotel managers in understanding the drivers of customer satisfaction, argue Professor Rob Law of the School of Hotel and Tourism Management (SHTM) at The Hong Kong Polytechnic University and co-authors. In an article published recently, the researchers examine the content of online hotel reviews, identify the hotel features to which customers attach most importance, and highlight those features with which customers are most and least satisfied. The analysis, suggest the researchers, reveals a number of areas that hotel managers may wish to consider in the drive to "improve their hotels and satisfy more customers".

According to the researchers, understanding the features and services that customers value most highly is the "crucial point" in achieving customer satisfaction in the hospitality industry. They define customer satisfaction as "levels of service exceeding expectations", and note that it is most often assessed through customer surveys. Yet surveys have noticeable limits in this context. They cannot provide a full picture because the important features that might influence customer satisfaction need to be decided in advance, so that they can be included for evaluation. A second problem, argue the researchers, is that asking customers how satisfied they are with particular features does not indicate which features those customers actually pay most attention to when evaluating a hotel.

Given this situation, an alternate method of determining customer satisfaction with hotels is needed. The online review seems to be a promising candidate, although it has gained insufficient research attention to date. The researchers note that the number of online hotel reviews in China, for instance, increased by 45% in 2010, and this "exponential growth" in their popularity reflects the importance that consumers attach to the "power of word of mouth".

Even more importantly, online review sites offer a "potentially rich source of information" on consumer behaviour, including the hotel features that customers consider to be most important and how highly they rate those features. This information could be vital to hotel managers seeking a strategic edge on their competitors in emerging markets such as China. The researchers thus looked into the Chinese market "to illustrate that online hotel reviews can be used to identify determinants of traveller satisfaction" and to provide hotel managers with specific "guidance on how best to improve satisfaction".

To collect a sufficiently large number of reviews, the researchers turned their attention to daodao.com, the official Chinese website of TripAdvisor, one of the earliest adopters of user-based content. From the site they collected 42,866 online reviews of 774 star-rated hotels in Beijing, China. They then analysed the review content to identify the specific factors that influenced customer satisfaction and counted how many times each feature was mentioned as an indication of how important it was to customers.

Next, the researchers examined customers' "emotional responses" to the hotels by separating the reviews into "positive", "neutral" and "negative" to indicate whether the customer "thought the service exceeded, met and did not meet their expectations". Finally, they compared the reviews for luxury (four and five star) and budget (three star or below) hotels.

The hotel features that customers rated most highly and also attached high importance to were transport convenience, food and beverage management, convenience for tourist destinations and value for money. The researchers suggest that "hotel managers should retain service performance" in these areas to maintain high levels of customer satisfaction. One interesting suggestion is that hotels could provide additional low-cost services such as "hand-drawn maps", which customers would appreciate because they give high priority to proximity to tourist destinations.

The features of the hotel room itself were mentioned most often in the reviews, indicating that customers attached the most importance to the room when providing a review. Yet despite their importance, room features were at the bottom of the rankings in terms of satisfaction, with most customers expressing dissatisfaction with the room size, decoration and comfort of the bed. The researchers suggest that hotel managers should "focus on these factors and make immediate improvements". Although there is little they can do about size, focusing on other areas such as the "layout of rooms" would improve customer satisfaction.

Another area that the Beijing hotels should concentrate on improving is their customer service, as service performance generally failed to meet customers' expectations. The online reviews indicated that customers were often disappointed with the attitudes of hotel staff, the speed of the check-out process and careless housekeeping. The researchers explain that these are "basic attributes" that hotel customers expect, and so should be the focus of immediate improvements.

Shifting from the factors that customers considered most important to their satisfaction, factors such as the presence of a network and parking were generally rated as satisfactory but fewer customers mentioned them. As the researchers suggest, managers looking to cut costs could "reduce the performance of these factors" with little effect on overall customer satisfaction.

This narrowing of focus could also be applied to factors that customers indicated they were dissatisfied with if those factors were not sufficiently significant. For instance, the researchers note that even though customers expressed general dissatisfaction with hotel lobbies, bathrooms, air conditioning and television, these were not considered particularly important features. Hotel managers who improved such areas could please some customers, but doing so would have only "marginal efficiency" on overall customer satisfaction.

Overall, the customers who wrote reviews on luxury hotels were more satisfied than those who wrote them on budget hotels. According to the researchers, this indicates that the "standards and minimum facilities" of budget hotels "do not match the price", and that customers of these hotels expect better service.

Although the customers of both types of hotel were in agreement about the importance and satisfaction levels of many features, there were "subtle differences across customers staying in luxury and budget hotels". Luxury hotel customers rated sound insulation more highly than budget hotel customers, which the researchers suggest is because budget hotels "have smaller rooms to save costs" which inevitably leads to poor sound insulation. Creating a quiet environment would be a "good weapon" for owners of budget hotels to attract more customers, they suggest.

Luxury hotel customers, in contrast, were less satisfied with cleanliness and maintenance, particularly bathroom sanitation and bedding replacement. In this light, the researchers pointedly remind luxury hotel managers of a simple tenet of customer care: that it is important to "clean rooms more frequently and carefully".

Although the reviews unambiguously indicated that Beijing hotels "still have a long way to go" in improving customer satisfaction, the researchers acknowledge that their findings should be "interpreted cautiously". There might be, they argue, important information still to be gleaned from the people who do not write online reviews. Yet the researchers' efforts do demonstrate that user-generated online content can be used to explore customer satisfaction and in turn give hotel managers "a better idea of the priorities of key factors that influence customer satisfaction". This, they argue convincingly, can help managers to "make strategic decisions" about how best to spend their finite resources.

Li, Huiying, Ye, Qiang and Law, Rob. (2014). Determinants of Customer Satisfaction in the Hotel Industry: An Application of Online Review Analysis. *Asia Pacific Journal of Tourism Research*, 18(7), 784-802.

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