## INNOVATION INOVAÇÃO MANAGEMENT GESTÃO E AND EDUCATION EDUCAÇÃO EM IN TOURISM & TURISMO & HOSPITALITY HOTELARIA APPLIED RESEARCH INVESTIGAÇÃO APLICADA

WITH THE PROCEEDINGS OF THE ISITH 2014 INTERNATIONAL SYMPOSIUM ON INNOVATION IN TOURISM AND HOSPITALITY INTEGRA AS COMUNICAÇÕES DO ISITH 2014 SIMPÓSIO INTERNACIONAL DE INOVAÇÃO EM TURISMO E HOTELARIA

COLEÇÃO POLITÉCNICO DA GUARDA

## INOVAÇÃO, GESTÃO E EDUCAÇÃO EM TURISMO E HOTELARIA

### INNOVATION, MANAGEMENT AND EDUCATION IN TOURISM AND HOSPITALITY

#### INVESTIGAÇÃO APLICADA | APPLIED RESEARCH

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#### Colaboradores nesta Edição

Adriano Azevedo Costa; Aida Maria de Brito Martins; Ana Carvalho; Anabela Sardo; António da Silva e Melo Cláudia Carvalho; Cláudia Sofia de Oliveira Matos; Elisabeth Kastenholz; Elsa Ventura Ramos; Emanuel de Castro; Eufrágio Manguele; Florbela Lages Antunes; Gisela Firmino; Gonçalo Fernandes José Alexandre Martins; José Luís Abrantes; Liliana Branco Dinis; Luiz Gonzaga Godoi Trigo Manuel Brites Salgado; María del Carmen Arau Ribeiro; Marlene Pinto Lourenço; Mercedes Aznar Romeu Lopes; Vítor Roque; Zaida Ferreira.

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#### Coordenação

Gonçalo Poeta Fernandes; Anabela Sardo; José Alexandre Martins; António Melo

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# Perceptions and behaviours towards online travel reviews

Romeu Lopes (romeu\_lopes@ipg.pt), Instituto Politécnico da Guarda José Luís Abrantes (jlabrantes@dgest.estv.ipv.pt), Instituto Politécnico de Viseu Elisabeth Kastenholz (elisabethk@ua.pt), Universidade de Aveiro

**ABSTRACT.** Online recommendations, comments and reviews are becoming important information sources for tourists, which are increasingly informed and demanding. The credibility and importance given to these reviews has triggered new dynamics in tourism. The main purpose of this research is to explore some of this trends, in order to contribute to a better understanding of consumer behaviour in the online context. This exploratory study follows a quantitative approach, using a web survey targeted to internet users aged 18 or more, that have already booked accommodation online. According to the results, tourists consider the reviews as credible and accurate, reflecting the reality of the service provider. Almost all of them read online travel reviews before booking accommodation, but only a smaller percentage writes online reviews after staying hosted. In this sense, marketers and tourism providers need to be aware of these trends and define strategies to manage this feedback available online and free of charges. They have to consider it not as threats, but as opportunities for their business. The study provides other valuable implications and insights, as well as some guidelines for future research projects.

KEYWORDS: Consumer Behaviour, Online travel reviews, Credibility, Hotel.

#### Introduction

Generally, tourism involves visiting destinations or places, the choice of hotels, as well as the consumption of products, frequently for the first time. This experience involves a certain level of perceived risk and sometimes relatively high cost. Tourism and hospitality have important specificities, such as intangibility, seasonality and perishability, beyond operating in very competitive markets. There is also an emotional influence that may affect the decision to book a given room in an unknown hotel (Lewis & Chamber, 2000).

Moreover, a hotel stay includes much more than only access to a room. It involves the right to use some facilities the hotel has to offer (e.g. swimming pool, gymnasium, spa), free access to public areas (e.g. reception, lobby, bar), and hotel surroundings (e.g. beach, parks, streets, promenades), among others. This means an integral tourist experience lived at a destination where the hotel is located. We have also to bear in mind some intangible elements, such as the hotel brand image and reputation (Costa, 2013; Lopes, 2015).

Naturally, those aspects and characteristics increase tourist's uncertainty. To avoid it, individuals need to use various sources of information, namely non-media information sources such as online reviews (Seabra, Abrantes, & Lages, 2007). In fact, those reviews were boosted by the development of information and communication technologies and by the e-commerce revolution.

#### E-commerce and online reviews

E-commerce has brought a fundamental change in the world of commercial transactions, and tourism was one of the industries that most felt the effects of this e-commerce revolution. Tourism-related services were, from early, pioneers for promotion and distribution through the internet (Buhalis & Law, 2008). Actually, the online channel represents an important opportunity for one of the fastest growing industries in the world (Amaro, 2014; Inversini & Masiero, 2014; Lopes, 2015). According to projections, in 2016 online travel sales will represent almost half of the total travel sales (eMarketer, 2012).

Nowadays an increasing number of tourists are taking advantage of the many benefits offered by electronic commerce (Buhalis & Law, 2008). Despite some obstacles for the online penetration in some markets and segments, namely poor technology and transportation infrastructure, different technologies and resources are also emerging. For instance, U.S. travellers use mobile phone or PDA (40,6%), and user generated content (41,3%) to access travel info and plan leisure travel, and only 9,7% makes use of travel agents (Statista, 2014). This shows that the traditional travel agent is no longer the main source of information for travellers. People who purchase hotel rooms online tend to be younger, have higher incomes, and tend to purchase more room-nights than those who use traditional distribution channels (Toh, DeKay, & Raven, 2011).

Tourists are ever more informed and demanding, searching for unique and tailored experiences. When planning their trips, tourists use non-media information sources, in order to find detailed information about lodging companies and services associated, whether from friends, family or unknown travellers (Abrantes, Seabra, Lages, & Jayawardhena, 2013; Seabra et al., 2007).

Online recommendations, comments and reviews are becoming important information sources regarding product quality, since they involve consumer's experiences, evaluations and opinions. They are helpful for decision making by providing consumers with indirect experiences, playing an information and recommendation role (Hu, Liu, & Zhang, 2008; Park, Lee, & Han, 2007).

Online reviews are "one of the most often sought types of information for people interested in travelling" (Yoon & Uysal, 2005, p. 46). The number of tourists who prefer and trust in sites with amateur reviews is increasing (Gretzel, Yoo, & Purifoy, 2007; Lopes, 2015; Xie, Miao, Kuo, Lee, & Jimmy, 2011). When considering gender differences, women prefer to read online reviews for the purpose of convenience and quality and for risk reduction. On the other hand, research indicates that men's use of the reviews depends on their level of expertise.(Kim, Mattila, & Baloglu, 2011).

Nonetheless, sometimes there is an amount of lower quality, unfiltered and sometimes contradictory information, provided by an unlimited number of unknown participants, which may raise suspicious about the credibility of online reviews (Cheung, Luo, Sia, & Chen, 2009). Actually, credibility is an important issue when considering the online travel reviews (Lopes, 2015). In some websites that offer travel advice to its readers/users, the fictitious reviews are clearly problematic, and the main concern is to ensure that those reviews are credible. Accordingly, the online travel agents (OTAs) such as booking.com are now playing an important role in building hotel reputation, which encourages hoteliers to put effort into service quality (Jeacle & Carter, 2011).

Giving the emergence of this new form of social interaction process, part of the power of marketing lies now in the consumer (Pires, Stanton, & Rita, 2006). This electronic word of mouth (eWOM) process has an important role in tourism businesses, and interferes in the decision making process, where hotels are probably the most affected (Serra Cantallops & Salvi, 2014).

#### Impacts on hotels

There is a consensus regarding the significant relationship between online reviews and the business performance of hotels (Sparks & Browning, 2011; Vermeulen & Seegers, 2009; Ye, Law, & Gu, 2009). For instance, positive online reviews can increase the number of bookings in a hotel. According to the findings, "a 10% improvement in reviewers' rating can increase sales by 4.4% and a 10% increase in review variance can decrease sales by 2.8%"

(Ye et al., 2009, p. 181), further suggesting a stronger impact of positive than of negative reviews.

Small accommodation providers do not have the same view regarding the importance and impact of online reviews on their business. Indeed, there are accommodation providers who use innovative and proactive practices, while others have limited awareness of the internet (Hills & Cairncross, 2011; Roque, Martins, & Lopes, 2013). This is even more critic, considering the importance of foreign markets for some hotel companies. For instance, an exploratory analysis of hotel websites in Portugal reveal a more focused investment in functionality characteristics and service provision, than in the dynamic interaction with the online visitors. The results show that social media and other web2.0 solutions are not sufficiently explored in the websites of 4 and 5 star hotels (Roque et al., 2013).

Whether related or not, when considering the top European destination for online hotel sales in 2013, Portugal is placed in the 10th position, far away from Spain, Germany, France, Italy and United Kingdom, which represent the top 5 (Euromonitor, 2014). Indeed, the size of the countries is obviously different. Nonetheless, the aspects referred above suggest the need to further develop researches in the context of the hospitality in Portugal, whether in the supply side or in demand side.Methodology

This research followed a quantitative approach, resorting to an online questionnaire (web survey) targeted to Portuguese internet users aged 18 or more, that have already booked accommodation online. The questionnaire was targeted to identify the credibility given to the online reviews, as well as the respondents' online booking behaviour and its experience. The main aim was to identify the criteria used to choose accommodation, the type of accommodation booked online, the website used, as well as the propensity to write online reviews. The questionnaire contains also questions regarding respondents' demographic characteristics.

The invitation, objectives and respective URL link were posted in online travel communities and websites related to tourism destinations, hotel chains, hostels or airline companies, through LinkedIn, Facebook, Twitter or Reddit. The sample comprises 356 valid responses. The data was analysed using the IBM SPSS Statistics version 20 (SPSS) for a descriptive analyses. Figure 1 summarizes the demographic characteristics of the survey respondents.

Variable	Category	Respondents (%)		
Gender	Male	62,9 %		
	Female	37,1 %		
Age	<= 25	22,8 %		
	26-35	33,4 %		
	36-45	29,5 %		
	46-55	11,0 %		
	56-65	3,1 %		
	> 65	0,3 %		
Education	12th grade or less	3,9 %		
level	Graduated high school	9,8 %		
	Some college, no degree	5,1 %		
	Associate degree	3,1 %		
	Bachelor's degree	15,4 %		
	Post graduate degree	62,6%		
Income	< 1000€	30,3 %		
	1000-1999€	36,5 %		
	2000-2999€	12, 4%		
	3000-3999	1,4 %		
	>= 4000	1,1 %		
	Prefer not to answer	18,3 %		

#### Figure 1. Demographic Profile of Respondents

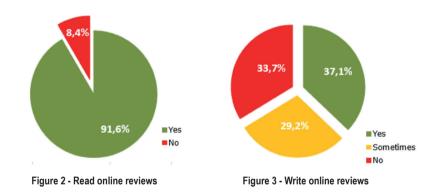
Concerning the profile of respondents, 62,9% are males and 37,1% are females. The majority of the participants are aged below 45 years old (85,7%). In fact, 22,8% are younger than 25 years old, 33,4% are aged between 26-35, and 29,5% are aged between 36-45 years old. The sample is composed by highly educated individuals, considering that 62,6% of respondents have a post graduate degree, and only 3,9% have 12th grade or less. The

respondents' income is usually a sensible question to answer. Indeed, 18,3% prefer not to answer, choosing the respective option. Nonetheless, 36,5% declare a net income between 1000-1999€, and only 1,1% above 4000€.

#### Results

Participants refer to themselves as competent internet users (96,9%), and are receptive to technological innovations (95,8%). They agree that the internet is easy to use (95,5%). Moreover, in terms of online booking experience, almost all of the respondents are familiar with online booking procedures (99,1%). Nevertheless, some do not classify their previous experiences as positive (1,4%) and others are unfamiliar with online booking procedures for accommodation (2,0%).

Considering the online booking behaviour, according to the data analysis, 91,6% of respondents usually read online reviews before choosing accommodation to stay hosted (see Fig.2). This means there are some (8,4%), who reserve accommodation online, but usually do not read the reviews regarding the hotel or accommodation provider. Moreover, 37,1% refer that they usually write online reviews in the website, after staying hosted (see Fig.3). Some respondents indicate that they do it sometimes (29,2%), depending on extremely positive or negative experiences, if they have time, if asked by service provider in the check-out procedure, or after an email received with this request. Nonetheless 33,7% had no intention to write online reviews before staying hosted.



Booking.com is the most used website to book accommodation, standing out from others, in particular Expedia, Tripadvisor or Agoda. It was an open question, which means that there were not any options previously defined. Considering the most important criteria used to choose accommodation, respondents had to select at most 5 criteria in pre-defined list of 8 items (cleanliness, comfort, location, facilities, staff, atmosphere, value for money). The most selected items were location (89%); value for money (88,5%); and cleanliness (65,4%). The majority of respondents had booked Hotels online (759%), and only a small percentage had booked Hostels (10,7%) Apartments (8,1%), and Guest Houses (5,1%).

Regarding the online reviews credibility (see Fig. 4), participants agree on the premise that tourists who left reviews are trustworthy (75,8%) and knowledgeable to assess the quality of the accommodation provider (88,7%). Moreover the majority agree considering the online reviews as a useful way for choosing accommodation (95,6%), only a small percentage disagrees (1,9%).

	1.STD	2.MD	3.SD	4.N	5.SA	6.MA	7.STA <sup>1</sup>
Tourists who left reviews are knowledgeable to assess the hotel	0.6%	0.8%	1.4%	8.4%	24.4%	46%	18.3%
Tourists who left reviews are trustworthy	0.8%	1.4%	3.9%	18%	29.5%	38.2%	8.1%
The reviews are useful for choosing accommodation	0.8%	0.8%	0.3%	2.5%	9.6%	39.9%	46.1%
The reviews are credible	0.6%	1.1%	2.2%	6.5%	30.6%	46.1%	12.9%
The reviews are accurate		1.1%	3.4%	9%	32.3%	42.1%	12.1%
The reviews reflect the reality of the service	0.3%	0.6%	2.2%	4.8%	31.5%	47.8%	12.9%

1) Likert Scale (7 itens) 1.STD – Strongly disagree; 2.MD – Moderately disagree; 3.SD – Slightly disagree; 4.N – Neutral; 5.SA – Slightly agree; 6.MA – Moderately agree; 7.STA – Strongly agree

#### Figure 4- Online reviews credibility

Regarding the perceptions towards the review's credibility, respondents consider that the reviews presented in the website are credible (89,6%), accurate (86,5%), and reflect the reality of the service provider (92,2%).

#### Discussion

The present research was motivated by a desire to gain a better understanding of the tourist's perceptions and behaviours regarding the online travel reviews. Therefore, we employed a website-based approach in order to explore this topic. Our findings offer some insights, providing significant implications for tourism providers, especially hotel companies.

Indeed, the online reviews are a reliable and trustworthy resource for those tourists who are gathering information in the web in order to choose a destination or a hotel to stay hosted. According to the results, Portuguese tourists usually read online reviews before choosing accommodation to stay hosted. The reviews are perceived as accurate and credible, reflecting the reality of the service provider.

In this sense, tourism providers should understand that this tool, available online and free of charges, is increasingly important for tourists regarding product quality, since it represents other's experiences, evaluations and opinions, playing an important information and recommendation role.

Hoteliers should increase tourist's intention to write online reviews after staying hosted. Hotel companies and also some small accommodation providers such as rural units, can achieve some competitive advantages by analysing and managing the online travel reviews adequately. It could be a way to: (1) interact with actual customers or potential ones; (2) understand tourists' expectations, experiences and satisfaction levels; (3) solve problems and avoid or respond to negative comments; (4) analyse competitors' strategies; (5) monitor the company's image

and reputation; (6) obtain information from customers which can be very innovative; and also (7) for revenue generation purposes (Jun, Vogt, & MacKay, 2010; Lopes, Abrantes, & Kastenholz, 2013; Loureiro & Kastenholz, 2011; Serra Cantallops & Salvi, 2014).

Nonetheless, for some tourists these comments and impressions regarding hotel facilities, services and staff, do not always confirm their previous impression. In some cases the experience may have surpassed initial expectations. However, in other situations reading reviews may create unrealistic expectations or they may not materialize. Nonetheless this exploratory study does not allow to draw specific conclusions on this characteristic. Thus, it may be important to clarify this aspect in further investigations. Moreover, a service provider may be reviewed by a large number of customers with diverse backgrounds. In this sense a cross-cultural approach might be useful in identifying different profiles, similarities and differences.

Obviously this research has limitations. Despite being an exploratory study, the data was obtained through a convenience sample regarding portuguese internet users. Therefore we cannot generalize the results. Moreover, the human behaviour is complex and difficult to predict. Thus, for a broader understanding of the thematic, future studies could combine quantitative and qualitative methods. Indeed, the online travel market represents a considerable market share for hoteliers and other tourism suppliers that should not be neglected.

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