The Phenomenon of Online Reviews - Digital Headache or Golden Opportunity for the Tourism Sector?

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The Phenomenon of Online Reviews - Digital Headache or Golden Opportunity for the Tourism Sector?

Keywords: Online reviews; user-generated content; tourism

Introduction

Technology has brought many opportunities to organisations in the tourism sector, for example, with regard to the efficiencies achieved by embracing self-service technologies (SSTs), such as self-check-in online and mobile restaurant apps. Equally, the nature of the online environment, in terms of its connectivity, immediacy, access to information and facility for real-time sharing and collaboration has resulted in a more empowered consumer. One manifestation of such consumer empowerment is the growing phenomenon of consumers who are embracing the internet as a means of reviewing and communicating their tourism experiences in the form of online reviews (Ong, 2012).

The influence of online reviews can be traced to their facility for assisting consumers to develop a balanced understanding of a given product, to identify a suite of criteria for evaluating the product, to arrive at a specific product choice, and to reduce the perceived risk of making that choice (Liu, Karahanna and Watson, 2011). Critically, it has also been noted that the opinions of fellow customers are deemed to hold stronger credibility than information and communications emanating from companies (Simonson and Rosen, 2014; Sheth, 1999). It is evident from the literature that consumers are frequently confronted with online consumer reviews and represent an important information source (Chevalier and Mayzlin, 2006). For example, it is estimated that 60% of consumers consult on-line reviews before making buying decisions (Razorfish, 2008).

However, whilst there is widespread awareness of the surge in consumer online reviews, the literature sounds a note of caution regarding how companies are responding to this phenomenon. For example, Simonson and Rosen (2014) caution that many companies are simply ignoring the trend whilst Mangold and Smith (2012) suggest that there is a large gap in the literature regarding which product categories are most impacted upon by online reviews. Elsewhere, Ong (2012) highlights that whilst a number of studies has focused on the influence of online reviews in the context of tangible goods such as books and electronic items, there is relatively little literature addressing how consumers use reviews in service sectors. This is further supported by Mayzlin, Dover and Chevalier (2014) who state that there is a paucity of research in relation to how online reviews influence consumer decision making in the travel sector.

To that end, this conceptual paper presents a research agenda for tourism operators by examining the literature pertaining to the phenomenon of online reviews in the tourism sector. The objective is to examine tourist motivations for posting online reviews and their potential impact on the consumer decision making process. Furthermore, this paper seeks to explore how tourism operators may respond to, and act upon, this source of customer word-of-mouth.
The paper is structured as follows. It commences by reviewing the literature on the nature and usage of online reviews, followed by user motivations to read and post online reviews. The paper then examines the extent to which tourism operators monitor and respond to these online reviews. In the final section, we present a research agenda which identifies key issues that merit further research in order for tourism operators to better understand and harness this potent source of consumer observations and insights.

**Literature Review**

*Nature of Online Reviews*

Online reviews essentially constitute a form of word-of-mouth presented on the internet (Mangold and Smith, 2012) and in a consumer context, represent a form of peer-to-peer information whereby consumers seek to document and share their experiences with others, on a range of online platforms. These platforms include social media (e.g. Facebook, Twitter), blogs, company websites, consumer review sites (e.g. Amazon, Google My Business, Angie’s List) and search engine sites (e.g. Google, Yahoo).

Mudambi and Schuff (2010:186) define online customer reviews as “peer-generated product evaluations posted on company or third party websites”. These online reviews may take the form of a numerical rating system or customers posting a review offering their opinions, personal endorsements (or otherwise) and uploading photographs or video clips regarding their product or service experiences. Mangold and Smith (2012) identify six product categories that are most frequently referred to on online reviews sites, i.e. electronics, books/movies, computers, music, clothing/shoes and hotels/vacation spots. In the tourism and travel sector, some of the more prominent online review sites are TripAdvisor, Travelocity, Booking.com, Hotels.com, Expedia and Yelp.

Online reviews constitute a form of electronic word-of-mouth (eWOM) which is a key marketing phenomenon and one which is developing at an unparalleled rate (Wu, 2013; Mangold and Smith, 2012). According to O’Connor (2010), eWOM is especially significant within the services sector, such as the leisure industry, given that these services are complex, intangible and prone to high levels of risk. Stringam, Gerdes, Jr. and Vanleeuwen (2010) conclude that consumers view online travel reviews as being more credible and have a larger influence on online travel purchases than endorsements located on hotel websites or online travel agencies. Furthermore, Gretzel and Yoo (2008) suggested in their research that 74% of travellers used online reviews as an information source in making a purchase decision.

Given the importance attributed to online reviews above, it is interesting to note that Wu (2013:971) contends that research in this area is “…fragmented…inconclusive or conflicting”. Stringam et al. (2010) also opine that there is a paucity of research investigating online user-generated travel reviews. Similarly, Ye, Law, Gu and Chen (2011) found that the influence of online tourism generated reviews is broadly undetermined by both operators and researchers.
However, it is clear that consumers’ new-found freedom to communicate with the online community allows them to ‘have a voice’ and express positive and negative opinions about their product or service experiences. Thus, these consumers no longer play a passive role in the service encounter but rather are helping to re-define the traditional marketing communications process. The following section will explore consumer motivations to use (i.e. read or post) an online review.

**Motivations to Use (Read and Post) Online Reviews**

One of the key motivations for consumers to use online reviews is to assist them in the purchase decision making process (Mangold and Smith, 2012; O’Connor, 2010). Using Kotler and Keller’s (2012) consumer decision making process, a person identifies a need to take a holiday (i.e. need recognition). They will search and collect information from their family and friends, and they may also seek out information from travel agencies and online review sites (i.e. information search). They will review and assess a number of different holiday options, again referring to online review sites for further information (i.e. evaluation of alternatives) and then make a choice (i.e. purchase decision). After the holiday, they may post their opinions and views online about their holiday experience (i.e. post-purchase behaviour).

With regard to the reasons for generating user commentary, Presi, Saridakis and Hartmans (2014) identify a number of motivations such as altruism (e.g. seeking to assist the online community), seeking revenge, venting negative emotions, maintaining a positive self-identity, and receiving economic incentives, e.g. a discount. The social aspect to the motives that underpin the posting of an online review is also reflected by McGraw, Warren and Kan (2015) who posit that consumers seek to alert fellow customers about a negative experience and indeed may also seek understanding and empathy amongst their peers regarding this negative experience. Furthermore, consumers participate in electronic word-of-mouth to facilitate product development, provide assistance to the company and provide reassurance and suggestions (Torres, Adler, Lehto, Behnke and Miao, 2013). There is a consensus in the literature that consumer reviews hold stronger credibility than reviews that are crafted by a corporate source. For example, Purnawirawan, Dens and De Pelsmacker (2012) ascertain that online reviews are viewed as being more reliable and trustworthy than other company-driven marketing communications as they reflect the genuine experiences of consumers. Similarly, Bikart and Schindler (2001) emphasise that because information contained within online reviews does not originate within the company, it is generally considered credible and influential, albeit positive and negative.

More specifically, consumers view online travel review sites as being more likely to provide current, comprehensive and dependable information (O’Connor, 2010; Stringam et al., 2010; Gretzel and Yoo, 2008). Given the argument that there is strength in numbers, consumers are also grouping together online in order to change or persuade the way in which companies operate (Mangold and Smith, 2010). Having addressed the motivations of customers to use online reviews, the following section considers the influence of a positive or a negative review on consumer behaviour.
**Positive versus Negative Reviews**

As stated above, online reviews play a significant role in consumer behaviour, particularly whether to purchase and subsequently, repeat purchase. Therefore, it is imperative that tourism providers listen to the detailed and varied comments provided by consumers. A key question is whether consumers rely more strongly on positive or negative reviews (Ong, 2012). It is clearly evident from the literature that there are differing and inconsistent perspectives on the value and influence of online reviews (e.g. Chen and Lurie, 2013; Racherla, Connolly and Christodoulidou, 2013).

There is a suggestion in the literature that positive reviews tend to prevail far more so than negative reviews online (e.g. East, Hammond and Wright, 2007). This is reinforced by Mangold and Smith’s (2012) study where they concluded that the millennial generation were more inclined to write positive reviews than negative ones across a variety of product categories. They further advise that online reviews may have a stronger influence in the earlier stages of the consumer decision making process. Ong (2012) also submits that consumers perhaps are more swayed by positive than negative reviews when they are making a purchase decision for a luxury or leisure holiday in comparison to a budget or business holiday. In a situation where there is a preponderance of positive reviews about a product or service, it is suggested that consumers are persuaded to go along with the positive testimonials of other consumers (Purnawirawan et al., 2012). On the other hand, Sen and Lerman (2007) conclude that consumers view negative reviews for certain products to be more truthful, helpful and beneficial than positive reviews. Similarly, Chen and Laurie (2013) also identify that negative reviews are more valuable than positive reviews.

Further evidence suggests that a negative online review appears to pose a particular threat for branded products and services (Ullrich and Brunner, 2015). Chen (2001) supports this view arguing that easy access to online customer reviews has led to the lessening in importance of brand names and the assurances they offer. Similarly, Ho-Dac, Carson and Moore (2013) propose that consumers will bypass the traditional marketer of the brand and instead rely directly on unfiltered word of mouth via online reviews. Purnawirawan et al., (2012) advance the profile of online reviews by investigating the impact of balance (the ratio of positive to negative reviews) and sequence (the order in which reviews are presented). Their research shows that in a positive or a negative balance, consumers rely on the majority’s opinion, but this poses the question of how the mix of positive and negative reviews affect the formation of attitude and behavioural intention. This negativity bias of online review is well documented (Baumeister et al., 2001; Rozin and Royzman, 2001). However, there is little research on understanding the factors that reduce this negativity bias (Chen and Lurie, 2013).

Indeed, negative reviews might offer a positive outcome for the online community. For example, McGraw et al. (2015) present the argument that negative online reviews document dissatisfaction, but some are also humorous. Both Ayres (2009) and Deighton and Kornfield (2010) draw upon benign violation theory whereupon humour can arise from something which is perceived to be wrong but it is received in a benign fashion. An example would be Dave Carroll’s (2009) YouTube video called “United Breaks Guitars” in which he turned his complaint about the handling of his guitar on a United Airlines flight into a parody which attracted millions of views.
However, benign violation theory also might suggest that humorous negative reviews are probably less likely to elicit sympathy from others than non-humoruous negative reviews.

**Companies Response to Customer Online Reviews**

Given the acknowledged power of online word of mouth, particularly in respect of experience goods and services (Duan, Gu and Whinston, 2008), it is imperative to assess how tourism providers view and manage this element of their business. This, in itself, appears to be an under-researched area and, where research does exist, it centres mainly on hotel online reviews (Berezina, Bilgihan, Cobanoglu and Okumus, 2015; Kim, Lim and Brymer, 2014; Zhou, Ye, Pearce and Wu, 2014).

Leung et al. (2013:3) assert that given social media is ‘one of the “mega trends’” that has influenced the tourism industry, online reviews now form a significant element of tourism and hospitality operations and management. Companies and researchers both need to acknowledge the importance of customer review data in the investigation and management of the sector (Zhou et al., 2014). Indeed, Wu and Pearse (2013) and Zhou et al. (2014) noted that the advent of the digital tourism era has provided academic researchers and businesses alike with cost-effective ‘novel sources of information’ by way of ‘insights and real voices’ to be analysed (Zhou et al., 2014:3).

In addition to specialised tourism and travel websites, including Agoda.com, Booking.com, Ctrip.com, Yelp, Expedia, Orbitz and Citysearch (Leung et al., 2013), tourism companies may make use of social networking sites, such as Facebook, to promote their businesses and respond to customer comments. Ladhari and Michaud (2015:44) also identify the role of blogs and other fora developed by ‘opinion leaders’ and ‘experts’ and emphasise the importance of industry players monitoring and responding to such online commentary. In particular, Browning, So and Sparks (2013) and Kim et al. (2014) emphasise the value of timely responses to negative online comments. This, in turn, can result in a higher financial performance for the organisation. Accordingly, such customer comments may influence service delivery, employee training and changes in physical facilities. Hudson and Thal (2013:159) suggest that businesses that connect with customers via social media enhance the ‘strength and durability’ of their brand and enjoy a return on their investment in social media.

It is evident that businesses need to understand consumer behaviour in online spaces, in addition to the impact of online communities’ dialogue on their business performance (Bilgihan and Bujisic 2014). In 2008, Buhalis and Law (2008:609) highlighted that tourism businesses needed to accept the strategic and operational implications of information communication technologies (ICT) that have ‘been transforming tourism globally’ and put in place ‘proactive’ and ‘reactive services’ to address individual customer needs. Yet, in 2013, it was once again observed by Levy, Duan and Boo (2013) that hotels had yet to develop a proactive approach to the management of online word of mouth. Similarly, Liu, Kim and Pennington-Gray (2015) reviewed numerous pieces of recent research that suggest that it is still not common practice for hotels to respond to online comments. Ladhari and Michaud
(2015) emphasise the necessity for hotels to produce online monitoring procedures as part of their brand management initiatives.

From the perspectives of sales, marketing, customer relationship management, business management, destination management, human resource management and quality management, tourism and hospitality businesses should have cognisance of the role and impact of online reviews, with regard to aspects of their product and service (Ladhari and Michaud, 2015; Bilgihan and Bujisic 2014; Zhou et al., 2014; Wu and Pearse, 2013). Bilgihan and Bujisic (2014) advocate that the end objective of business engagement in online fora, is to respond to customer postings, in an attempt to influence future customer behavioural outcomes. Browning et al. (2015:37) discuss the idea that hotels should contemplate the creation of ‘damage control’ strategies to address ‘negative eWOM’.

In their review of social media research in the areas of hospitality and tourism, Leung et al. (2013:3) acknowledge that research has identified the ‘strategic importance of social media for tourism competitiveness’. Liu et al. (2015) also promote the use of social media to assist companies deal with tourism crisis management, such as the cases of the bed bug crisis in New York, the foot and mouth crisis and SARS. In fact, it has been suggested that digital communication has ‘significantly changed the ecology of crisis communication’ (Liu et al. 2015:77). In the context of day-to-day operations, Browning et al. (2015:36) note that online reviews are a source of ‘richly informative’ views that can highlight areas for improvement in respect of training and service delivery.

The existing body of research indicates that business interaction with online reviews should enable companies to reap the marketing benefits of positive user-generated content and engagement with negative comments can also benefit the company from a public relations and performance perspective.

Research Agenda

A common theme in the literature is the requirement to better understand the use of social media as a means of generating consumer insights. For example, Buhalis and Law (2008:619) noted that ‘eTourism research is in its infancy’. Similarly, Leung et al. (2013) suggested that, while social media in tourism and hospitality has been broadly examined, ‘social media research is still in its infancy’. Therefore, this is a research area that presents many opportunities for industry and academic investigation. On the basis of the literature review, the authors present the following research agenda which highlights a number of pertinent questions:

- What are tourist motivations for posting online reviews (e.g. assisting others, self-promotion, seeking to negotiate a better deal with the operator)?
- What online platforms do tourism operators need to monitor for such reviews (e.g. tourism-specific sites such as Trip Advisor, search engine sites such as Google)?
- Are consumers more likely to post positive or negative reviews?
- At what stage of the tourism decision making process, are online reviews most influential?
- How does the influence of online reviews vary according to the nature of the tourism experience (e.g. personal vacation versus company-funded travel for the purposes of work)?
- What are the ethical implications that arise when a tourism operator encourages/incentivises the posting of a review (positive or negative)?
- Are service providers ‘listening’ and changing their operational processes, particularly regarding negative reviews? If positive reviews serve as credible and influential sources of information about the tourism product, how is the tourism provider including such reviews in corporate/marketing communications? For example, to what extent is a positive review being promoted on the company’s website / in advertising materials? What are the implications for the consumer decision-making process (e.g. the relative importance of tourism reviews for well-known tourist brands versus newly established offerings)? Are online reviews serving to dilute the perception of the tourism brand’s value?

The pursuit of such a research agenda and subsequent findings will be significant from both an academic and practitioner perspective within the travel, tourism and hospitality sectors. Notwithstanding the importance of disseminating contemporary research with a range of stakeholders, it is envisaged that this research will assist service providers in understanding consumer behaviour in a digital business environment, and the subsequent influence eWOM has on their strategic and operational processes. This research approach will also highlight the changing role of the customer in the service encounter, from being a passive recipient of information to being an active and energetic disseminator of information to the global online community. It is evident from this paper that there are emergent and under-researched areas which warrant further examination, namely, understanding consumer motivations to use online reviews, and the extent to which companies are responding to these reviews in a timely and effective manner.

**Conclusion**

The phenomenon of online reviews is certainly impacting upon the traditional customer-company service encounter. Never before has the customer body held such power, influence and authority. Correspondingly, service providers in the broader tourism sector cannot afford to ignore the evolving online conversation. As discussed above, the phenomenon of online reviews is an evolving research area, and to that end, this paper presented a research agenda for tourism operators in terms of the key research gaps and opportunities presenting themselves within the literature.
List of References:


