

**Management Responding Strategy to Customer Online Reviews:  
A Case Study of Hotels in Taiwan**

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A Case Study of Hotels in Taiwan**

By

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## **Management Responding Strategy to Customer Online Reviews: A Case Study of Hotels in Taiwan**

By

**Pei-Chih Ma**

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requirements for the Degree of Master of Science in  
Management Studies.

### **ABSTRACT**

The hospitality industry in Taiwan is experiencing unprecedented opportunities and challenges. For decades, the industry has been growing rapidly, but the sudden decreases in visitor growth has led to increased competition among hotels. To attract more international guests, hoteliers have started to manage their online reputations—by responding to online reviews.

In this study, we analyzed online customer reviews and the responses of 31 hotels. A clear trend was observed: hotels are putting more resources into online management responses. We also interviewed ten hotels to learn how they manage these responses, what challenges they face in responding to online customer reviews, and how they use online reviews for other management purposes.

We found that most hotels in the case study manage customer responses reactively rather than proactively; they lack strategic goals and methods for evaluating ROI. We also found that executive involvement and the hotel's internal communication style affect how customer responses can be used as a tool to improve the service-recovery process. Using online customer as a source of employee performance evaluation and linking customer feedback to encouragement scheme are also found in some hotels' practice. Future studies should further investigate how hotels' internal communication styles and response strategies and behavior affect service-recovery and customer loyalty. The use of online customer reviews to help improve other aspects of management such as human resource management is also suggested to be studied.

**Thesis Supervisor:** Stuart E. Madnick

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I would also like to thank Evan Chao, Zest Hsu, and other partners from BLESS Ltd., for their support. They provided insight into the real challenges and opportunities that hoteliers in Taiwan are currently facing. The hotel managers who donated some of their precious time to my interviews demonstrated true Taiwanese hospitality, and I believe you will all continue to thrive.

Without the support and understanding of my mother, sister, and brother, I would never have had the luxury of pursuing my business education at SKKU GSB and MIT Sloan. Aside from business knowledge, the greatest lesson I have learned from the two-year journey is how important family is to me.

Last but not the least, I want to thank Stanley Chen, whose technical and emotional support has helped me overcome many challenges. I couldn't have come this far without all these wonderful people. If I ever achieve anything, you are reason.

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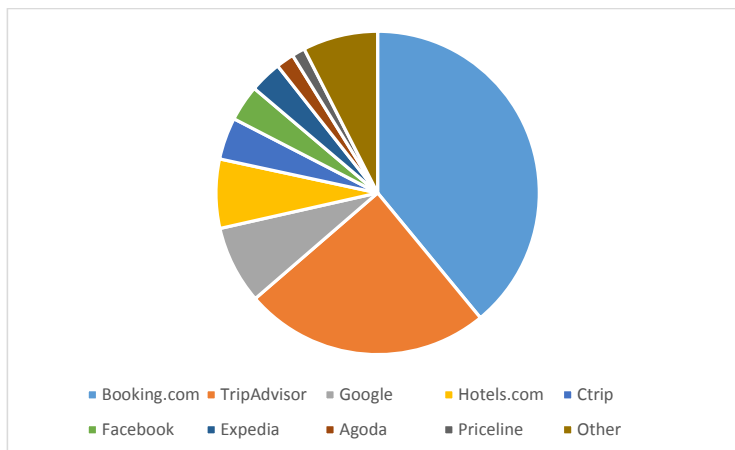
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# 1 Introduction

## 1.1 Customer Online Reviews on Hotels

The proliferation of the internet over the past two decades has significantly increased its role in information gathering and decision-making. Hotel selection is an obvious example. Although customers look at many types of online information that may influence their decision-making process, customer-generated review has become particularly important. A PhoCusWright study sponsored by TripAdvisor showed that 77% of travelers usually or always read reviews before choosing a hotel and 53% will not reserve a hotel room before reading reviews (TripAdvisor, 24 Insights to shape your TripAdvisor strategy, 2014).

As online reviews have become more important to customers, hotel reviews have also become more common. For example, TripAdvisor, the major online review platform for the travel industry, took seven years to reach ten million reviews and opinions after it was established in 2000 and it took another 6 years to reach 100 million in 2013. It recorded 300 million reviews and opinions in 2014 (TripAdvisor, 2015). By early 2017, it had reached 465 million (TripAdvisor, 2017).



**Figure 1-1 2016 Global Review Distribution<sup>1</sup>**

Customer reviews are partially centralized on major sites that allow reviews. According to Revinate's Global Hotel Reputation Benchmark Report 2017, the top forty review sites, including pure review sites, online travel agencies (OTA), search engines, and social media services, account for 99% of all hotel reviews captured by Revinate. The top nine reviews sites host 92.5% of all online customer reviews, as shown in Figure 1-1. It

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<sup>1</sup> Revinate, 2017. Global Hotel Reputation Benchmark Report 2016

can be difficult for hoteliers to keep track of and form executable strategies for all nine major sites (Revinate, Global Hotel Reputation Benchmark Report 2017, 2017) so they often focus on the top three reviews sites—Booking.com, TripAdvisor, and Google—which host 71.4% of total online reviews.

## 1.2 Management Response

Since online customer reviews grows fast and significantly influence other customers' hotel selection, management responses are one way hotels can manage reviews—adding values to positive reviews and controlling the damages from negative or fraudulent reviews.

However, not all hoteliers respond to customer reviews on platforms such as TripAdvisor and other OTA sites in the same manners. Additionally, for those who do respond, response rates vary. In 2016, the average response rate on major review sites that allow hotel management to respond was 27.9% (Revinate, Global Hotel Reputation Benchmark Report 2017, 2017); some hotels respond to every single review, and some never respond to any reviews.

Furthermore, as the total volume of customer reviews has grown very quickly over the past 17 years, increases in review volume far outpace management responses, suggesting that hoteliers are struggling to keep up with accelerating review volume.

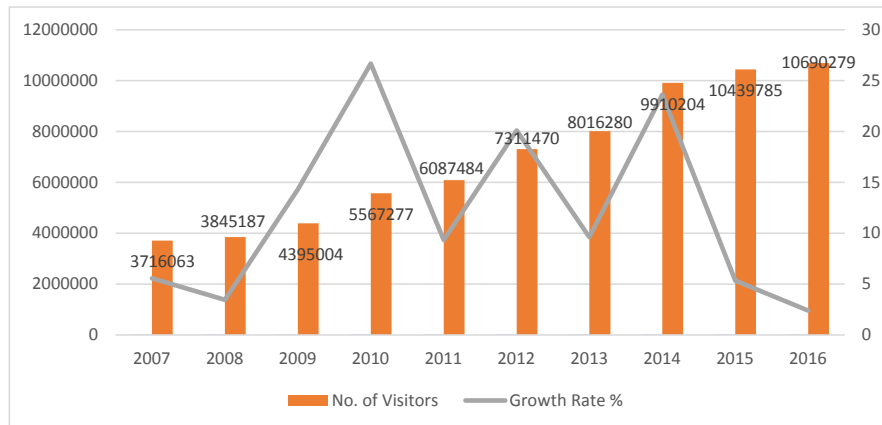
## 1.3 Recent Development of Taiwan's Tourism and Hospitality Industry

Tourism is an emerging industry in Taiwan and has grown quickly over the past ten years. The number of foreign tourists and visitors to Taiwan increased from 3.71 million in 2007 to 10.69 million in 2016, an increase of 288% (Taiwan Tourism Bureau, 2017). This fast growth is mainly attributed to China's new policy allowing citizens to travel to Taiwan, which was established in 2008, after 59 years of banned travel. Hundreds of thousands of Chinese tourists have visited Taiwan since then, making China the biggest source of visitors to Taiwan.

However, in January, 2016, the Kuomintang (KMT, or the Nationalist Party), the party that ruled Taiwan from 2008 to 2016, lost the Presidential and Congressional elections. In the 2016 election, the Democracy Progression Party (DPP) took power. The DPP supports Taiwanese Independence and has a poor relationship with China; the new ruling party changed the government's policy towards China, angering China's communist government. In 2016, China started to discourage its people from visiting Taiwan, reducing the growth rate of tourism in Taiwan. As shown in Figure 1-2, the annual increase in international visitors to Taiwan dropped from its peak of 26.67% in 2010 to 2.4% in 2016 as the number of Chinese visitors decreased by 16.07% in 2016 (Executive Yuan, 2017).

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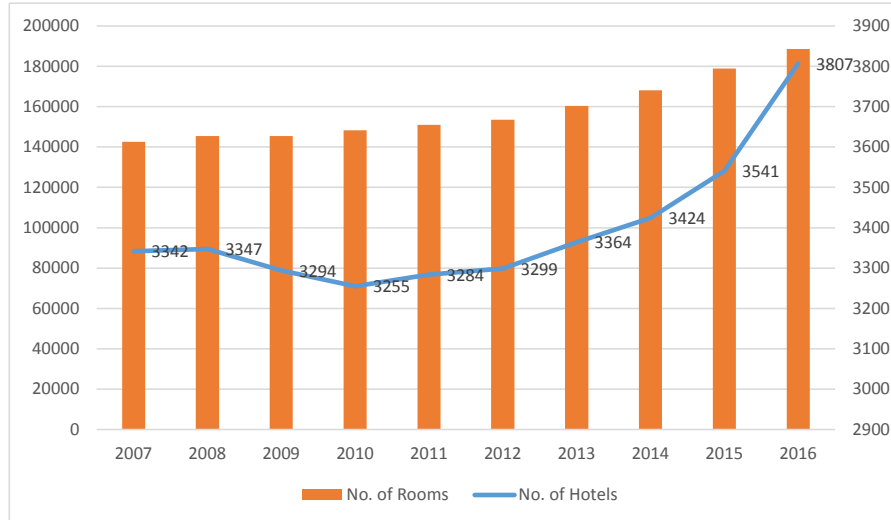


*Figure 1-2 No. of Foreign Visitors to Taiwan: 2007-2016<sup>2</sup>*

Although visitors to Taiwan from other countries have also increased, more tourists from Korea, Thailand, Malaysia, and other nearby Asian countries could hardly offset the decrease in Chinese tourists. This has created huge challenges for Taiwan's hospitality industry. The industry has experienced historic growth over the last decade, measured in the number of hotels and rooms, as the expectation of continued growth, especially in the form of Chinese tourists, drove huge investments in the industry. This decrease in the tourism growth rate has increased competition among peer hotels. According to Taiwan's Tourism Bureau, the number of hotels in Taiwan has increased by 114% since 2007, and the total number of hotel rooms has increased by 132.2% (Figure 1-3).

The sudden freeze in growth of tourism from China has pushed Taiwan's hospitality industry to rethink their strategies; many decided to shift their focus to customers from other countries (aside from China). The latest challenge for many Taiwanese hotels involves taking advantage of international travel websites to market and differentiate their brands. Hoteliers soon discovered that maintaining a good online reputation on international platforms is a cost-effective way to improve their competitiveness and gain more customers from a variety of countries. For example, Taipei Inn Groups, a local hotel chain in Taiwan with eleven properties, takes the reputation and ranking of its properties on TripAdvisor very seriously. Its chairman, Jimmy Dai, once said in an interview that the group depends heavily on word of mouth marketing (Expbravo, 2016).

<sup>2</sup> Source: Taiwan Tourism Bureau



*Figure 1-3 No. of Hotels and Rooms in Taiwan: 2007-2016<sup>3</sup>*

## 1.4 Motivation for the Study

This study explores how hotels in major Taiwanese destinations with high TripAdvisor rankings respond to customer reviews, both online and in terms of policy. This paper will analyze high ranking hotels' responses to online reviews. Hotel managers in charge of response strategy and execution will also be interviewed in order to compare hotels' response styles and their approaches to using online reviews for management purposes. The common characteristics of highly-ranked hotels and how their practices can improve business policies and management strategies will be discussed.

## 1.5 Thesis Structure

Customer reviews have been a popular research topic since the 2000s, when e-commerce boomed and led to the rise of review sites. Management reviews have not received as much attention. A literature review shows that most researches on management reviews have focused on how reviews affect customers' perceptions of and intentions toward hotels (Xie, So, & Wang, 2017). Studies have also addressed the correlation between management responses to reviews and a hotel's financial success. Literature on online reviews, management responses, social media management, and the e-word-of-mouth (eWOM) effect will be reviewed in section 2. The methods employed in this study, including data sampling, collection, and processing and the use of content analysis and

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<sup>3</sup> Source: Taiwan Tourism Bureau, gathered and organized by author

interviews will be discussed in section 3, Methodology and Data. In sections 4 and 5, the results of this study and its conclusions and limitations will be discussed.



## 2 Literature Review

### 2.1 Online Reputation Management

As online review sites, such as Amazon, Yelp, and TripAdvisor, get more and more users to share their reviews and evaluation of products and services, the ratings calculated by these review sites has become an indicator of online reputation signaling the quality of a product or service (Li, 2014). Additionally, such user-generated reviews have been gaining credibility among consumers and are now an essential component of the consumer decision making process (Proserpio & Zervas, 2016; Luca, 2011).

Traditionally, a corporation's reputation relies on evaluations from the stakeholders' point of view, including media, corporate communications, stakeholders' experiences, and shared experiences in the diverse marketplaces in which a firm acts (Helm, 2011, p. 13). The concept of online reputation rose with the growth of consumers' using online review sites. Researchers have studied effect of online reviews in various e-commerce applications and products (Öğüt & Taş, 2012) from movies, to books, and to hotels.

Whether communication happens online or offline, the goals of managing a corporation's reputation should be consistent. Lange, Lee, and Dai (2011, pp. 163-164) identify three dimensions of organizational reputation: 1) being known, 2) being known for something, and 3) generalized favorability. The first dimension identifies the degree to which a set of perceivers holds a strong, enduring and non-evaluative perceptual image of the focal organization. The second is perceivers' evaluations of the likelihood if the organization will meet the perceiver's needs. The third is about evaluations of the organization as an aggregated whole which is socially constructed, bringing in the concept of social aspect and hint the importance of the word of mouth (WOM) effect to organization reputation (Baka, 2016).

### 2.2 E-Word of Mouth Effect

While the idea of WOM can be traced back to 1960s (Baka, 2016), the rise of the internet and web 2.0 applications has made the WOM effect not necessarily happen between people who are next to each other. Blogs, websites, user generated contents, social network services and numerous sources of information bring the new wave of electronic WOM, or e-WOM. Hennig-Thurau, Gwinner, Walsh, and Gremier (2004) defined e-WOM as "any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the Internet." Based on this definition, hotel customers' online reviews can be seen as a type of e-WOM communication to a multitude of people and institutions regarding the hospitality services they received.

Researches have investigated the effect of customer online reviews in travel industry.

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Earlier researches about customer online reviews on hotels usually concern the review types, authenticity, and potential influence. O'Connor (2010) randomly selected 100 hotels from London market and analyzed the hotels' images on TripAdvisor. He found the detailed rich data displayed on TripAdvisor could be used in travel planning and only few hotels in September 2008 actively managed their reputation on TripAdvisor. For the authenticity of the reviews, which is highly concerned by many hoteliers, only very little evidence is found of reviews with attributes typifying false postings. O'Connor concluded that the belief that user-generated content sites have been compromised by false reviews is unfounded.

However, O'Connor's finding is not universally agreed. The Federal Trade Commission of the United States started to include online reviews to its guidelines governing endorsements and testimonials in its 2009 revision<sup>4</sup>. In 2012, in response to complaints raised by two hotels and an online investigation and verification company, the Advertising Standards Authority in United Kingdom ruled that TripAdvisor must stop claiming or implying that "all the reviews that appeared on the website were from real travelers, or were honest, real or trusted."<sup>5</sup>

Mayzlin, Dover, and Chevalier (2014) analyzed 474,054 user reviews from TripAdvisor and Expedia to investigate the relationship between hotel ownership type and the extent level of promotional (or fake) reviews and also if the design of a website would encourage or discourage review manipulation. As the study is not designed to detect fake reviews, it finds that hotels with a nearby competitor receive more 1- and 2-star (negative) reviews on TripAdvisor relative to Expedia, implying that TripAdvisor, a review site does not require a booking record before a review can be made, is more likely to get manipulated reviews than Expedia, a website requires a booking record before a user can give a review. They also argue that the net gains from promotional reviewing are highest for independent hotels with single-unit owners and lowest for branded chain hotels with multi-unit owners. Additionally, hotels with a high incentive (independent hotels and small owners) to fake reviews have more positive reviews on TripAdvisor relative to Expedia.

The review manipulation practice implies that hoteliers believe there is an impact of online reviews to other consumers. Vermeulen and Seegers (2008) conducted online experiments on 168 respondents to find if such an impact does exist. They find that exposure to online reviews significantly change consumer attitude and enhance their hotel consideration. Positive reviews has a positive impact on consideration but negative reviews has no significant impact. The authors argue that the increased hotel awareness compensates the attitude change effect of negative reviews. Interestingly, consumer consideration of well-known hotels is less susceptible to change than lesser-known

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 TripAdvisor has been sued several times in the UK.

<sup>4</sup> <https://www.ftc.gov/news-events/press-releases/2009/10/ftc-publishes-final-guides-governing-endorsements-testimonials>

<sup>5</sup> <https://www.asa.org.uk/rulings/tripadvisor-llc-a11-166867.html>

hotels, suggesting that familiarity with a hotel makes consumers resilient to the effects of online reviews and reconfirming that less-established attitudes are easier to change.

Filieri and McLeay (2013) further explored what dimension of information quality may increase the persuasion effects of online reviews. They surveyed 578 respondents in Italy and found that ranking, information accuracy, information value-added, information relevance, and information timeliness are strong predictors of travelers' adoption of information from online reviews on accommodations.

Sparks and Browning (2011) used an experimental design to investigate 554 participants' reaction to different dimensions of the characteristics of an online hotel review. The researchers found that consumers seem to be more influenced by early negative information. Additionally, they also found positively framed information together with numerical rating details increases both booking intentions and consumer trust. Their research suggests that when consumers evaluate a hotel based on reviews, they tend to rely on easy-to-process information.

While many previous researches regarding online review and its effect focus on the effects on consumer decision making, how online reviews may influence a hotel's financial performance is also studied.

Researchers (Öğüt & Taş, 2012) investigated how online reviews correlates with room sales based on real historic data from booking.com. They found that higher customer rating significantly increases online sales of hotels. The phenomenon is found in both of the cities being researched: Paris and London. The results show that a 1% increase in online customer rating increases sales per room up to 2.68% in Paris and 2.62% in London. Additionally, it is shown that higher customer ratings result in higher hotel room prices and hotels with higher star-rating are more sensitive to online customer ratings. The study also found that the traditional hotel star-rating do not increase sales.

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As new analytic tools and methods are developing, new approaches are also introduced to help understand customer behaviors in travel field. Hu, Chen, and Chou (2017) use text-summarization technique to help mining customer opinion and sentiment from the large and still-growing amount of review data. Such approach also reconfirmed the association between guest experience and satisfaction appears strong (Xiang, Schwartz, Gerdes Jr., & Uysal, 2015).

### 2.3 Management Response to Customer Reviews

As the effects of customer online reviews to hotel performance have been extensively researched, and the growth in popularity of websites providing review platform, the practice of publicly responding to customer reviews becomes an alternative reputation management strategy taken by managers (Proserpio & Zervas, 2016).

In early literature about online hotel reviews, we can see only few hotels respond to customer reviews (O'Connor, 2010). However, following researches soon suggest that ignoring customer online review may not be a good idea.

Whether or not consumers expect management response when writing reviews, a management response may help other customers perceive the quality of the product and services and even change their willingness to buy. An empirical study (Ye, Gu, Chen, & Law, 2008) investigated hotels reviews on 2 online travel agencies in China shows that a hotel that provides managerial responses receives 60% more online bookings than an equivalent hotel without responding to online reviews.

Chan and Guillet (2011) have pointed out that the lack of interaction between hotels and customers on social media may make hotels lose the chance to build loyalty and to earn future business.

It is interesting to note that another study find the presence of hotel managers' responses to guests' review has a negative impact on purchasing intentions and hotels' RevPAR, revenue per available room, a performance indicator widely used in hospitality industry (Xie, Zhang, & Zhang, 2014), in line with a study of Mauri and Minazzi (2013) which reports the presence of management responses to customer reviews has a negative effect on purchasing intention. It may be explained that most management responses tend to immediately follow negative consumer reviews about service complaints. Another reason could be the management responses do not effectively address consumer concerns.

However, in Xie's later study with So and Wang, they use financial performance indicators including revenue, average daily rate (ADR), and occupancy rate instead of RevPAR, a positive relationship between management response and financial performance is found. They discover that providing timely and lengthy responses enhances a hotel's future financial performance. However, providing responses by hotel executives and responses that simply repeat topics in the online review lowers future financial performance. The study also finds that review rating and review volume moderate the effects of management responses.

Given the low accessibility to hotels' financial data to a single-property level, researches like Xie's are rare in the academic field. Studies on hotel management reviews mainly focus on communication style, customer perception, and attitude change.

Sparks, So, and Bradley (2016) use experiment to investigate the effects of management response on customer inferences of trust and concern. They find that the provision of online response enhanced inferences that potential customers take about the hotel's trustworthiness and cares about customers. The research also finds that using a human voice and a timely response yielded favorable customer inferences.

A hotel's use of management responses may also improve its online reputation. Proserpio and Zervas (Proserpio & Zervas, 2016) investigate the relationship between a hotel's use of management responses and its online reputation by analyzing 314,776 reviews from 5,356 hotels in Texas. They find that hotels are likely to start responding online reviews

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following a negative shock in ratings. They also find that hotels respond to positive, neutral, and negative reviews at similar responding rates. Interestingly, the researchers find a 0.12-star increase in consumer review rating and a 12% increase in review volume for responding hotels, showing the positive effect of management responses on a hotel's online reputation.

### 3 Methodology and Data Analysis

#### 3.1. Data Sampling and Collecting

This study examines hotel customers' reviews on TripAdvisor. TripAdvisor gathered and tracked 2563 hotels, 7309 B&B/inns, 1172 specialty lodgings, and 822 vacation rentals located in Taiwan<sup>6</sup>. As an exploratory research in order to understand the hotels' general practice, process, and the perceived value management places on customer reviews, a judgmental sampling method was used. The top 5 areas with the most hotels were selected as the research population. In the top 5 cities, we then select the hotels with higher ranking status as candidates. To balance the distribution of hotels with different luxury levels, the number of hotels selected are based on the star level. In Taiwan, star levels of hotels are determined by Taiwan Tourism Bureau; however, in this study, we use the star ratings assigned by TripAdvisor.

As there are not many 5-star hotels in Taiwan, all 5-star hotels were included in the sample regardless of their ranking status.

The 25 highest-ranked 4-star hotels (based on online customer rankings) in Greater Taipei were included in the sample, and the 10 highest-ranked 4-star hotels in the other cities were also included. The 40 top-ranked 3-star hotels in Greater Taipei were included, as well as the 20 top-ranked 3-star hotels in the other cities.

Cities	5-star	4-star	3-star
Greater Taipei	Select 2 from 10	Select 3 from 25	Select 5 from 40
Kaohsiung	No 5-star hotel	Select 2 from 10	Select 4 from 20
Taichung	Select 1 from 4	Select 2 from 10	Select 3 from 20
Tainan	Select 1 from 2	Select 1 from 10	Select 3 from 20
Yilan	No 5-star hotel	Select 1 from 10	Select 3 from 20
<b>Total</b>	4 Selected	9 Selected	18 Selected

*Table 3-1 Distribution of Research Candidates*

Thirty-one hotels were selected as the final research subjects. The hotels were then coded for the study. The 4 5-star hotels were coded as L1, L2, L3, and L4 (L for luxury). The 9 4-star hotels were coded as U1 to U9 (U for upscale). The 18 3-star hotels were coded as M1 to M18 (M for mid-level).

<sup>6</sup> Retrieved on March 15, 2017

**Commented [SEM14]:** Who assigns the star ratings? TripAdvisor?  
Some government agency?  
Some other rating service, e.g., AAA?

**Commented [MM15R14]:** I use the TripAdvisor definition. Added in the text.

The online extracting service [Import.io](#) was used to retrieve research data from the TripAdvisor website. Reviews, management responses, and related information about the 31 hotels were retrieved. Only reviews given during the three-year period from March 1, 2014 to February 28, 2017 were retrieved. The data was retrieved between March 4 and March 15, 2017.

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### 3.2. Data Processing

To accommodate researcher's language limitation, only reviews written in English, Simplified Chinese, and Traditional Chinese were included. Other reviews are removed from the data set. A total of 12,180 reviews were included in the final data set.

Property Code	Ranking in the area	No. of Reviews Retrieved	Average Reviews Received Per Year	Property Code	Ranking in the area	No. of Reviews Retrieved	Average Reviews Received Per Year
L1	8	673	242.49	M4	24	621	207.57
L2	30	626	208.86	M5	4	303	189.05
L3	5	319	106.72	M6	1	466	413.84
L4	2	517	172.81	M7	2	264	129.17
U1	51	281	94.62	M8	7	213	86.38
U2	84	151	50.70	M9	10	1215	408.36
U3	66	418	139.59	M10	1	695	232.52
U4	8	663	615.76	M11	3	836	374.86
U5	14	561	188.20	M12	2	367	124.38
U6	29	158	54.46	M13	1	445	186.48
U7	34	91	31.07	M14	8	178	59.99
U8	4	217	72.87	M15	5	131	47.15
U9	4	284	266.48	M16	5	403	201.22
M1	1	244	83.00	M17	8	182	64.50
M2	3	262	224.48	M18	7	158	54.25
M3	26	238	80.96	Average	14.74	392.90	130.97

Table 3-2 Overview of Data Set

### 3.3. Data Analysis

The 31 hotels were categorized into three groups according to their level of luxury: Luxury (L), Upscale (U), and Mid-Class (M). Several descriptive statistics are discussed in this section.

### 3.3.1. Management Response Rates

In general, luxury and upscale hotels had higher average management response rates than mid-class hotels. The average management response rate for luxury hotels was 90.54% and for upscale hotels, it was 90.33%; mid-class hotels had a response rate of 84.92% (Details shown in Table 3-3). This result echoes previous research: hotels in a higher price group are consistently more likely to respond to online customer reviews than lower-priced hotels (Wang, Wezel, & Forgues, 2016).

Category	No. of Reviews	No. of Reponses	Management Response Rates
Luxury	2135	1933	90.54%
Upper Scale	2824	2551	90.33%
Mid-Class	7221	6132	84.92%
All	12180	10616	87.16%

Table 3-3 General Management Response Rates by Hotel Category

This could be because that 5- and 4-star hotels usually have more resources to allocate to online reputation management and they tend to have solid policies or guidelines for such practice. In general, the overall average management response rate in this study is higher than previous studies conducted in the U.S. with response rates ranging from 18.02% to 31.5% (Proserpio & Zervas, 2016; Park & Allen, 2013). It is possible that in previous studies, the researchers did not intentionally select hotels with higher ranking to be analyzed. The management response rate in this study do not reflect the general situation of the industry.

Other than luxury level, we analyze the relationships between hotel sizes and management response rates. No significant difference was found. However, we find that smaller hotels, or hotels with fewer rooms, tend to receive more customer reviews than large hotels. As shown in Table 3-4, hotels with rooms less than 99, receive an average of 5.6 reviews per room in the 3-year study period. For mid-sized hotels with 100 to 199 rooms, the average reviews received per room in the 3-year period is 3.56 and the number for large hotels with more than 201 rooms is only 1.14.

The difference may be interpreted that smaller hotels are usually independent hotels which neither belong to local nor international brand chains and independent hotels have more incentives to manipulate online reviews.

In the 9 small hotels analyzed in this study, 5 belong to local brand chains and 4 are independent. 12 out of the 14 mid-sized hotels were part of local chains and only 2 are independent. For the 8 large hotels, 4 are under international hotel brands, 3 belong to local brands and only 1 is independently owned and operated.

**Commented [SEM16]:** How do sizes (number of rooms) compare?

**Commented [MM17R16]:** Added to the following paragraph in this section

**Commented [SEM18]:** What does this mean? If they had 1000 guests during the year, 905 wrote reviews? Or did you mean that managers responded to 90.54% of posted reviews. Clarify.

**Commented [MM19R18]:** added

**Deleted:** Upscale

**Deleted:** hotels ,

**Commented [SEM20]:** What is this table? US? Taiwan? Refer to it in the text, in any case, to help clarify.

**Commented [MM21R20]:** Added in the text

**Commented [SEM22]:** Any idea reason for big difference?

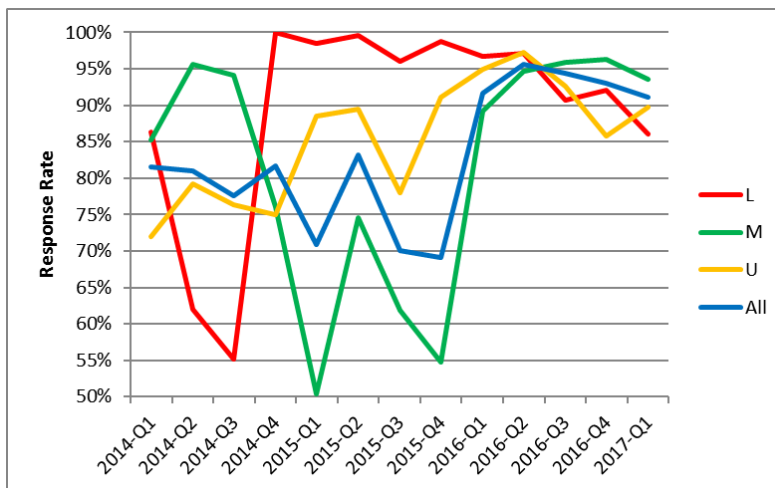
**Commented [MM23R22]:** Selection bias. Explanation added



Rooms provided	No. of Reviews	No. of Responses	Management Response Rates	No. of Rooms/ Hotels	No. of Reviews per room	No. of Reviews per hotel
Less than 100	2821	2499	88.59%	504/ 9	5.60	313.44
101~200	6150	5251	85.38%	1728/ 14	3.56	439.29
201+	3209	2866	89.31%	2803/ 8	1.14	401.13
Total/AVG	12180	10616	87.16%	5035/ 31	2.42	392.90

*Table 3-4 Reviews Received by Hotels with Different Scales*

Besides the difference to previous research, we also observe an apparent growth in management response rate in Taiwan's hotels in the past 2 years. As shown in Figure 3-1, in 2014, based on the data we retrieved, the general average response rate was 79.61% and it grew to 94% in 2016. A drop in first quarter 2017 is observed because for some newly posted reviews in February, hotels have not responded to them yet by March 15, 2017, the last day the data are retrieved.



*Figure 3-1 Quarterly Response Rates by Hotel Categories*

In 2015, there was a major decrease in management response rates. It could be because several hotels in the research sample opened in 2014 or 2015, and they did not allocate resources at the first several months to monitor and respond online customer reviews. The total review volume increased with the newly opened hotels but the management response volume only increased several months later after these hotels started to allocate resources to monitor and respond online reviews. According to the feedback from the

interviews, newly-opened hotels tend to focus on operations and traditional promotions and online review management is less prioritized.

Indeed, the trend of the growth in overall management response rates shows that more and more hoteliers value the importance of online reputation management as Chinese government stopped encouraging Taiwan tourism, leading Taiwan's hotels to invest on online reputation management to attract more international tourists via internet.

### 3.3.2. Management Response Rates and Review Ratings

Customers provide review ratings (from 1 to 5) for hotels on TripAdvisor together with written reviews. Hotels respond differently to reviews with different ratings. Hotels generally receive far less 1 and 2 rating scores than higher rating scores. Details are shown in Table 3-5.

Hotel Category/ Reviews Ratings	1	2	3	4	5	Total
L	1.17%	1.26%	4.96%	22.90%	69.70%	100.00%
M	0.66%	0.98%	3.88%	20.00%	74.48%	100.00%
U	1.17%	1.24%	6.34%	28.29%	62.96%	100.00%
AVG/Total	0.87%	1.09%	4.64%	22.43%	70.97%	100.00%

*Table 3-5 Distribution of Review Ratings over Hotel Category*

Figure 3-2 shows that hoteliers respond differently to positive and negative reviews. Online reputation management tool and service providers advise hoteliers to respond to 100% of negative reviews (1- and 2- star customer rating) (Revinante, 2015). However, Taiwan's top-ranked hotels seem to do something different.

This phenomenon can be partly explained by the information gathered in the interviews. For example, hotel M11 does not respond to negative reviews if the hotel cannot link the review content to actual recorded or if management cannot reach the customer to confirm that a problem really occurred. M11 considers a response to a negative review to be an admission of guilt. Additionally, the employee in charge of the responding practice is an entry-level employee who has other major tasks. The employee choose to neglect negative reviews to save time and efforts for other tasks. Executive involvement in online review management in M11 is also relatively low.

The interviewee from hotel U5 also thinks that responding to negative reviews may give other customers the wrong impressions. Some hotels did not respond to negative reviews because they lost the track of the reviews while investigating the case or because the internal review process had not yet been completed.

**Commented [SEM24]:**

Do you indicate distribution and number of ratings?  
If a hotel only had 4 reviews rated "1", and missed one review, its response rate would be 75%.

I suspect that there might be very few "1" ratings?

**Commented [MM25R24]:** Yes, some elaboration added here

**Deleted:** of negative

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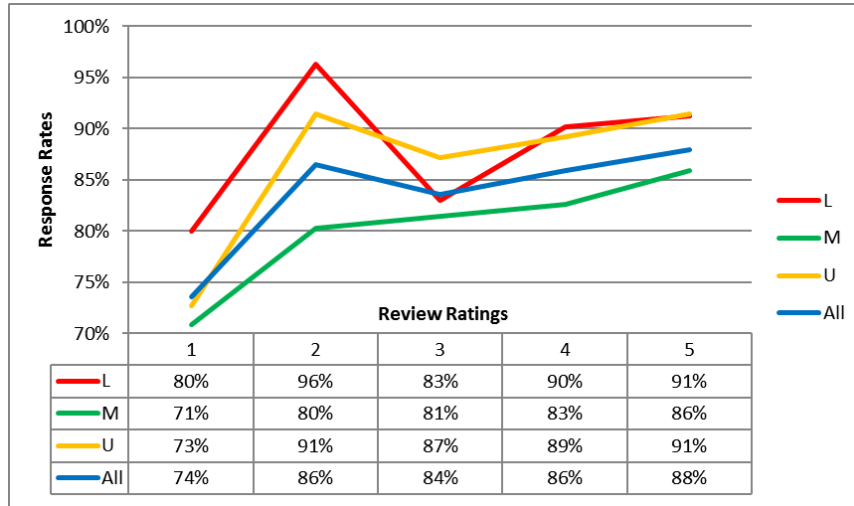


Figure 3-2 Response Rates to Different Review Ratings

### 3.3.3. Response Lag

When a user submits a review on TripAdvisor, the website will not immediately post that review online; TripAdvisor first reviews all user comments. Therefore, hotels and other users may see the review several hours or days after it was submitted. Although the reviews appears later than it was submitted, TripAdvisor displays the day the review was submitted as well as the date it was posted. This is one important issue to consider when looking at how long it takes for hotels to respond to reviews. The time between a review is posted and the hotel's response will be referred to as the response lag.

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The average response lag for all 31 hotels is 24.6 days and the median is four days. The average is so large because some hotels' response policy requires them to respond to reviews posted long before they started to respond to customer reviews. For example, during the data collection for this study, M18 responded to reviews posted three years before the hotel started to manage its online reputation on TripAdvisor.

In Figure 3-3, the response lag pattern on reviews with different review rating can be observed. Positive reviews (with a four- or five-star review rating) have a shorter response lag. Negative reviews, especially reviews with a two-star review rating, have a longer response lag. Some hotels said in the interviews that they respond to negative reviews as quickly as possible, but the majority said that they take some time to investigate service issues before responding to a negative review.

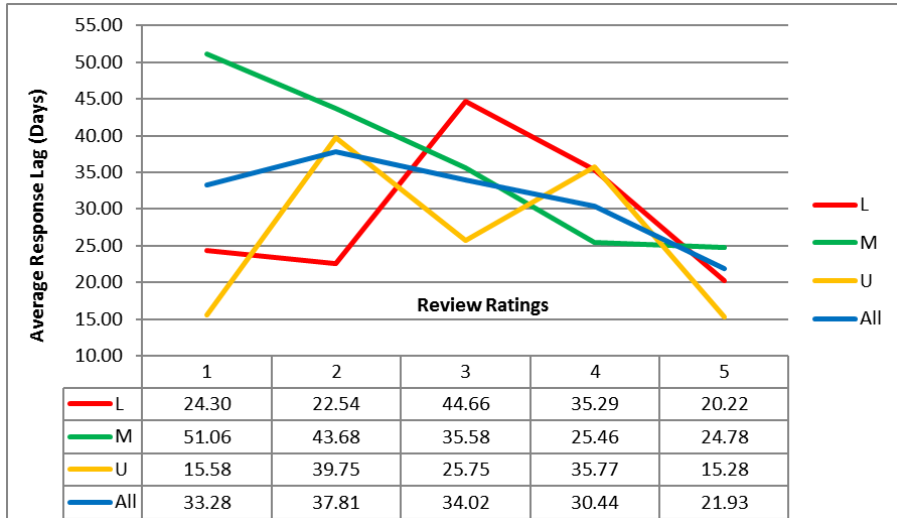


Figure 3-3 Average Response Lag to Different Review Rating

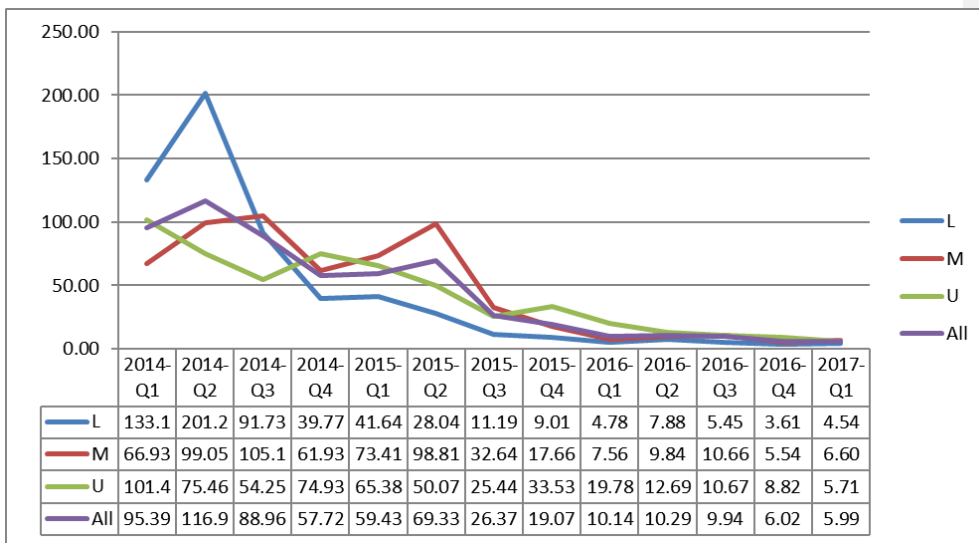


Figure 3-4 Trend in Response Lag

Commented [SEM26]: Hard to read 2016 and 2017. Maybe have a figure just showing those 5 periods.

Commented [MM27R26]: Changed the figure type.

There is not a clear pattern in the differences in response lag across hotel categories. However, there is a clear trend among all hotels towards a shorter response time to customer reviews. In Figure 3-4, it is obvious that the response lag is steadily decreasing. In fact, the average response lag in the first quarter of 2014 was 95.4 days, and in the first quarter of 2017 it had decreased to only 5.99 days. Previous studies have also identified this trend towards decreasing response lag (Proserpio & Zervas, 2016).

### 3.3.4. Response Customization

All 12,080 reviews and the related responses were read, and it was determined whether the responses were standard or customized. This determination was based on the following principles. First, a customized response included specific (not general) items which were mentioned in the customer review. For example, mentioning “service” and “facility” did not count as customization, but mentioning “the service in the VIP lounge,” “the convenient location,” or the “breakfast selection” was counted as customization. Second, a response that explicitly acknowledged the customer’s suggestion or complaint was counted as a customized response. Third, if a specific item was mentioned in the response that did not relate to the customer’s comments, the response was not counted as customized.

**Commented [SEM28]:** Maybe you mean standard response vs customized? What did you mean by personalized?

**Commented [MM29R28]:** You are right, I mean standardized vs. customized.

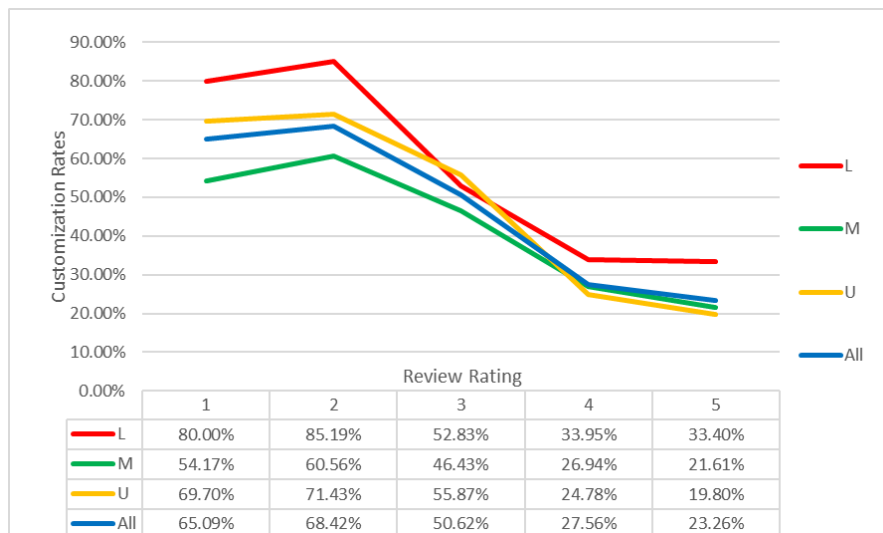


Figure 3-5 Customized Response Rates to Different Review Ratings

Of 12,180 reviews, 3,210 customized reviews were identified. The overall customization rate was 26.35%. Unsurprisingly, negative reviews received the highest customization rate. Reviews with a two-star customer rating received the highest customization rate

(68.42%); reviews with a one-star rating received a 65.09% customization rate. This suggests that hotels tend to not use a general template when replying to customer complaints. Also, luxury and upscale hotels had more customized responses than mid-class hotels. Details of the distribution are shown in Figure 3-5.

No significant correlation was found between a hotel's percentage of customized responses and review ratings.

### **3.3.5 Chinese Tourists and Hotels' Review Management Practice**

Although the causality may not be determined given the limited data we have, we do observe a trend that the management response rates increased while the visitors from China started to decrease. As mentioned in Chapter 1.3, China started to discourage its people to travel to Taiwan after DPP, the pro-Taiwan-independence party, won the presidential and parliament election in January, 2016. The number of Chinese visitors to Taiwan has significantly decreased since then.

It also happens to be the same time period when average management response rate of the 31 hotels we study started to grow. In Figure 3-6, the decrease of Chinese visitors and the increase of response rate can be clearly observed.

As the management response rates grew through the 3-year period, the average review ratings of all the 31 hotels also increased accordingly, as shown in Figure 3-7. Similarly, as the causality between management response rate and the review rating score cannot be proved here, we did see the two trends happening simultaneously.

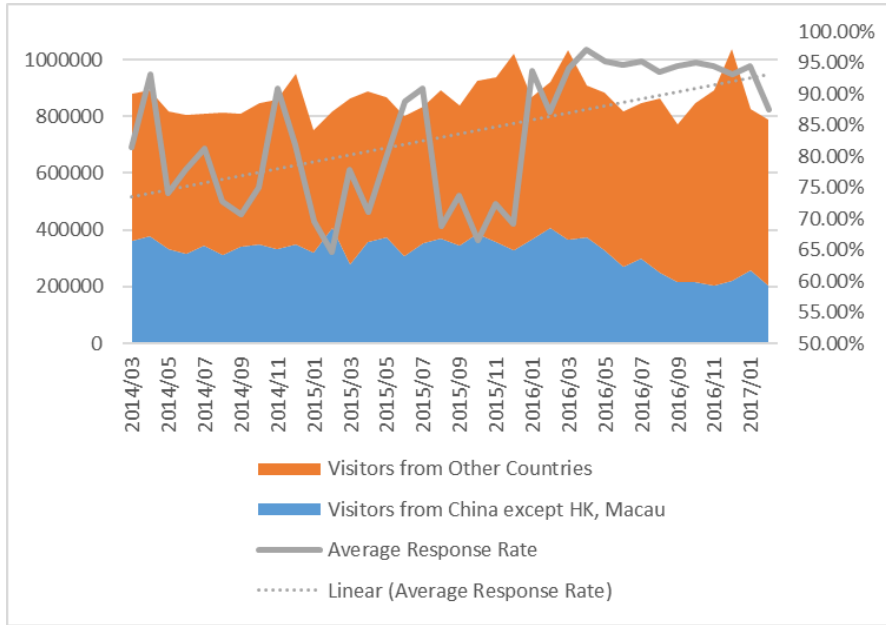


Figure 3-6 Trends: Management response rates and the decrease in Chinese visitors

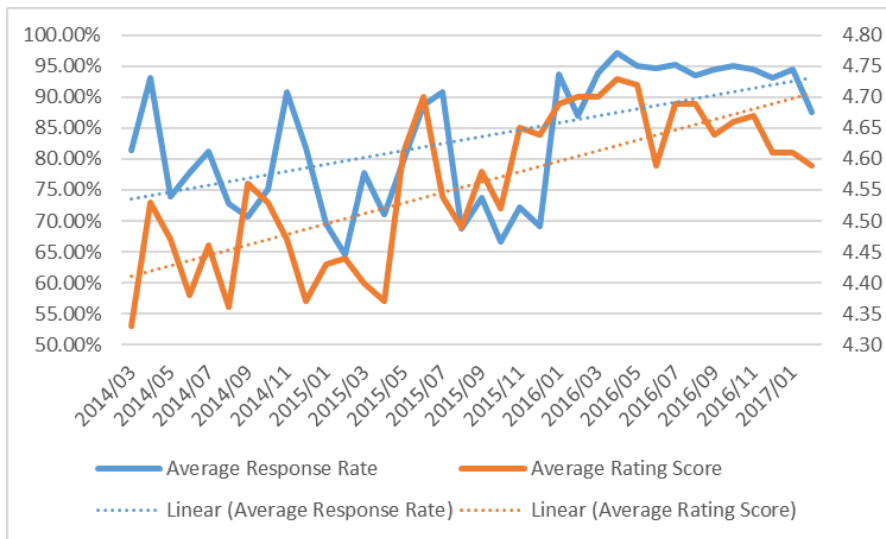


Figure 3-7 Trends: Average Response Rate and Average Rating Score

### 3.4 Interview Design

To better understand how hotels respond the reviews, how they use the reviews for a management purpose, and what strategic value they want to drive from the response practice, interview invitations were sent to all the 31 hotels between March 6 and March 15, 2017. Follow-up calls and emails were made between March 13 and March 28. Three attempts were made before a rejection or acceptance was received. Finally, 21 hotels responded to the invitation, and 10 agreed to take the interview.

A brief background info, the status of the invitation, interviewer's level in the company, and the date the interview conducted are listed in Table 3-6.

Hotels refuse the interview invitation with different reasons. Most common ones are the responsible manager has no time to take an interview, including U2, M2 M6, M7, M9, and M14. The rest said it was difficult to arrange an interview for the managers who were responsible for online review management, including U1, U8, U9, M3, and M16.

The interview questions focus on five topics: 1) response policy and guidelines, 2) general practice, 3) management use of reviews and responses, 4) review generation practice, and 5) management perceived value of online review management.

A questionnaire<sup>7</sup> was provided prior to the interview conducted. The questionnaire was prepared in Chinese and English.

All interviews are conducted face-to-face onsite at the hotel except hotel L4 and U3. Those two interviews were conducted via phone due to scheduling issues. All interviews were conducted in Mandarin Chinese.

Property Code	Ranking in the Area	Opening year	No. of Rooms	Interview Invitation	Interviewee Level	Date of Interview
L1	8	2014	303	Agreed	Executive	March 28, 2017
L2	30	1990	538	Agreed	Executive	March 27, 2017
L3	5	2007	202	No Response		
L4	2	2008	335	Agreed	Mid-Management	March 27, 2017
U1	51	1979	209	Refused		
U2	84	2014	124	Refused		
U3	66	1981	688	Agreed	Mid-Management	March 24, 2017
U4	8	2016	135	No Response		
U5	14	1989	152	Agreed	Mid-Management	March 29, 2017
U6	29	1999	222	No Response		

<sup>7</sup> See appendix for details.

**Commented [SEM30]:** Before getting into the Interviews, did you attempt to determine any connection between reviews and business, especially when hotel changed policy? Did business improve? – you can adjust for China policy by comparing with other hotels who were equally impacted.

Also, did average rating improve after mgt started responding?

So far, I don't think you have shown that mgt responses have any impact?

**Commented [MM31R30]:** Thanks for the suggestion. As I have very limited time, I tried my best to add some data in section 3.3.5.

**Commented [SEM32]:** Why 3 attempts after acceptance?

So, you only interviewed 10 of the 31 hotels?

**Commented [MM33R32]:** For the 3 attempts, I just thought I should try several times and not giving up too early.no specific reason...

**Commented [SEM34]:** Did any of the Refused say why they refuse?

**Commented [MM35R34]:** Yes, some said they are too busy, some said it is difficult to arrange the time for the responsible manager. Added a paragraph describing this..



U7	34	2008	101	No Response		
U8	4	2002	306	Refused		
U9	4	2016	122	Refused		
M1	1	2013	76	Agreed	Executive	March 23, 2017
M2	3	2015	36	Refused		
M3	26	2010	68	Refused		
M4	24	2009	150	Agreed	Executive	March 28, 2017
M5	4	2015	120	No Response		
M6	1	2015	126	Refused		
M7	2	2014	116	Refused		
M8	7	2009	61	No Response		
M9	10	2014	70	Refused		
M10	1	2012	112	No Response		
M11	3	2014	114	Agreed	Junior Staff	March 30, 2017
M12	2	2013	107	No Response		
M13	1	2014	111	No Response		
M14	8	2008	63	Refused		
M15	5	2009	27	Agreed	Junior Staff	March 29, 2017
M16	5	2015	138	Refused		
M17	8	1998	67	No Response		
M18	7	2000	36	Agreed	Executive	March 28, 2017

*Table 3-6 Hotels' Response to Interview Invitation*<sup>8</sup>

### 3.5 Interview Result Summary

The major points gathered from the ten interviews are listed in Table 3-7. This section also summarizes the ten interviews. Of the ten hotels interviewed, only one has clear written response policies/guidelines for employees. Most of the hotels (seven) have some unwritten policy or general guidelines applied to all brand-related and customer-facing activities. Two hotels interviewed have no clear policies or guidelines that apply to online responses. The message in a response varies highly depending on who writes it and how much effort that employee puts into the response.

Executive-level involvement varies from hotel to hotel. Since our research samples are top-ranked in their areas, most hotels interviewed have mid to high level executive involvement. This may include routine meetings discussing online reviews and how hotels use the reviews and responses to shape management decisions.

**Commented [SEM36]:** Would it be interesting to have studied how the lower ranked hotels handle reviews?

**Commented [MM37R36]:** I think it could be an interesting direction.

<sup>8</sup> Hotels agreed to be interviewed are highlighted in this table.

In general, hotels in which the executive managers are highly involved in responding to or monitoring online reviews have higher response rates and response customization rates. These hotels also have clearer strategic goal for online review management.

Most hotels strive for a 100% general response rate but only two of the ten interviewed achieve this. These two hotels, M15 and M18 are both small sized hotels with only 27 and 38 rooms and less amount of reviews, meaning easier to manage. The fact that hotels can't reach 100% response rate even if they want to, remind us the challenging nature of management responses to reviews are not just reply something. Most of the hotels have a higher-than-average customization rate said in interviews that responding reviews is time-consuming and frustrated when internal communication and coordination is needed.

One of the hotels (L2) intentionally assigns General Manager's secretary to respond online reviews to ease the difficulties a junior staff member may meet when a negative review needs him/her to do a cross-division investigation and communication.

L4 relies on internal procedure to reduce the potential interest of conflict issues. One interviewee (U5) admitted that internal communication usually becomes the obstacle when dealing with a negative review. "We can do nothing when other department denies what is mentioned in a review unless the review is written in detail and the incident is already known by the management team before a review shown up," an interviewee said.

While organization behavior becomes one of the reason affect a hotel's review management, many hotels use online review as an information source linked to employee encouragement system. 5 of the interviewees said they will give monetary or other forms of prizes to employees who are praised in online reviews. 3 will include the information into employees' performance evaluation report. Only 2 take no advantage of online review as part of its human resource management considerations.

Interestingly, while researches started to prove the connection of financial value and management responses to online reviews (Xie, So, & Wang, 2017; Xie, Zhang, & Zhang, 2014), hoteliers being interviewed in this research are suffering from not having good metrics to measure what value is created by the investment of time and human resources to respond and monitor online reviews. Most hotels can recognize the value in brand images. Only 2 interviewees say they think the major value they see and create from managing online reviews is monetary value.

**Commented [SEM38]:** That is 50% of interviewees. That is interesting.

**Commented [MM39R38]:** It can be a good outside source to be used as an encouragement tool

**Commented [SEM40]:** I am impressed.

Have any other studies looked at how hotels use reviews to reward employees?  
I have not seen any. Have you?

If not, maybe his is some unique research by you and should be highlighted more.

**Commented [MM41R40]:** I have not seen any, actually

**Commented [SEM42]:** Any suggestions for them?

Property Code	Ranking in the area <sup>9</sup>	Average Review Rating <sup>10</sup>	Response Policy <sup>11</sup>	Executive Involvement <sup>12</sup>	Routine Internal Review <sup>13</sup>	Customized Response Rate	Link to HR Management <sup>14</sup>	Strategic Goal <sup>15</sup>	Review Generation Practice <sup>16</sup>	Management Perceived Value <sup>17</sup>	Required Response Rate <sup>18</sup>	Actual Response Rate- 3-Year Average <sup>19</sup>	Actual Response Rate-Most Recent Year <sup>20</sup>
L1	8	4.68	Mid	High	Daily Meeting	52.45%	Indirect	Unclear	Direct	Brand	100%	84.55%	96.86%
L2	30	4.51	Mid	High	Weekly Meeting	26.84%	Indirect	Clear	Indirect	Brand	100%	94.89%	97.31%
L4	2	4.31	Clear	Mid	Weekly Meeting	45.26%	Direct	Unclear	None	Brand	100%	87.23%	83.80%
U3	66	4.30	Unclear	Mid	Need-basis Meeting	13.16%	None	Unclear	None	Brand	n/a	87.80%	72.33%
U5	14	4.62	Mid	Low	Documental	23.53%	None	Unclear	Indirect	Brand	100%	98.57%	98.32%
M1	1	4.57	Mid	High	Bi-Weekly Meeting	12.30%	Direct	Clear	Direct	Revenue	100%	86.07%	97.20%
M4	24	4.93	Mid	High	Bi-Weekly Meeting	21.26%	Direct	Clear	Direct	Brand	100%	78.26%	98.17%
M11	3	4.37	Unclear	Low	Monthly Meeting	4.43%	Indirect	Unclear	None	Culture	n/a	44.98%	94%
M15	5	4.43	Mid	High	Monthly Meeting	47.33%	Direct	Clear	Direct	Brand	100%	100%	100%
M18	7	4.74	Mid	Mid	Need-basis Meeting	17.09%	Direct	Clear	Direct	Revenue	100%	100%	100%

*Table 3-7 Summary of Interview Results*

<sup>9</sup> The ranking place of the hotel in the city it is located. The 10 hotels located in 5 different cities in Taiwan.

<sup>10</sup> The average ratings score of the hotels based on all reviews received between March 1, 2014 and February 28, 2017.

<sup>11</sup> The level of clearness and formality of the hotel's response management policy.

<sup>12</sup> The level of executive level involvement regarding reviews management-related activities. Determined by author.

<sup>13</sup> The frequency of meetings including agenda to discuss online reviews.

<sup>14</sup> Whether or not, directly or indirectly the online customer review is used as a source to evaluate employee performance.

<sup>15</sup> Is there a clear strategic goal when managing online customer reviews?

<sup>16</sup> If the hotel directly or indirectly ask a customer to write an online review about the experience of the stay.

<sup>17</sup> What strategic value the hotelier think could be gotten from the online customer review management practice.

<sup>18</sup> The level of response rate the company policy requires to reach/ maintain.

<sup>19</sup> Average response rate between March 1, 2014 and February 28, 2017.

<sup>20</sup> Average response rate between March 1, 2016 and February 28, 2017.

**Commented [MM46R45]:** Added as footnotes

**Commented [SEM43]:** Rather small spread, only from 4.30 to 4.93. The 0.63 difference is only 12% of 5.0.

Do the lower rated hotels have a much lower average score?

**Commented [MM44R43]:** Sorry I don't get it.

**Commented [SEM45]:** Where are these explained?

### 3.5.1 Interview Summary-L1

#### Interviewee

Executive member in charge of the property's marketing and communications strategy including management response to online reviews

#### General Information

L1 is a branch of an international luxury hotel brand, located in financial district in one of the researched cities in Taiwan.

**Commented [SEM47]:** Are policies set centrally, possibly from HQ in another country?

#### Policy and Guidelines

Although L1 belongs to the famed global brand, its corporate neither provides any specific guidelines nor trainings regarding how to respond customer reviews on TripAdvisor and other OTA sites. However, the corporate does have clear guideline on brand image. Therefore, the local property executive can develop its own response strategy and practice based on the worldwide brand guideline.

**Commented [MM48R47]:** This hotel is kind of special, it is regional boutique brand "Regent", not many branches and I think a Taiwan company acquire this brand several years ago.

**Commented [SEM49]:** Interesting.

The executive has set a policy to reply every reviews on TripAdvisor and try to communicate with reviewers with a personal touch. L1 also sets an internal goal to respond reviews within 24 hours if the reviews do not need special investigation or treatment.

#### Practice

Although the interviewee wishes to meet a 100% response rate on TripAdvisor, it has achieved a 3-year average response rate at 84.55% according to the data we collect. The response rate in the most recent year is 96.86%. A staff member is requested to check all social media platforms including Facebook, Instagram, Twitter, Weibo, TripAdvisor, and OTAs twice a day.

**Commented [SEM50]:** Average of 3 years? If so, what about most recent year?

**Commented [MM51R50]:** Added. 96.86%

**Commented [MM52R50]:** Also updated in the table and following hotels.

**Commented [SEM53]:** I think you showed that some OTAs, maybe Booking.com, has about as many reviews as TripAdvisor. Do they also allow Management responses? I did not see any.

**Commented [MM54R53]:** Booking.com only allows private response. Expedia and hotels.com allow public response but not many hotels use that or only give very brief response. Here is a website provide related info. <https://www.revinat.com/blog/2014/09/sites-allow-management-responses-to-hotel-reviews/>

The response job is carried by one junior staff member in marketing department. Each response is shown as given by the name and title of the staff member, making it the sense of real person-to-person communication. The staff member will directly respond to positive reviews without mentioning any issues or service shortfalls. For those reviews which are negative or with facts/details describing an issue, the staff will then become a coordinator who transfer the issue to relative managers to start an investigation and reply to customer with the findings. If an issue is very serious or not described clearly enough for relative manager to identify the customer, the staff will ask the customer to contact the hotel, leaving an email in the response. If the customer responds, the relative manager will take over the direct communications with the customer.

L1 uses a standard guest feedback management system, "Trustyou," to help track and analyze reviews on different platforms. The software tool is assigned by the corporate.

**Commented [SEM55]:** Is this a standard tool? Or developed by HQ?

**Commented [MM56R55]:** Standard tool. <http://www.trustyou.com/>

#### Management use of online reviews

In the daily morning executive meeting attended by GM, VP, division leads, and quality of service manager, the executive team will review all customer comments received from all channels the day before. Online customer review is one source of information for the

management team to evaluate employee performance but there is no written policy or measurement is deployed.

The management team views online reviews as an honest reflection of user experience and treat the reviews as an important source of information to evaluate service quality and conduct improvement plan.

As for the corporate level, all properties' ranking rates on TripAdvisor and OTAs are tracked and monitored as part of each property manager's KPI.

#### **Review Generation**

L1 has a standard process to encourage customers to write online reviews. Receptionists will evaluate if a customer is happy about the stay at check-out and verbally invite the happy ones to write a review on TripAdvisor about his/her experience. Additionally, a survey will also be emailed to customers after their stay, a TripAdvisor link is provided at the end of the survey.

For angry customers identified, L1's standard procedure is to solve the problem onsite. No review generation action will be taken on such customers.

#### **Management Perceived Value of Online Review Management**

L1 doesn't see much direct connection between its practice on managing customer online reviews and increase of financial indicators. However, the interviewee thinks the major value created by the management of online reviews is about brand image and culture. The interviewee also thinks responding to customer reviews also helps the improvement of operation efficiency and quality.

L1 does not develop any metrics to measure its investment on review management. It sees responding online reviews is something needs to be done as other customers will read.

### **3.5.2 Interview Summary-L2**

#### **Interviewee**

Executive member in charge of the hotel's operation, sales, people, and marketing

#### **General Information**

L2 is a branch of a Taiwan-based international hotel systems with several brands. L2 is located in downtown area in one of our researched cities in Taiwan.

#### **Policy and Guidelines**

The local hospitality company with many properties and brands that L2 belongs to does not have a corporate strategy and policy dedicated to online reputation management. General guidelines on brand image and marketing is referenced by L2 to develop its own strategy and policy.

The management of L2 requests a 100% response rate and call the reviewer's name when replying to show the sense of personalized communication. It has a 3-year average response rate at 94.89% and the response rate of most recent year is 97.31%.

### Practice

To maximize internal communication efficiency and efficacy, L2 assigns general manager's secretary to respond and follow-up all online and offline customer reviews. However, for all the responses given, they are shown as given by the general manager, with name and title. While not directly responding the reviews on TripAdvisor, the general manager checks each review every day.

The secretary will directly respond to positive reviews not mentioning any issues or service shortfalls. For those reviews which are negative or with facts/details describing an issue, the staff will then initiate an internal investigation if the issues mentioned actually exist. The secretary will be in charge of the whole investigation process which may involve multiple division leads, till a conclusion is formed and could be used to reply to the review.

L2 uses online software service "ReviewPro" to help track, analyze reviews on different platforms. The software tool is selected and subscribed by L2 itself. The corporate does not assign or suggest any tools.

### Management use of online reviews

Reviews are discussed and followed up in 2 management meetings. First, in L2's weekly management meeting attended by division heads and executives, all forms of customer feedback received in the previous week are shared. In the other meeting dedicated to online customer reviews, the management team will reviews all user feedback from TripAdvisor and OTAs. All the pluses and minuses mentioned in reviews will be aggregated and discussed in the meeting. The interviewee said, as the hotel has been run well for years with robust operation procedures, usually the issues raised by customers are led by human errors. Therefore, this meeting helps more on evaluating staff performance, including praises received showing great performer. The information gathered from online reviews will be used in employee performance evaluation report which will impact bonus and promotion.

The management team views online reviews as a different source bringing in more diversified customer opinions. The interviewee said, in the past while in-person, telephone, and customer opinion survey were the only ways to collect customer feedback, 99% customer feedback were negative but on online platform, now they have the chance to learn from customers what they have done really well, a good way to encourage the team.

The corporate monitors each property's ranking and discusses online reviews in property manager meeting but does not have a systematic way to manage.

### Review Generation

**Commented [SEM57]:** This was personal feedback (complaints) or printed comment cards, or ???

**Commented [MM58R57]:** Clarified.

L2 does not encourage its customers to write reviews onsite as the management thinks this might be a gesture bothering its customers whose major portion is international business travelers.

However, if a customer leaves a review or feedback on L2's official website, L2 will invite the customer who is already in the communication cycle to write about his/her experience on TripAdvisor. The reason why the management suggest TripAdvisor is it is a cross-OTA platform and if the customer booked the stay via OTA, probably the OTA already invited the customer to write a review. L2 does not want to make customer feel bothered.

#### **Management Perceived Value of Online Review Management**

L2 does not see clear linkage between revenue and investment on review management. It believes the responding and monitoring reviews majorly contributes to its reputation protection and to some level, helps it improve operation efficiency.

L2 does not develop any metrics to measure its investment on review management. Its major goal is to improve its ranking spot on TripAdvisor.

### **3.5.3 Interview Summary-L4**

#### **Interviewee**

Mid-level Management in charge of the execution of digital marketing

#### **General Information**

L4 is a branch of an independent international luxury hotel brand. It is located in downtown area in one of our researched cities in Taiwan.

#### **Policy and Guidelines**

The international brand has clear, detailed policy and written guidelines on online review management for all properties to follow. The corporate policy requests that executive level managers should take responsibility to respond customers' online reviews. In L4, only general manager, vice presidents, and head of sales and marketing are authorized to respond user reviews. However, as some leadership roles transitioning, exceptions can be accepted for a short period of time. Other than the roles, the brand also require an online test. An executive can only handle customer reviews after he/she past the online test.

The corporate policy requires 100% response rate. It achieves a 3-year average response rate at 87.23% but the response rate of the most recent year is 83.80%. The policy also requires the response content to include the reviewer's name/ID, to respond the facts mentioned by reviewer, and to respond immediately. On TripAdvisor, any review should be responded within 72 hours.

#### **Practice**

The response is currently handles by a mid-level manager. For positive reviews without the needs to follow up, the manager will directly respond. For negative reviews or those with facts need to be investigate, the quality improvement manager will take over the issue and turn the review into an internal procedure that reports, records, and resolve service defects.

The QI manager will then conduct the investigation and improvement plan.

L4 uses software service “Trust You” to help track, analyze reviews on different platforms. The software tool is selected and assigned by corporate.

#### **Management use of online reviews**

Customer reviews from different channels are gathered and discussed in a weekly meeting attended by all executive and mid-level managers. The major goal of the meeting is to improve L4’s service level and quality. Any employees mentioned by customer reviews will be recorded in the HR system and the information will also be forwarded to GM and VP. Every quarter, HR will rank employees praised by customers and give prizes to winners. The information is also used for promotion evaluation.

The management team views online reviews and its response a way to not only communicate with customer s directly, but also let potential customers to see how L4 treats its customers.

#### **Review Generation**

No review generation practice is taken by L4.

#### **Management Perceived Value of Online Review Management**

While L4 has good metrics to measure the return on investment of its social and digital media campaigns, it does not have useful measurement to evaluate its investment on review response. It believes the major value brought by review management is brand image and other intangible benefits.

### **3.5.4 Interview Summary-U3**

#### **Interviewee**

Mid-level Management in charge of the strategy and execution of communications

#### **General Information**

U3 is a franchisee of an international upscale hotel brand. It is located in downtown area in one of our researched cities in Taiwan. U3 is also a part of a local hospitality company whose properties franchised several different brands.

#### **Policy and Guidelines**

The international brand has general but not detailed principles applied by the property. However, U3, at the property level, does not has a clear goal or policy when responding



users' online reviews. The hotel started to respond and watch online reviews 5 years ago. In the past 3 years, U3 has an average response rate at 87.80% but the response rate of the most recent year is 72.33%.

#### **Practice**

The response is in charge by mid-level managers nominated by general manager on a shift basis. The manager on duty will reply customer reviews and do the follow-up investigation if needed. A report gathered reviews, cases on TripAdvisor is shared with managers on a random basis to help different department understand how services are perceived by customers.

U3 uses software services "Medallia" and "Revinat" to help track, analyze reviews on different platforms. The software tools are selected and assigned by the franchiser brand.

#### **Management use of online reviews**

Customer reviews from different channels are gathered and discussed in management meeting on a need-basis. The needs arises when an issue needed to be addressed. Customer online review is not considered as a fixed source of employees' performance. No monetary prize is provided if an employee is praised by customer review.

The management team views online reviews and its response as something needs to be done with unclear value.

#### **Review Generation**

No review generation practice is taken by U3.

#### **Management Perceived Value of Online Review Management**

The management team thinks U3 is a famous and historic brand in Taiwan. They do not see clear value could be created by managing online reviews. Therefore, there is no clear goals for its response practice. They currently see the investment of human hours to respond user reviews as a part of branding strategy. Additionally, the hotel does benefit from customer reviews in operation improvement.

### **3.5.5 Interview Summary-U5**

#### **Interviewee**

Mid-Level Manager in charge of marketing and communications strategy and execution

#### **General Information**

U5 is a hotel owned by a local hospitality company under its business brand. The hotel is located in downtown area in one of the researched cities in Taiwan.

#### **Policy and Guidelines**

U5 does not have any guidelines or policy assigned by the corporate. U5's marketing head decides how to communicate with customers giving reviews on TripAdvisor and OTAs.

U5 wants to achieve 100% response rate on TripAdvisor and it also respond reviews given many years ago. It has a 3-year average response rate at 98.57% and the response rate of the most recent year is 98.32%. The manager requests customized responses.

U5 started to manage TripAdvisor reviews in 2015 because the executive at corporate level started to watch each property's ranking status.

### Practice

U5's PR and marketing department is in charge of responding user online review. A junior staff member read and respond customer reviews every day. The staff member will directly respond positive reviews. For negative reviews or reviews clearly mentioning issues, the review will be transferred to relative managers immediately. The follow-up action will then be taken over by the manager. The staff member has no power to push the manager to really handle the issues.

U5 does not use software tool to manage and analyze reviews. However, the junior staff member maintains a document file that gathers all reviews on OTAs. The document is reviewed by department manager and sent to general manager for reference monthly.

The hotel will include promotion message in the response if a product or service on promotion or to be on promotion is mentioned by the customer. The promotion message will not be inserted in response if customer did not previously mention such products or services.

The corporate office uses a social listening service to gather customer sentiment data from multiple online sources and shares with property monthly. The service uses a search-based technology. However, U5 finds that the data that service gathered from TripAdvisor is not complete so it sticks to its own document for management use.

### Management use of online reviews

U5's management team does not review its online reputation in regular meetings. The involvement of management team in online reputation management is not high. General Manager reads online reviews occasionally, but most departmental managers do not read.

Although routine reports were sent to managers, the marketing department is not sure if those reports are really read and valued. However, the executive sets a TripAdvisor rank as goal to housekeeping department but no strategy is formed to achieve the goal.

U5 does not take reviewer's praise on employees as an indicator to encourage workers.

The corporate monitors each property's ranking and discusses online reviews in property manager meeting but does not have a systematic way to manage and set no clear goal to each property.

**Commented [SEM59]:** What service?  
Is it helpful?

**Commented [MM60R59]:** It is a local service based on search and key word. Not very useful as it is not designed to monitor reviews. It is more useful when monitor blogs, news site and facebook posts.

### **Review Generation**

U5 tries many ways to generate reviews. The receptionist will encourage customers to write a review on TripAdvisor and the marketing department places small standing cards with QR code linked to TripAdvisor at reception desk, lounge, and other place in public area.

However, the hotel experienced challenges when the management pushed too hard on review generation. Once the receptionists tried too hard to help non-tech-savvy customers to set up TripAdvisor account and suggest them what to write in the reviews, after several days the hotel received warning letter from TripAdvisor about fraud review detection. U5 then stopped the onsite encouragement action and relied mainly on the QR code standing cards to remind customers to leave a review.

### **Management Perceived Value of Online Review Management**

Chief executive just started to notice the importance of online reputation management and wished to get the number 1 position in the city but lacked in knowledge and strategy to achieve that goal. For U5's manager, the major value is seen from online review management is to improve the hotel's brand image in order to differentiate from competitors.

U5 does not develop any metrics to measure its investment on review management. Its major goal is to improve its ranking spot on TripAdvisor.

## **3.5.6 Interview Summary-M1**

### **Interviewee**

Executive Manager at the property, in charge of all management aspects of the hotel

### **General Information**

M1 is a branch hotel of a local economy hotel brand, located at education and cultural area in one of the researched cities in Taiwan.

### **Policy and Guidelines**

The corporate office is in charge of the actual practice of responding customer online reviews. There is no clear and written policy in the corporate regarding how to respond customer review. However, the head of marketing and communications decide the response strategy and style and the actual responses are done by junior staff members at corporate office.

Property manager is required to monitor online review on a daily basis although they are not in charge of actual response.

The corporate office requires a 100% response rate at every branch hotels. It has achieved a 3-year average response rate at 86.07% and the response rate in the most recent year is 97.20%.

**Practice**

The PR team at headquarters of M1 read and respond every reviews every day. For positive reviews, the PR team will directly respond with a thank you note. For those reviews raising issues or any reviews under a star rating of 3, the review will be emailed to property manager for further investigation or improvement.

All reviews will be collected and discussed in a bi-weekly property manager meeting hosted by headquarters and all branches' performance on TripAdvisor and other OTAs will be shown and reviewed. All branches' performance will be placed together to be compared. Each property manager is also asked to learn from cases happening in peer branch. The meeting not only track the ranking performance but more focus on the detailed messages reviewers give and how the internal operation can avoid the same issues from happening again.

For negative reviews or complaints, M1's property manager will identify who the reviewer is and what the reviewer encountered during the stay. The manager will personally contact the customer to apologize and inform the customer personally how the issue will be solved and improved. For issues that may happen again, the property manager will write a case study to be distributed to staff team as an education material for service improvement.

No professional online reputation management tool is used by M1 or the headquarters. Office is the main tool used for meeting discussion and documentation.

**Management use of online reviews**

At brand/ corporate level, online customer review is highly valued by executive management as it believes user reviews from TripAdvisor and OTAs are a good indicator of service level and user experience. The corporate tracks and records branch hotels' ranking history, number of reviews in all 5 star levels. The headquarters management team thinks there is no other indicator can better reflect customer experience in terms of service level.

At property level, M1's property manager also takes TripAdvisor reviews seriously and using the review as service level or performance review indicator. For example, in the property's standard operation process, if a booking shows there might be kid checking in with family, extra amenities for kids should be prepared in advance and given to customer right at check-in. This action is usually mentioned in online review and can be a sign if the front desk staff do their job right.

Online review is also connected with employee's performance and encouragement practice. For any employee praised by online review for 3 times in a quarter, the employee will receive monetary prize and positive points in their performance report.

**Review Generation**

The headquarters encourages branch to generate more positive reviews. In M1, the front desk manager will ask check-out customer to do a 10-second survey asking customer to evaluate how many stars he/she will give based on the experience of stay. For customers

giving 5 stars, the receptionist will thank and ask the customer to write an online review. For others, the receptionist will try to ask the reason why can't they win 5 stars and try to release customer's negative feeling on site.

#### **Management Perceived Value of Online Review Management**

The property manager of M1 said that TripAdvisor review means free consulting service to the hotel. The interviewee believes managing online reviews help the hotel to bring in monetary and positive brand image value. Additionally, the manager also think through the process of responding and following up the reviews, the hotel can improve operation efficiency and efficacy, and also form a good self-improving organization culture.

### **3.5.7 Interview Summary-M4**

#### **Interviewee**

Executive Manager at the property, in charge of all management aspects of the hotel

#### **General Information**

M4 is a branch hotel of a local economy hotel brand, located in downtown area in one of the researched cities in Taiwan. M4 and M1 belong to the same hotel chain.

#### **Policy and Guidelines**

The corporate office is in charge of the actual practice of responding customer online reviews. There is no clear and written policy in the corporate regarding how to respond customer review. However, the head of marketing and communications decide the response strategy and style and the actual responses are done by junior staff members at corporate office.

Property manager is required to monitor online review on a daily basis although they are not in charge of actual response.

The corporate office requires a 100% response rate at every branch hotels. It has achieved a 3-year average response rate at 78.26% and the response rate in the most recent year increases to 98.17%.

#### **Practice**

The PR team at headquarters of M4 reads and responds every reviews every day. For positive reviews, the PR team will directly respond with a thank you note. For those reviews raising issues or any reviews under a star rating of 3, the review will be emailed to property manager for further investigation or improvement.

All reviews will be collected and discussed in a bi-weekly property manager meeting hosted by headquarters and all branches' performance on TripAdvisor and other OTAs will be shown and reviewed. All branches' performance will be placed together to be

compared. Each property manager is also asked to learn from cases happening in peer branch. The meeting not only track the ranking performance but more focus on the detailed messages reviewers give and how the internal operation can avoid the same issues from happening again.

For negative reviews or complaints, M4's property manager will identify who the reviewer is and what the reviewer encountered during the stay. The manager will personally make offline contact to the customer to learn more details, apologize and inform the customer how the issue will be solved and improved.

No professional online reputation management tool is used by M4 and the headquarters. Office is the main tool used for meeting discussion and documentation.

### Management use of online reviews

At brand/ corporate level, online customer review is highly valued by executive management as it believes user reviews from TripAdvisor and OTAs are a good indicator of service level and user experience. The corporate tracks and records branch hotels' ranking history, number of reviews in all 5 star levels. The headquarters management team thinks there is no other indicator can better reflect customer experience in terms of service level.

At property level, M4's property manager also takes TripAdvisor reviews seriously and using the review as service level or performance review indicator. At first, the property manager request mid-managers to read all the reviews but show no clear efficacy. Now the property manager selects important reviews and share will all employees at the property.

Online review is also connected with employee's performance and encouragement practice. For any employee praised by online review for 3 times in a quarter, the employee will receive monetary prize and positive points in their performance report.

### Review Generation

The headquarters encourages branch to generate more positive reviews. In M4, the front desk manager will ask customers seem to be happy to give reviews on TripAdvisor. An after-stay survey is also used to generate TripAdvisor reviews. For customers who write the survey and especially those who answer the open-end questions with positive opinions, the property manager will respond the customer with email and encourage the customer to write a review on TripAdvisor.

### Management Perceived Value of Online Review Management

Unlike the property manager at M1, M4's brother hotel, the interviewee said a direct connection between revenue increase and online reputation management is not clear. The property manager of M4 believes the time and efforts invested on managing online reviews mainly return in the forms of brand image and internal culture. The property manager said that as some reviews mentions facility, location of the hotel, many also mentions the service and the warmth of the staff. She thinks this helpful to manage the team to achieve organization goal in a good working atmosphere.

**Commented [SEM61]:** This seems a common issue.

But earlier you cited research that 1% increase in rating led to 2% increase in bookings (or something like that).

Any way the hotels could quantify benefit?

**Commented [MM62R61]:** Yes this is the common issue. Almost all the hotels are lack such capability to quantify the benefits. Even the management level are not trained that way.

### 3.5.8 Interview Summary-M11

#### Interviewee

Junior Staff Member in charge of marketing and PR strategy and execution

#### General Information

M11 is an independent, business-type hotel located at a tourism spot in one of the researched cities in Taiwan.

#### Policy and Guidelines

M11 does not have clear policy or guidelines to manage online customer reviews. Executive-level manager may sometimes give opinions on how to respond a certain reviews if the current practice is not satisfying. However, all the responses is in fact done and decided by its staff member at sales department. M11 has a 3-year average response rate at 44.98% and the response rate of most recent year is 94%.

#### Practice

The staff member reads and responds online reviews once a week. For positive reviews the staff member will respond with standard thank-you template. For reviews in which issue or service shortfall is mentioned, the staff member will forward the issue to relative manager. Such cases are not recorded or seriously followed as responding online review is not the major part of the staff member's job.

For negative reviews, unless the staff member can easily confirm the issue mentioned is true, M11 do not respond. M11 does not want to apologize to negative reviews which they can't map to the real customer or accident because they think respond to such review will make them look like really doing something wrong. This practice leads to a fact that most 1-star reviews are not responded on M11's TripAdvisor page.

M11 does not subscribe professional tools to manage its online reputation.

#### Management use of online reviews

M11 management team discusses online reviews in a monthly meeting. The reviews discussed in the meeting is selected by the staff member based on 2 principles: objective complaints and reviews praising specific employees.

Employees earned customer compliments in online reviews will be recorded for the performance evaluation.

#### Review Generation

M11 does not have any review generation practice.

#### Management Perceived Value of Online Review Management

While the executive of M11 believe a good ranking place helps increase the hotel's revenue, it has no clear strategic goal and method to manage it. However, the hotel does

**Commented [SEM63]:** Is this good or bad?

**Commented [MM64R63]:** It is not necessarily bad but definitely not good. Some research says longer response and response not just repeating what customers said will increase hotel performance.

notice that using customer online review is a good way to nurture a customer-caring culture for them, which is a special value they found.

There is no metrics developed to measure the efforts and time invested in online review management and the value created by the investment.

### **3.5.9 Interview Summary-M15**

#### **Interviewee**

Junior staff member, in charge of marketing strategy and execution

#### **General Information**

M15 is an independent boutique hotel located at a tourist spot in one of the researched cities in Taiwan.

#### **Policy and Guidelines**

As a small boutique hotel, M15 does not depend on written policy or guidelines to respond to customer reviews. It maintains an open and relaxing style to communicate with the customer in all channels where communication happens. It keeps a 100% response rate all time.

#### **Practice**

M15's online review and social media responses are managed by 3 staff members of its sales and marketing department. The 3 staff member rotate their shifts on the response job. The response article is written in a relaxing and like-a-friend tone as the brand image is set. For reviews including complaints or issues, the responder on shift will take the role as coordinator of the follow-up and investigation process. Related department manager will be notified when a bad review is found. As the hotel has less rooms than common hotels, it is easier for it to identify who the reviewer is. M15 will then try to contact the customer directly to understand the details and apologize if needed.

Promotion message is included in the response article to encourage customers to book rooms directly from the hotel, instead of via OTAs.

M15 does not use professional online reputation management tool.

#### **Management use of online reviews**

M15's management team read and take actions on customer reviews on a daily basis. However, formal discussions happen in the hotel's monthly manager meeting. In the meeting, webpages of TripAdvisor and OTAs are shown. For negative reviews, the reviews and follow-up actions are recorded. Case study will be made if a review involved special issues the manager thinks worth to be part of the hotel's education material.

For reviews mentioning specific employee's good work, manager will give prizes in different forms such as cash, group dinner sponsoring. As most staff members in M15 are



millennials, the management tries to use online review as an encouragement tool to make employees think they are doing something impactful and meaningful.

#### **Review Generation**

Unlike other hotels choose to encourage customers to write a review at checkout, M15 suggests its customer right at check-in. The manager at M15 thinks under most conditions customers are in a rush when checkout and does not want to bother customers when they are in a rush.

#### **Management Perceived Value of Online Review Management**

For the value M15 sees in managing online reviews, the interviewee said they see brand image as the major value and the growth of revenue from OTAs.

M15 relies on social listening and online analytics tools to monitor its ROI in social media management. It is struggling finding good metrics to measure the ROI in review management.

### **3.5.10 Interview Summary-M18**

#### **Interviewee**

Senior Executive, in charge of all aspects of management of the hotel

#### **General Information**

M18 is an independent boutique hotel located at a tourist spot in one of the researched cities in Taiwan.

#### **Policy and Guidelines**

M18 developed a set of general principles on review response. The principles have been formed by time and learnings from practices. M18 requires 100% response rate. No promotional message is allowed in the response message. It maintains a 100% response rate all time.

#### **Practice**

M18's online review and social media responses are managed by a junior staff member under direction from general manager. M18 has several pre-approved templates to be used.

For positive reviews, the staff will directly response the reviewer. For negative reviews, manager will assess whether the service shortfall is due to procedure flaw or personal mistake. If it is a personal mistake, the involved employee will be requested to correct. If it is procedure flaw, manager will take the responsibility to decide if a redesign of procedure is needed.

M18 also tries to find the reviewer in person if he/she gives a negative review to better understand the details of the service shortfalls. M18 provides compensation such as gifts or discounts to unhappy customers once they are reached.

M18 researched several professional online reputation management tools and decided not to subscribe any because of the cost efficiency and efficacy is not clear for a small sized hotel like itself.

#### **Management use of online reviews**

M18 depends TripAdvisor reviews to improve its quality of service and managers see online review as a good source of customer feedback. A company-wide discussion on reviews is not routinely conducted but on a need basis. Given the simplicity of its hierarchy, it usually solve the problems in its daily operation.

If a specific employee is praised in the review, the name of the employee will be recorded and recognized in company meetings, cash or other form of prize will be given.

#### **Review Generation**

M18 uses 2 ways to encourage customer to give reviews. First, its receptionist orally remind customers at check-out. If any hiccups happened during the stay, M18 will prepare a card and gifts to customers at check-out to prevent negative reviews.

Second, M18 sends online survey to customers after their stay. If customer gives high scores in the online survey, the system will automatically show a link to TripAdvisor and ask the customer to share his/her experience there.

#### **Management Perceived Value of Online Review Management**

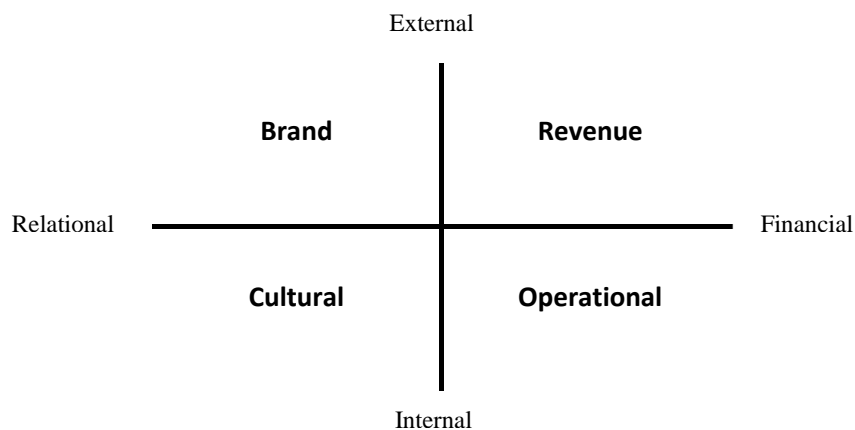
M18 manager thinks the return on time and efforts invested in online reviews management is high and most of the return is monetary value. More than 2/3 of M18's bookings are from OTAs and the manager links this to their investment on TripAdvisor management. Although no metric system is developed in M18 to prove the ROI causality, the manager said they see a clear leap in OTA bookings when they started to respond user reviews on TripAdvisor and OTAs. Other than financial value, the manager also recognize the value that managing customer reviews brings to its brand image.

## 4 Research Findings

The findings of the data analysis and interviews will be discussed in this section.

### 4.1 Strategic vs. Problem-Solving Approach

According to the ten interviews, most of the hotels focus on responsiveness and problem-solving when handling online reviews and management response. Most of the hotels do not have a clear response policy, illustrating the lack of strategic approach to their own goals. Many respondents said management response was something had to be done but when asked what they wanted to get from doing so, most needed to think about their answers for several seconds.



*Figure 4-1 Business Value of Social Media*

Figure 4-1 shows the axes of the business value of social media (Shields, 2017, p. 9). Interviewees were shown this figure and asked whether any of the 4 types of business value were their reason for responding to online reviews. Many identified branding as a primary reason for responding to online reviews. However, when follow-up questions were asked about the reason and how they evaluate the investment and the value of handling online reviews, many could not provide a response immediately.

Park and Allen (2013, p. 70) proposed two approaches describing hoteliers' working patterns when managing online reviews: problem-solving approach and strategic approach. The problem-solving approach views online reviews as another, inescapable channel for dealing with guest complaints. The strategic approach uses online review responses to engage guest and public in a more ongoing relationship, to improve operational efficiency and effectiveness, and to create innovative service offerings.

Of the ten hotels interviewed, three demonstrate attributes of a strategic approach, but two of those three also struggle with linking online reviews to internal management activities.

#### **4.2 Executive Involvement Varies**

Of the 10 cases in the study, 5 hotels have relatively high executive involvement in management responses. This means online reviews and the follow-up process are routinely discussed in manager meetings, or the executive level directly handles or monitors online reviews.

While no significant differences in explicit attributes are found between hotels with high and low executive involvement in online review management, this study found that hotels with low executive involvement tend to have poorer service-recovery executions or procedures.

For the two cases with the lowest executive involvement, when a negative review appears, the staff member in charge of responding forwards the issues raised in the negative review to the appropriate manager for a follow-up investigation. These investigations usually meet a dead end or receive no response from the internal department. This means that the service-recovery process triggered by the review never finds a solution, and the reviewer never receives feedback. In these cases, one of the two hotels responds with a general apology and promise-to-improve message, and the other does not respond at all.

Both of these hotels have an internal communication style in which hierarchy and formal meetings play important roles (Park & Allen, 2013). Additionally, they both take a mechanical approach to complaint management, based on establishing guidelines. Other organizations use an organic approach, which is based on creating a positive internal environment (Homburg & Fürst, 2005).

When executive involvement in online review management and follow-up is low, human errors occur—people do not follow the process because the management seems not to care. This may make it more difficult for these hotels to manage their online reputations in the future, especially when it involves complaint management.

#### **4.3 Metrics and Tools**

Of the ten hotel cases, four use a reputation management tool to help analyze and track their online reputation status at property level. Three of these four use the tools because brand headquarters requests or requires it. However, in this study, no significant difference in response rates or response customization was found between hotels that use and don't use such tools.

Tool users depend on peer-comparisons and a dashboard of charts to understand their current status. They also think it is convenient to read customer reviews from different

platforms in a consolidated environment. However, as users cannot directly respond to reviews in these tools, moving between application windows can be frustrating.

One common issue found from almost all interviewees, including those use tools, is that hoteliers have no metrics to assess the relations between their input to respond customer reviews and their performance on ranking and other attributes.

**Commented [SEM65]:** Do you have any suggestion?

**Commented [MM66R65]:** Added.

According to the interviews, although all hotels allocate resources to respond online reviews and claim they care about their online reputation very much, most of the hotels take a responsive approach to manage the reviews. Many do not record and track long-term change in ranking status and how the ranking status interacted with other variables such as response rate, tones the response content use, length of the response, customization level, and others. Before a metric system can be developed to help hotels measure and justify their investment, data need to be collected in a systematic way. Identifying data types to be monitored, deciding what data to be collected, and determining how to use the data can be first steps to take.

Most of the hotels being interviewed have routine meeting to review what the customers said in the last period, such meetings can include long-term observation based on the continuously collected data to foster a data-driven culture.

Only 2 hotels interviewed said they have tried different ways to respond online reviews to test the impact of their rankings. However, they did not find big difference as the trials were mostly casual and the effect was limited.

**Commented [SEM67]:** Did they learn anything?

Might this be an area where a controlled experiment could be conducted?

Or an opportunistic experiment, that is, measure impact before and after reviews were responded to.

**Commented [MM68R67]:** I think controlled experiment may be a better way. It is interesting that the 2 hotels which tried some opportunistic experiment are both very small, one has 27 and the other has 36 rooms. Their experiment was conducted long ago and was not well-designed. The interviewee could not remember correctly about the details. But the good thing is they are eager to try new things, just need some outside helps.

This result echoes with the fact that most of the cases do not have strategic approach and therefore no immediate need to develop performance measurement would drive the hotels to move.

#### 4.4 Reviews Generation

All the hotels in our case study perceived the value of online review management to certain extent and for those who are eager to improve their ranking on TripAdvisor, they would encourage customers to write reviews. Interestingly, even there are 5 cases which directly encourage customers to write about their experience on TripAdvisor or OTA sites, these five hotels have no clue if the encouragement is useful.

On the other hand, they doubt competitors in same region conducting some campaigns which may disobey TripAdvisor's policy to generate reviews. Hotels are confusing if TripAdvisor's fake review detection algorithm really works as two of the hotels said they received warning letter from TripAdvisor regarding fake reviews but they did nothing.

**Commented [SEM69]:** Interesting.

Hotels want to learn compliant, effective ways to generate positive reviews.

## 5 Conclusion, Limitations, and Recommendations

### 5.1 Conclusion

This study analyzed 31 hotels' customer reviews and management responses retrieved from TripAdvisor. The trend of increasing response rates shows that hotels value their online reputation and wish to differentiate from their competitors by making the efforts to respond to customer reviews. Other attributes such as the decrease in average response lag, also shows the increasing importance of online reputation management among hotels in Taiwan.

**Commented [SEM70]:** But it seems most do respond, so not much differentiation!

Luxury hotels perform better in terms of response rate and response lag days, echoing previous studies.

In this case study of ten hotels, it was found that most cases lack a strategy, metrics, and tools to manage their online brands. It was also concluded that executive involvement is important for hotels to manage their online reputation, and also to improve the efficiency and effectiveness of service-recovery.

While most previous studies examined how online reviews and management responses influence hotel reputation, customer behavior and perceptions, and financial performance, this study explores how hotels use online reviews and responses for other management purposes such as service-recovery and human resources management. The use of interviews also identified some of the challenges faced by hoteliers when responding to customer reviews and connecting customer communication to internal operations.

### 5.2 Limitations

This study only investigate 31 hotels in five cities in Taiwan. Additionally, the judgmental sampling was based on the hotels' ranking.

This exploratory study may not accurately reflect the case of hotels in other cities in Taiwan. The study may not reflect the performance of lower-ranked hotels, either.

**Deleted:** of lower

Additionally, since other review platforms such as OTAs, Google, and Facebook are also becoming important review platforms, the selection of TripAdvisor as the study's single review data source may mean that the study is limited by the biases of the platform.

### 5.3 Recommendations

Previous study (Homburg & Fürst, 2005) has found that complaint satisfaction has a strong effect on customer loyalty, while the impact of overall customer satisfaction on customer loyalty is not significant. This means that for customers who have a higher level of overall satisfaction, it is more difficult to increase their loyalty to a brand. On the other hand, customers who had complained about a service and received satisfactory feedback from the brand later are more likely to become a loyal customer of that brand.

**Commented [SEM71]:** Confusing. Explain better.

In this study, it was found that responding to a negative review or complaint requires extra internal processes and takes more time than responding to positive reviews. It was also found that 1-star reviews have the lowest average response rate. While some hotels intentionally or unintentionally ignore 1-star reviews, this could be a good chance for hotels to create customer loyalty. Research on the relationship between management response and customer loyalty can be explored further to provide good reasons for hotels to increase or decrease their attention to 1-star reviews, which are currently neglected.

Furthermore, since most hotels complain about the lack of metrics, a study that developed easy-to-adopt measurement tools for hotels would contribute something of practical value and enable hotels to evaluate the efficiency and efficacy of their review management.

A study explores how customer online reviews can be used as a tool to help improve employee performance and motivations may is also recommended.

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## Appendix

### 1. Interview Questionnaire

Proposed Interview Questions:

1. When did the hotel start to respond to user's review on TripAdvisor and other platform?
2. Who/what position is in charge of the responding? Is it decided by the property or chain brand?
3. Do you have several templates to be used? How are those templates designed? Are they based on a total marketing communication strategy?
4. Do you use a review management system to manage customer reviews, such as Guest Revu, Medallia, or Revinate? Why or why not?
5. Do you track and record customer reviews? Are the reviews used as part of KPI management?
6. How do you decide whether a review should be responded and how to respond it?
7. Do you insert other promotional information or customer communication messages into the response other than just "responding the review"?
8. How do you evaluate the cost and the possible return of responding action? Do you think they are balanced?
9. Do you encourage customers, at the property, to give reviews on online platforms? Additionally, do you conduct any practice to identify those who are potential to give bad reviews and try to prevent that from happening?