Online corporate reputation in the hotel industry: the case of TripAdvisor

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Abstract

Corporate reputation has evolved and has been absorbed by new technologies, now governing online consumer satisfaction. Firstly, a variety of studies were reviewed due to the lack of systematic theorising on the concept of online corporate reputation, followed by an empirical phase to test the theory with a case study on the travel portal TripAdvisor, emblematic in its sector. The study reveals three decisive aspects for good reputational management, and concludes that the success of TripAdvisor as a promoter of the tourism sector is due to the tightening of vigilance and control of comments on its platform on hotel establishments. As a result, opinions become a true reflection of actual customer experiences in those establishments.

Keywords: online corporate reputation, hotels, tourism, TripAdvisor, fake reviews.

JEL codes: M15, M31.
酒店餐饮业的网上企业信誉:
TripAdvisor实例

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文章摘要
随着社交网络与多屏系统日益普及，客户可以在网络上进行选择、采购及反馈消费者满意程度等操作，这导致企业信誉在最近几十年间产生了重大的变化。由于现时缺乏有关网上企业信誉概念的系统性理论，因此我们进行了各种的研究探讨，其后我们把理论性前提跟一项实际案例作对比：作为该行业之典范的旅游门户网站TripAdvisor。本研究结果强调有助管理企业信誉的三个方面，结论是TripAdvisor能成功地推动旅游业是归功于加强对该平台的用户对各旅馆及餐厅的反馈的监控，让平台上的意见能够准确地反映出客户在各旅馆餐厅的经验。

关键词: 网上企业信誉、酒店、旅游业、TripAdvisor、虚假反馈。

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1. Introduction

Online reservations generally help to market the tourism sector (hotels, restaurants, flights, etc.), as is demonstrated by consumers’ daily consultations on an international scale. The hotel industry in particular is the most active subsector, with a high number of consultations and exchange of opinions between consumers in real time through different screens and gadgets (computers, tablets, mobiles etc.). This is having a huge impact on the commercial function and corporate image of hotels. It was therefore considered pertinent and of interest to analyse this phenomenon and its effects on the reputation of hotel chains, with the study’s originality stemming from a specific case study of the travel portal TripAdvisor.

The objectives of this study are, firstly, to make a preliminary approach by theorising on the concept of online corporate reputation. Digital tourism services present new challenges here by allowing consumers to communicate with the company and to compare establishments with open communications in real time, with dynamic interfaces between organisations, companies and users/customers. Secondly, the relevance of managing online reputation for hotel chains will be highlighted through the case study of TripAdvisor, by undertaking an analysis of its procedures and their repercussions for the sector through observation of participants and process during 2016. Since TripAdvisor is the most well known and widely used travel portal by travellers and companies in the tourism sector, we consider the conclusions relating to fake review management on online corporate reputation of companies in this sector to be relevant.

2. Defining the concept of online corporate reputation

The Spanish Royal Academy defines the term “reputation” as: 1. The opinion or consideration held about someone or something. 2. The prestige or esteem in which someone or something is held. In practice, reputation is something which affects the positioning of companies, and this is understood to be the comparative value or advantage one company has over others when the customer is ranking them mentally.

The Corporate Reputation Forum coincides with Rao (1994) in stating that corporate reputation directly concerns the relationships of the organisation with its stakeholders and its commercial value and it demands that the total intangible assets an organisation possesses be defined and integrated and communicated to its clients. To this effect, Gutiérrez-Rubí (2005) considers that “corporate reputation may be regarded as a puzzle comprising several diverse intangible pieces of company life (ethics, corporate social responsibility, corporate identity, mission, corporate government, communication with stakeholders, etc)”, and the truth is that corporate reputation has a notable impact on company image, brand capital, turnover, life cycle and survival (Balmer & Greyser, 2003). Walsh, Mitchell, Jackson and Beatty (2009) state that a positive reputation plays a major role in the selection process of
consumers and Fombrum, Gardberg and Sever (2000) highlight that it enables the companies to attract better employees, have lower marketing costs and maintain high prices, thus strengthening the company’s ranking.

When restricting definition of the concept to online, and in keeping with Herbig and Milewicz (1993), we may consider that reputation is constructed through the accumulation of judgements the public makes regarding the company. Good communication management is therefore essential and specifically good marketing communication. Thanks to multiple digital resources (wikis, forums, blogs, OTAs, networks) all users are now able to give their opinion before, during and after the purchasing process which affects company results and generates new forms of working on corporate reputation with all stakeholders. Marketing communication has indubitable influence on corporate reputation and all the more so on the Internet, where social networks promote direct communication with customers, stimulate co-creation and consumer attitudes may be assessed (De Vries, Gensler, & Leeflang, 2012). Digital communication does however require fast and effective feedback and constant dialogue plus personalised user care.

To increase their followers on social networks, companies must offer content that is relevant and original, in the sense that it offers useful information regarding a service or product offered. The company must also resolve problems, offer an outstanding after-sales service, or entertain consumers with interesting news items or appealing conversations (Van Noort & Willemsen, 2012). Marketing communication should create a dialogue with the market, a continuous relationship with consumers that enables the company to quickly and effectively adapt to their demands whilst simultaneously making the user feel human warmth (Malone & Fiske, 2013) through, for example, the incorporation of a conversational and personalised human voice. Evidence exists regarding the optimisation of efficacy and human type conversations on social media leading to improvements in corporate reputations (Dijkmans, Kerkhof, Buyukcan-Tetik, & Beukeboom, 2015).

Carrol and McCombs (2003) maintain that organisations can have different types of reputation, which greatly helps in quantifying and overcoming opacity of information concerning corporate reputation online. They clearly propose that reputation is actually a social construction which adopts different forms when associated with media communication: the company’s current reputation, the reputation communicated and perceived by the different interest groups, the interpreted reputation, the agreed reputation, the ideal reputation and the desired reputation. In this sense, online corporate reputation (hereinafter OCR) could be defined as the evaluation obtained by the company on the Internet through favourable or unfavourable usage of the possibilities offered by the Internet. Prestige in social networks emanating from the value offered to users online is a determining feature for OCR, as may be appreciated through the analysis carried out in this emblematic case of TripAdvisor in the tourism sector.

Del Santo and Álvarez (2012), who are experts in digital marketing communication, define online reputation as the reflection of prestige or esteem of a person
or brand on Internet. We should highlight the importance of conversation in digital environments because people converse and give their opinions online where it is very easy and cheap to offer information and opinions through mechanisms such as forums, blogs, or social networks. According to these authors, this could be defined as the “amateurisation” of marketing information where the marketing content is generated by the users themselves. It may therefore be stated that online reputation emanates from consumers’ online opinions when socially deployed although it may be affected by other types of spurious factors removed from the corporate “wikis” or intermediation platforms.

The tourism sector and specifically the hotel industry is particularly vulnerable to opinions given by travellers (Buhalis & Law, 2008) and it is clearly affected by the so-called eWOM (electronic word of mouth). The new Tourism 2.0 tools and the opportunities they offer for knowing customers’ opinions on Internet are hugely useful during the purchase process for many consumers and in many cases become the principal source of information (Goldsmith & Horowitz, 2006). Lewis and Bridger (2001) indicate that individuals offer greater credibility to the content generated by other consumers than to the information provided by professional critics or the companies themselves in the description of their facilities, similarly to other numerous studies which state that travellers’ opinions on the Internet greatly impact consumer decisions (Fotis, Buhalis, & Rossides, 2012; Gretzel and Yoo, 2008; Vermeulen and Seegers, 2009). One study conducted by Dickinger and Mazanec (2008) demonstrated that recommendations by friends and opinions on Internet are the two most influential factors for travellers when choosing and reserving a hotel stay. Users are therefore more objective about these opinions than any commercial information. Lastly, a study conducted by PhoCusWright (2014) reveals that 50% of these travellers state they usually or always consult users’ opinions before choosing an establishment and 80% of them do so by reading a minimum of between 6 and 12 opinions prior to reserving. An interesting lesson may be learned here for corporate commercial communication and that is that greater honesty and less manipulation of information offered to users could reinstate their trust in commercial information.

We should also mention the existence of risks to reputation here, particularly for organisations which are increasingly more aware that the factors impacting their relationships with stakeholders are widespread and diverse. Online opinions and comments lead to attraction if they are good but may create a dynamic of falsehood and fraud, especially in platforms where no strict control exists. Consequently, reputation should not be considered as an isolated aim, but one which is entrenched in the function of strategic corporate marketing, pursuing reciprocal communication and social commitment with interest groups. Reputation management requires the consideration of multiple elements both inside and outside the company but the starting point may be to safeguard the company’s good practices to generate trust and credibility from the customer and convert communication into a tool of transparency.
3. The tripadvisor case study: operational from its platform and reputation as activity

TripAdvisor was founded in February 2000 by Langley Steinert, Stephen Kaufer and others, with initial financing from Flagship Ventures, the Noray Group and private investors. In 2004 the company was purchased by IAC (InterActiveCorp), which separated from its business trip travel group the following year and became Expedia, Inc. In 2009 TripAdvisor purchased kuxun.cn, the second largest travel, hotel and search engine site for flights to China and in 2010 it acquired holidaylettings.co.uk, the largest independent web site for holiday lets in the United Kingdom. Two years later, it launched a connection with Facebook which enabled its users to select reviews and opinions from people in their social network and in 2014 it was recognised as the most prestigious, most highly used and reliable travel portal worldwide. Moral, Cañero and Orgaz (2014) highlight that the presence or non presence of hotels on Facebook considerably affects their scoring on web portals. In 2015 TripAdvisor began to allow its users not only to rate establishments but also to label them, indicate opening days and hours, comment on speed of service and home delivery offers, etc.

The TripAdvisor platform’s activity and operations may be summarised as online inter-relations and dialogue between users who have been customers and the owners of hotel establishments. In addition to managing hotel reservations, holiday lets, flights and entertainment, it also offers the service of comparing prices with tariffs in real time. In the TripAdvisor forum, potential customers may also participate by writing questions and doubts, and apart from the forum there is also the possibility of uploading photos to offer a more realistic picture of the establishments.

A potential customer can search for a specific hotel, by price or geographic location, and after revising its position in the ranking, the opinions and reviews is able to apply several functions: 1) “immediate reservation” which enables the users to reserve using the partners (booking.com, hotel chains, individual hotels) without having to leave the platform; 2) the personalised recommendation of hotels according to previous searches and individual preferences called “Exclusively for you”; 3) the “Tours” function which provide a large variety of options depending on tourist attraction, people, tastes, prices, views and visiting times, thanks to the Viator partner (tourist tours intermediary); 4) the “TripAdvisor Flights” option which offers detailed information on flights, services offered by the airline, together with photos of travellers, in addition to searching for the lowest airline company prices on a worldwide scale; 5) the “Holiday lettings of TripAdvisor”, which provides numerous details and images of over 770,000 holiday let properties listed throughout the world and 6) the “Maps” function which provides the exact geographic location of the hotel and combines information on the hotel’s popularity, price, and availability with a dynamic map tool where hotels in the same area appear with associated information.

TripAdvisor is the most important travel portal on internet but it is also a social network specialising in hotels and travellers. It is both a tourist intermediation
company and a social network, interconnected with other companies to achieve greater reach. For example, registered users may participate in all aspects of their platform and may also add acquaintances to their travel maps via Facebook or email, so that friends/acquaintances may help to contribute with their opinions, advice, etc. These connections with people who are perhaps travelling to the same destination or who have already been there, make planning simpler and create a genuine social network for travellers.

With regards to TripAdvisor’s reputation, its platform is the international website with the highest market share, with over 435 million “impartial” opinions (according to its own corporate web site) and a search engine in over 200 sites. The value and relevance of TripAdvisor is based on its 315 million visitors received per month and above all on the credibility and maintenance of the information it covers, with either good or poor reviews of the establishments.

TripAdvisor turns its reputation into its activity by celebrating the “Travellers’ Choice Awards” each year. For these awards several categories are distinguished, such as the best hotel in the world, Europe or Spain, prices given to the best island, resort or the best tourist interest site. The results are obtained from reviews, comments, evaluations and opinions which users provide on the said hotels (reputation). These prices offered by TripAdvisor are the result of the good treatment and service received by customers, the quality of the hotel, its location, price, and in general all the factors which combine to make the hotel guest’s stay the perfect experience. Obtaining the award has an impact on the hotel’s reputation, making it more visible on tripadvisor.com, and on the most important search engines such as Google, as well as in the general press (such as “La Vanguardia” in Spain) and that of the particular sector. In a similar manner, since 2015, trivago.com has offered another list of the 10 best hotels in Spain, of which only one coincides with those provided by TripAdvisor in its Travellers’ Choice Awards. According to the classification by TripAdvisor, the first rankings are occupied by hotels located in the Autonomous Community of Catalonia, whilst those of Trivago are hotels located in Andalusia.

The discordance between both selections makes it clear that quality and reputation may be perceived in very different ways by different users and that their opinions may differ considerably. However, this mode of operation does not offer statistically representative criteria or opinions, since there are no stratified samples, usage is not universal and not all travellers use all the platforms indistinctively. This leads to new debates on further research within the tourist marketing area on tourist behaviour and online consumer segmentation.

In an interview arranged by the British newspaper “The Telegraph” (Williams, 2013), Adam Medros, in charge of product development for TripAdvisor, declared that its system detected around 13,000 suspicious opinions every day with a mean of 137,000 opinions per day (50 million in total during 2013 when the interview took place). The fact that 10% of opinions are under suspicion with regards to their credibility and require the existence of filter mechanisms (Jeacle and Carter, 2011), means that fake reviews are a risk for online corporate reputation that needs addressing.
4. Fake reviews as a risk to reputation

The “usage terms and conditions” of TripAdvisor are a contract which the user automatically accepts when writing his or her opinion on the portal. In this contract the user is informed of the consequences of misuse of the platform, of noncompliance with laws, fake comments, etc., and possible damages to be paid to the company as a result of litigation. For example, the contract warns against the use of any type of information, text, music, sound, message, data, photo, graph, code or other material which is malicious, false, illegal, misleading, offensive, defamatory, obscene, pornographic, lascivious, suggestive, bullying, intimidating, invasive of privacy rights or advertising rights, abusive, provocative, fraudulent or objectionable for any other reason and of course above all against content which is clearly offensive to the online community in addition to that which promotes racism, intolerance, hate or physical damage of any type against groups or individuals. To sum up, noncompliance of the usage terms may lead to sufficiently dissuasive penalties for those who are attempting to use the portal with ends which undermine the corporate reputation of its members. For the above-mentioned reasons, TripAdvisor must control the texts, documents, words or information generated and immediately eliminate those which are inappropriate. On occasion this control is insufficient to guarantee the veracity of all content, since the motivations which move users to distort information are, occasionally, difficult to interpret. Bronner & de Hoog (2011) carried out studies to this effect on the motives pursued by the travellers who wrote reviews and concluded that they were, in terms of greater to lesser ranking for: personal ends for receiving discounts or retaliating against the company; providing help to other travellers; obtaining social benefits; getting in touch with other tourists and lastly helping the companies.

Fake reviews and criticism on opinion and dialogue platforms by other stakeholders (interested parties involved) are a serious problem for evolution of tourist companies not equipped for eventualities relating to their online reputation. Behind anonymous evaluations there may be different interests such as, a poor evaluation made by a competitor or a positive one made anonymously by the actual establishment. On the other hand, however, anonymous ratings may lead to more sincere assessments of a product or service by consumers. On the TripAdvisor platform comments are not contrasted and anyone may participate with a profile, with opinions being eliminated only in the case of the use of verbal violence, obscene or swear words.

The fact that users make use not only of these platforms but also of a great deal of other written content on the web, with the implication that opinions are precise, objective and professional, is particularly serious if we take into consideration the extreme subjectivity of tourist experiences, where the tourist quality (Revilla, Gil, & López, 2004) is linked to the relationship between personal expectations and particular interaction during one’s stay at the establishments.

Comment optimisation agencies like Kwikchex, Oraquo or Seomarketingimes, try to neutralise negative criticism with their software and their positioning techniques
in search engines and to improve their position and the reviews on specific platforms such TripAdvisor, according to the study by SEGITTUR (2014). Other mechanisms used by companies to endorse their reputation is to relegate the most aggressive criticisms onto secondary pages in the entry lists in Google and attempt to highlight the good reviews.

At the beginning of 2016, TripAdvisor increased its mission against fraud with the support from HOTREC, the umbrella association of hotels, restaurants and cafés in Europe, to jointly fight against false opinions which were “harmful to consumers, in detriment to the destinations and damaging to business”, as stated in a press release. TripAdvisor has 300 employees filtering and searching for all types of fake comments. In practice this is highly complex, although the company insists that it has methods, tools and resources to detect fraud in its portal, unbeknown to users who do not comply with usage terms. Furthermore, through the management centre of TripAdvisor and making use of the “Report blackmail” box, registered portal users and establishments may denounce these misuses. For example, if the staff from the establishment detects a comment which “threatens to infringe upon its reputation through TripAdvisor”, they must immediately inform the platform which will request additional information on the customer so that their opinion is rejected.

Nowadays all companies with internet presence have a Community Manager to safeguard their online reputation, and this figure is responsible for or manages the online community. They are in charge of communication between the company and the media and the general public in social networks, forums and platforms like TripAdvisor, and must therefore possess skills such as good brand knowledge, the ability to show humour and gratitude, to correct and above all to be empathetic. Their function is to offer information, entertainment and create a good climate with respect to the company, resolving users’ petitions and complaints or simply rating their experience. In the specific case of TripAdvisor, they have to monitor and answer reviews from guests on the different key social networks and convey the hotel’s interest in fulfilling their demands. If the Community Manager actively requests reviews the result is that the guests are happier to share their experiences in a more friendly way, increasing rates of popularity and therefore hotel reservations. According to the previously mentioned study by PhoCusWright, 87% of those consulted agreed that an appropriate response from an administration to a bad review “improves their impression of the hotel”, and 70% said that an aggressive or defensive response makes them “less likely to make a reservation in that establishment”. Sixty-two percent stated that seeing the responses of a hotel administration to users’ reviews generally encouraged the traveller to make a reservation, compared with an establishment which did not respond to tourists. A recent TripAdvisor study validates these findings and highlights the importance of feedback from the hotel to a review, since 85% of users agree that a response to a poor opinion improves their impression of a hotel. Furthermore, according to research conducted in 2015 by the Atmosphere Research Group in collaboration with TripAdvisor, businesses with a high level of
engagement obtain greater visibility and popularity in rankings, and receive more reservation requests through TripAdvisor.

Lastly, TripAdvisor has also nurtured its reputation by collaborating with ReviewPro since 2013, which defines itself as the “leading worldwide company on Guest Intelligence”. This company is in charge of the development of specific software for monitoring the online reputation of hotels, collecting information from websites like TripAdvisor. After collecting data, ReviewPro generates market reports, statistical studies and above all analysis for improving the tourism sector. Its solutions which have been created from a wide database offer customers the possibility of obtaining more in-depth comprehension of the performance of their reputation and the strengths and weaknesses of the service. It also offers the necessary information to increase guest satisfaction and rankings in opinion webs and online travel agencies. Its agreement with TripAdvisor is such that it manages the comments and reviews from customers, translating all reviews into the establishment’s language, and advising on how to respond. This improves the communication between company and customer and also generates automatic emails to users after they have given their opinion.

According to a recent Oxford Economics study (2016), “the magnitude of content, reliability of comments from consumers and reservation facilities of TripAdvisor not only impact travel decisions but also generate an increase in trips”. It is estimated that the portal has led to 22 million trips, 352 million overnight stays and around 55,000 million of additional euros in trip expenses. In 2014 it impacted 13% of international trip planning and 8% of national trip planning, with an increase in the number of trips and duration of stays. Furthermore, it has led to 1.9 million jobs in the tourist sector, divided into 900,000 direct jobs in the sector and 1 million indirect jobs. Lastly, the study highlights that thanks to the combination of comments, complaints, positive reviews and feedback, both quality and service have improved in tourist sector establishments. Stephanie Boyle, Industry Communications on TripAdvisor, points out that in the study which used data referring to the last ten years of the company the user content and their trust in the platform were most particularly taken into consideration, in addition to all the search and reservation tools. According to the report, the TripAdvisor content offers travellers the confidence to choose a destination based on opinions, scores and photographs of other travellers, instead of doing so through more traditional methods such as brand recognition or previous experience. This tendency would particularly benefit smaller companies or those which do not belong to a chain, boosting the competitiveness of smaller, independent companies.

5. Conclusions

Given that there is incessant growth of the search for online tourist services by consumers, appropriate management of online corporate reputation has become a priority for the companies in this sector. Online corporate reputation is based on
external appreciation and rates effectively transmitted through Internet and several studies reviewed on tourist reputation and analysis of the case of TripAdvisor emphasize the need to contemplate the digital reputation in the development of the commercial function of tourist companies. Social networks thus greatly foster direct communication with customers and their attitudes may be assessed in such a way that appropriate management of this communication is an indispensable requirement of nurturing online business reputation. Effective communication means that users perceive of messages in a positive way and therefore return value to the company in the form of trust, credibility and loyalty, which in turn leads to good corporate reputation. The Community Manager encourages dialogue with consumers and promotes transparency to foster the achievement of this objective.

This study reveals three decisive aspects for good reputational management: 1) Firstly, establishing appropriate feedback and constant dialogue with the consumer, which forces the companies to be more willing to listen to consumers and make the information users demand more accessible to them; 2) secondly, increasing brand and internal marketing unity, with knowledge of the huge effect of online recommendations and criticisms regarding sales and satisfaction but also as indicators of possible risks and nonconformities; and 3) lastly, obtaining greater knowledge of customer tastes, studying their history and behaviour whilst on the web page through to the purchase of services. Improvement in these aspects undoubtedly requires mainstreaming and interdepartmental participation in the company as Vaquero (2011) rightly points out.

Lastly we may conclude that TripAdvisor has positioned itself as an essential tool for increasing sales and income from tourism in general and specifically in the hotel industry, but its highly dynamic digital platform reveals that the “electronic word of mouth” comments may be a serious risk to the establishments’ reputation and the control systems of this web are therefore questioned with regards to their capacity to detect fraudulent comments. In this regard companies such as ReviewPro, which offer the new value of optimising the ratings of tourist establishments that are particularly sensitive to the effects of online criticism in real time. However, although ReviewPro nurtures the image of tourist companies, the success of TripAdvisor as the catalyst in this sector is due to its tightened vigilance and control of comments about hotel establishments made on its platform resulting in the opinions being a true reflection of actual customer experiences in these establishments.

The conclusions reached in this study invite further research on the online corporate reputation of the tourist sector in the form of methodologies complementary to those used in this research, and from different perspectives, such as the perception of the different traveller profiles.
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