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How User-Generated Review Websites Impact a Hotel's RevPar

By

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ABSTRACT

How User-Generated Review Websites Impact a Hotel's Revenue

By

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This is a professional paper which explores the correlation between user-generated reviews on TripAdvisor.com and how a hotels' TripAdvisor Popularity Index ranking affects a hotels' RevPar. The study surveyed nine hotels in Dallas, TX, three hotels in the four star level, three hotels in the three star level, and three hotels at the two and one half star level. The study focus's on the strength of TripAdvisor in the hotel industry, the credibility of reviews, influence and expectations of guest that are developed due to the reviews, and lastly the impact the reviews on TripAdvisor have on a hotels' RevPar.

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Introduction

"The Web in general makes it possible to broadly disseminate information nearly instantaneously" (Schetzina, 2010). We are in a new era where people are increasingly gaining access to the Web from their desktops, laptops, mobile phones, iPads, etc. Consequently, people are communicating via word-of-mouth and online about websites and applications that work on computers and smart phones. They are using the Internet to reach out to the masses with social media; for example, TripAdvisor, Facebook, and YouTube. People are sharing their thoughts and feelings by the millions like never before. The Internet has made this possible as it is readily available just about everywhere we go, such as schools, workplaces, restaurants, airports, and on mobile devices like iPhone's and Blackberry's. The Internet "has provided various 'new' ways to air a grievance, especially when little might have been done at the point of service failure" (Sparks, 2010, p. 797) The "information in the form of user-generated reviews has become increasingly important when it comes to helping users make the sort of buying decisions that recommender system's [like TripAdvisor.com] to influence" (O'Mahony, 2010, p. 323) potential guests into converted guests who will stay at a particular hotel. People are posting their reviews on websites like TripAdvisor and ranting (or raving) about their stay at a particular hotel. It is amazing how big an impact one user-generated review can have on another consumer's decision to stay at a particular hotel. "Travel review websites and hotel reviews through online travel agencies (OTAs) are among the influential forces most frequently cited by travelers when shopping" for travel arrangements (Juman, 2010, p.52). This is exactly why TripAdvisor.com

has rapidly become the world's most frequented travel website with more than 40 million unique

visitors a month. TripAdvisor is advertised everywhere one looks nowadays. The Internet

continues to grow its reach with users as "the Internet and information technologies provide

extensive opportunities for consumers to share their evaluations of products online" (Zhang, Ye,

Law, & Li, 2010, 2010, p. 694). The concerning aspect of this is what happens to a hotel's

revenue with all of the positive and negative reviews online, as it is a double-edged sword; things

can be really good or can be really bad.

Purpose Statement

The purpose of this paper is to examine the impact of online user-generated reviews on

TripAdvisor.com and how a hotels' revenue per available room (RevPar) can very based on their

involvement with their online users on TripAdvisor.com.

Justification

"About a third of American travelers who research trips via the Web read reviews written

by fellow travelers, according to Forrester Research: (Laura, 2007, p.1). The importance of user-

generated review scores has always been an important component in the hotel industry when one

is part of a brand or membership. Guest review score importance has normally always been

pushed from the brand or membership onto the hotel about the importance of making sure the

guests' stay was satisfactory with the guests' intent to return and to recommend the brand or

membership to others. Even hotel brands are exploring strategic partnerships with user-

generated review websites. Take, for example, Accor Hotels' recent move:

Accor is also partnering with TripAdvisor to collect reviews from travelers after they

return from their stay, thus taking advantage of TripAdvisor's 10 years of experience in

collecting and moderating user-generated content. To that end, TripAdvisor has

developed a new tool, the "write a review" widget, which Accor has integrated into its

own platform. Reviews collected in this way are posted on both Accorhotels.com and

TripAdvisor, which now boasts 40 million unique visitors each month. This is the first

time a major hotel chain has chosen TripAdvisor to power their entire review collection

process ("TripAdvisor," 2010)

Today this has changed, as the end-users – the hotel guests – are making guest score importance

extremely challenging to track. Today, not only are you responsible for having a commendable

score with your brand or membership, but also on travel websites such as TripAdvisor,

Expedia.com, Hotels.com, etc. Keep in mind that user-generated review website users are not

shy to report what they see and how they feel: "hotel reviews posted on TripAdvisor reveal

everything from snooty staff to filthy toilets, and sometimes the reviewer's overly picky

standards" (Stellin, 2010, p. 1). The worrisome matter at hand about the user-generated reviews

on TripAdvisor is that "those comments can also cross the line between honest criticism and

unsubstantiated, inflammatory claims, with potentially damaging consequences for some hotels"

(Stellin, 2010, p. 1). The hotel industry is under scrutiny from the user-generated reviews; it is

caught in a time when a major recession has devastated top-line revenues and has left hoteliers

selling off rooms for rates that have never been seen before, both on the retail and opaque

distribution channels. With this mix of the recession and the emergence of user-generated review

score websites, hoteliers face a battle that requires a major revamp of the way they value the

importance of user-generated reviews online.

Constraints

The major constraints with user-generated review score websites such as TripAdvisor.com are their significant impact upon a hotel's top-line revenue and finding out what type of TripAdvisor review scores, TripAdvisor Popularity Index, and percent recommendations a hotel needs to have to be more successful than its competition.

Literature Review

Growth of User-Generated Hotel Review Websites

"In marketing terms, user-generated content [reviews] are effectively a form of consumer to consumer e-marketing. They equate to electronic word-of-mouth (WOM) marketing, whereby somebody who has an opinion about a product or service share their views, beliefs, and experiences with other people" (Ahuja, Michaels, Walker, & Weissbuch, 2007, p. 151). Some hoteliers are trying to quickly adjust to the social media revolution by "promoting their properties through bloggers, and they're using social-networking sites to gather feedback, monitor trends" (Yu, 2010, p. 1). The social media revolution has helped launched websites like TripAdvisor, which is a user-generated travel review website where people can share their experience with written details, pictures, and videos about a hotel. User-generated review websites contain elaborately organized online reviews that are created by the customer and then made available to other online users via interactive technology applications such as TripAdvisor.com, Expedia.com, and Hotels.com. The "Internet is evolving from a push marketing medium to one where peer-to-peer generation and sharing of data are the norm"

(O'Connor, 2010, p.754); people are going online, talking to one another, opening up, and sharing their experiences. The Internet was once only used to retrieve or post information, but with the transition to peer-to-peer data sharing via websites like TripAdvisor.com or Expedia.com, there are no limits as to what can be done. There has been "an explosion of Internet sites that assist consumers with making bookings online" (Sparks, 2010, p. 800). For example, Expedia.com, Hotels.com, and TripAdvisor.com help consumers book their hotel stays and provide hotel consumer-generated reviews as well. The growth of consumer-generated hotel review sites "not only allow users to read other consumers unedited and unfiltered opinions, but also to collect and aggregate such data from large numbers of similar people" at no cost to the consumer (O'Connor, 2010, p.757). This is why websites like TripAdvisor.com, Expedia.com, and Hotels.com are thriving as people want to read reviews about a hotel before they consider staying there.

TripAdvisor.com

"In this ever-changing digital revolution we are in what is becoming a "he who has greater content wins" situation and, even more importantly, "he who has unique contents is king."(Donoghue, 2006, p.13) The fastest-growing segment is what is known as user-generated content (UGC). "Sites such as TripAdvisor are creating an outlet for millions to share and provoke discussion on an array of topics, including travel" (Donoghue, 2006, p. 13). What Graham Donoghue said about TripAdvisor.com could not be more on point. According to an August 2010 press release by TripAdvisor.com which featured statistics about the site from comScore Media Matrix:

- More than 45 million honest travel reviews and opinions from real travelers around the world

- 1+ million businesses

- 85,000+ cities

- 474,000+ hotels

- 135,000+ attractions

- 675,000+ restaurants

- 6,000,000 candid traveler photos

- Ninety-eight percent of topics posted in the TripAdvisor.com forums are replied to within 24 hours

    ("TripAdvisor," 2011)

TripAdvisor.com has grown over the last eleven years to become a household name when it comes to traveling. With its 45 million reviews, you have to wonder how many people around the globe are seeking out their peers' opinion on a hotel. TripAdvisor.com has built its success by bringing users to its website to help build a travel community. In October 2010, TripAdvisor.com became the most popular and largest travel community in the world, with more than 40 million unique monthly visitors, with 20 million members ("Fact Sheet," 2011). According to an April 12, 2011, press release from TripAdvisor.com, 23 new contributions are made every minute on TripAdvisor.com ("TripAdvisor Grows," 2011). TripAdvisor may be based out of Newton, Massachusetts but as of April 12, 2011, "TripAdvisor.com now operates out of 29 countries and is available in 20 languages" ("TripAdvisor Grows," 2011)

TripAdvisor has a standard format when it comes to its reviews for each individual hotel that includes information about reviewers such as their screen name, how long they have been a member, etc. Below you will find an example of what a TripAdvisor review looks like:
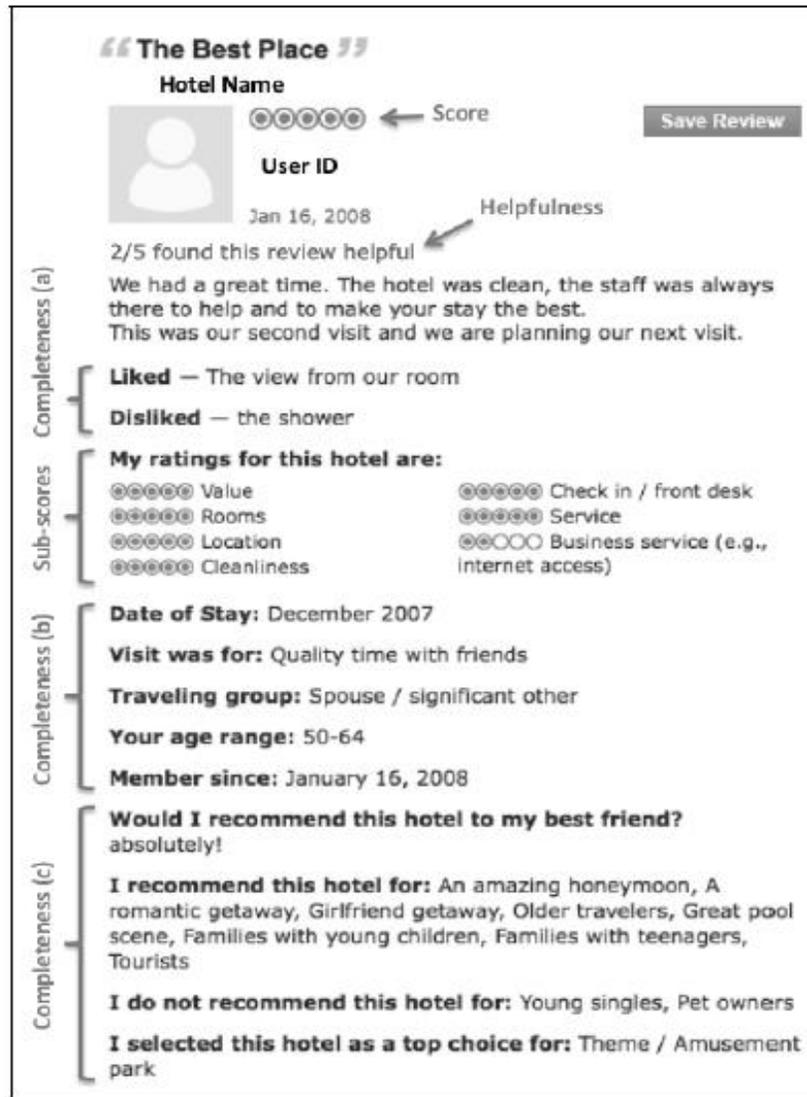

Figure 1. A TripAdvisor Review (O'Mahony, 2010, p. 324)

As you will see in Figure 1, this is classic setup of a TripAdvisor review. Potential guests are able to find all the details about a hotel they may be looking for based upon what other travelers

"Liked," "Disliked," and why the reviewer stayed at the hotel whether for business, pleasure, or

quality time with friends. Also, for every review, you will see who posted the review and how

many contributions that person has made, which give credibility to users' postings to show that

they are an active TripAdvisor member and not a one-off person who beating the hotel up or, in

some cases, a hotel writing its own review to raise its own score.

TripAdvisor has a standard setup for each hotel listing on TripAdvisor.com that looks

very similar to the listing you will see below of the Four Seasons Hotel Las Vegas:
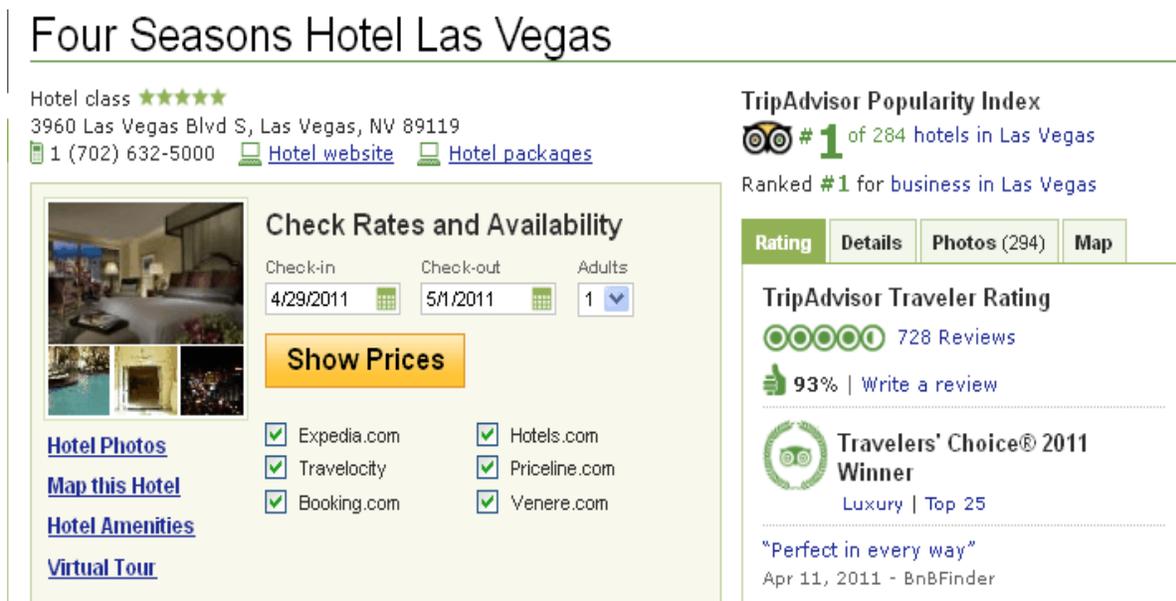
Figure 2. TripAdvisor Hotel Listing

As you will see in the listing above, the hotel name is highlighted at the top left of the listing,

followed by information about the hotel such as star rating and contact information. The contact

information such as phone number, email address, web address are a part of an upgrade program

that TripAdvisor sells to hotels by convincing hotels they will have a higher conversion rate and

greater probability that the potential user will book directly with the hotel instead of with an

online travel agent and cost the hotel large commissions. To the right of the listing you will see

the proprietary tool that TripAdvisor has created, which is called the "TripAdvisor Popularity

Index." According to TripAdvisor.com, the TripAdvisor Popularity Index "incorporates

Traveler Ratings to determine traveler satisfaction. Emphasis is placed on the most recent

information. We calculate the Popularity Index using an algorithm" ("How does the," 2011).

The TripAdvisor Popularity Index is a measurement that is used to place each hotel in a city in a

ranking from number one to the worst-rated hotel in town. As can be seen in Figure 2, the Four

Seasons Las Vegas ranks number 1 out of 284 hotels listed in Las Vegas, NV. If you read

further down on the right side of Figure 2 you will see the TripAdvisor Traveler Ratings, which

tell you how many reviews a hotel has received from TripAdvisor members. Below that appear

five green circles, which is the average score of all of the contributed reviews for a particular

hotel. You can easily see a hotel's rating by the number of green circles it receives out of five, or

in The Four Seasons Las Vegas' case, the hotel scored 4.5 green circles, which is admirable.

This system is an easy gauge for people who are searching through hundreds of hotels in a city

without having to read the reviews. Right below the TripAdvisor Traveler Rating section is the

percentage of people who would recommend the hotel and who have stayed there. In the case of

The Four Seasons Las Vegas, 93% of guests who stayed at the hotel would recommend it to

potential guests. It is easy to see how powerful this measurement is for guests as well when

searching for a hotel. TripAdvisor has made it easy for potential guests to browse through hotel

listings in a city or even search a few hotels by name and quickly come to a decision about where

they feel more comfortable staying based on what other fellow travelers are saying about a hotel.

Review Credibility

As there are many choices of websites that provide consumer-generated reviews, review credibility and trust become an important factor. To help viewers give reviews credibility, "sites often display demographic or other data about reviewers (for example, the length of their membership, their location, the number of times they have posted reviews in the past, etc.) to help build credibility and trust" (O'Connor, 2010, p. 759). This setup can be easily found on TripAdvisor, which shows each reviewer's number of contributions, screen name, location, date of posting, gender, age range, how many photos they have contributed, their style of travel (i.e., whether economical or flamboyant), and why they normally travel (i.e., for business or pleasure). "'Get the truth and go,' is the slogan peer-to-peer review site TripAdvisor uses to sell itself, to both the public and the advertisers that bankroll it." (Sharkey, 2009, p. 30). This is why TripAdvisor is seen as one of the "most prominent stand-alone user-generated review site[s] within travel undoubtedly" (O'Connor, 2010, p.760). "For the past couple of years criticism of the site [TripAdvisor.com] has been mounting, with hoteliers claiming that reviewers exaggerate and lie, reviewers accusing hoteliers of writing their own glowing reviews, and operators accusing each other of writing damning ones about their competitors" (Sharkey, 2009, p.30), which can be true; but how many of these reviews can one get? Hundreds? Probably not. With that said, there are many who say, "TripAdvisor does little to verify that the reviewer has stayed in the property in question, although it does claim that reviews are assessed by personnel trained in fraud detection" (O'Connor, 2010, p. 762).   Fraudulent reviews have been seen in the industry; many competing hotels have been spotted participating in these practices. With that

said, TripAdvisor "has been implementing various techniques to improve its integrity and credibility, such as the use of sophisticated detecting algorithms, spot checks, and readers' abuse investigation" (Jeong, 2008, p. 125). With hotel reviews being monitored more closely, we can see an increase in users' confidence in the reviews. "A survey by Times Online indicated that 82% of public users trust reviews posted on travel review site[s] like TripAdvisor.com (Jeong, 2008, p. 125). TripAdvisor's reviews have credibility; according to what they say,

> Despite the barrage of criticism, can 25 million users all be wrong? After all, even if the odd review is exaggerated beyond belief, the sheer volume of reviews should eventually paint an accurate picture. TripAdvisor actually relies on this as a form of policing. Its says: "Our research shows that the average traveler reads three pages of reviews when researching a hotel – so the overall context provided by this extensive content, together with the candid traveler photos of the hotels, gives travelers the ability to make an educated evaluation before they book (Sharkey, 2009, p. 31).

Influence and Expectations

> According to another survey with more than 2,000 U.S. adults, between 79% and 87% of the readers of online reviews of restaurants, hotels, and travel services reported that the reviews had a significant influence on their purchase decisions. More importantly, based on the strength of the reviews that they read, 41% of the restaurant review readers subsequently visited a restaurant, and 40% of the hotel review readers subsequently stayed at a hotel (Zhang, Ye, Law, & Li, 2010, p. 695).

With the growing number of consumer-generated review websites for hotels, concern over how

influential the reviews are comes to question. Consumers have begun transitioning to booking

online and are comfortable with the process which is why reviews and commentary that appears

online is becoming highly influential in their decisions about where the guest will book their

hotel accommodations. As the consumer gains trust and confidence in a particular consumer-

generated review website like TripAdvisor, the level of influence will continue to grow and have

an impact on hotels. This is a double-edged sword; a great hotel that continues to be great will

be fine. If a hotel that received a poor review is trying to improve, people will always see the

negative as they look into its reviews, and that can be an influencing factor that could hurt

business. Take into consideration that "exposure to online consumer reviews increases the

consumers' intention to purchase a product and maximizes the likely hood that consumers will

buy a recommended product" (Hyung-Park et al., 2007; Senecal & Nantel, 2004). "Senecal and

Nantel (2004) note that product recommendations from other consumers are even more

important to prospective purchasers when an experiential product (e.g., intangible services such

as tourism [hotels]) is concerned as opposed to a tangible product" (Cox, Burgess, Sellitto, &

Buultjens, 2009). Consumers continue to access their peer reviews on sites like TripAdvisor

"during their decision-making process and use it to help evaluate alternatives – basing their

decision on the unfiltered, dynamic, and topical opinions of their peers" (O'Connor, 2010,

p.758). This can be easily seen with the growing number of TripAdvisor site visitors using

reviews to help book their next travel arrangements. Amazingly, "frequent travelers in particular

see peer reviews as superior to other information sources and are more likely to be highly

influenced [when making their hotel stay arrangements]" (O'Connor, 2010, p. 760). Consumer-

generated review websites are becoming increasingly influential. In a "survey of 1,000 business

travelers, 28% said they actively seek advice from websites featuring user reviews, 46% were

influenced in their hotel selection by user reviews, and 41% decided to change their original

hotel choice after reading about other travelers' experiences" (Caterer & Hotelkeeper, 2009, p.

8), thus magnifying the growing influence of consumer-generated review sites. Recently,

> Vermeulen and Seegers (2009) conducted an experimental study among 168 participants
>
> to determine the impact of online reviews on the attitudes of travelers to hotels, and
>
> revealed that exposure to online reviews enhances the awareness of hotels and positive
>
> reviews can improve the attitudes of travelers towards hotels. In addition, a small
>
> number of recent studies used secondary data collected from the Internet and drew from
>
> observations of actual performance (Zhang, Ye, Law, & Li, 2010, p. 695).

Revenue Impact

With the growing influence of consumer-generated hotel review sites like TripAdvisor,

hoteliers are undoubtedly going to see a change in their revenue, given that negative reviews

have "the potential to tarnish a brand and persuade a potential consumer to search elsewhere for

[another hotel]" (Sparks, 2010, p. 799). As mentioned in a *Caterer and Hotelkeepers* article,

41% of guests who were going to pick a particular hotel changed their minds after reading about

other travelers' experiences (Caterer & Hotelkeepers, 2009, p. 8). Amazingly, with few hotels

actively managing their reputation on TripAdvisor, hoteliers are bound to see decreased

revenues, especially if hotel management is not managing user-generated hotel reviews

(O'Connor, 2010). Even travel giants like Expedia.com and Priceline.com are jumping on the

bandwagon and getting consumers to post consumer-generated reviews on their websites to help influence potential shoppers to book on their websites, as they have learned that the reviews will help convert shoppers into bookers. This directly affects hotels. Positive reviews on Expedia.com or Priceline.com encourage hoteliers to increase their potential conversion rate over competing hotels. The importance of consumer-generated reviews is growing tremendously and affecting hotels' revenue. For example "Complete, Inc. suggests that almost half of travel purchasers used user generated content [reviews] in their travel planning, and nearly one third said they found its input useful" (O'Connor, 2010, p. 760). If you think that online booking for travel websites is not much to worry about, in 2008, $105 billion in U.S. travel sales were booked online, with almost 25% of the hotel reservation distributed through third-party travel companies, such as Expedia, Travelocity, Priceline, Orbitz, and TripAdvisor.com (Stringam, 2010). Research has shown that hotels with higher review scores are able to achieve higher room revenues, as user-generated ratings and reviews can have a significant effect on the profitability of a hotel (Stringam, 2010).

<div align="center">Methodology</div>

For this study, a correlation study will be conducted that will be used to bring light to the connection between user-generated review scores on TripAdvisor.com and a hotel's RevPar. A positive correlation can be seen when a hotel has a lower TripAdvisor Popularity Index ranking on TripAdvisor.com and a hotel has a higher RevPar within a hotels' product class. A negative correlation can be seen when a hotel has a higher TripAdvisor Popularity Index ranking on TripAdvisor.com and a lower RevPar within a hotels' product class. Through the correlation

study the findings will show that there is a connection between hotels which have better TripAdvisor Popularity Index rankings and higher RevPar within a hotels product class.

Correlation Study

In the correlation study I have reached out to the Texas State Comptrollers office and will be pulling the revenue figures for nine hotels in Dallas, three hotels for each category, which will include four-star, three-star, and two-and-a-half-star hotels. I will be comparing each hotel's Revenue Per Available Room, also known as the RevPar, along with its TripAdvisor Popularity Index position. Given that all hotels on the list will have different room counts, RevPar would be the greatest measurement of success. Comparing revenue figures from each hotel would be skewed as some hotels on the response list have only 60 rooms while others have 200 rooms.

Three items will be used to show whether hotels with higher user-generated review scores have higher RevPar figures which will imply positive correlation: TripAdvisor Popularity Index, quantity of reviews for each hotel, and the recommendation percentage for each hotel.

Results

The results were very interesting, to say the least. The results will be broken down in three sections: four-star hotels, three-star hotels, and 2.5-star hotels.

User-Generated Review Correlation Data

4 Star Hotels	TPI	# of Reviews	% Recommendation	2010 Revenue	# Rooms	Revenue/Room	RevPar
1 Hotel Palomar	3 out of 187	186	90%	$7,398,681.04	198	$37,367.08	$102.38
2 Le Meridien Dallas	43 out of 187	105	67%	$5,727,545.46	258	$22,199.79	$60.82
3 Hilton Dallas Lincoln Centre	65 out of 187	109	65%	$11,464,891.31	500	$22,929.78	$62.82

3 Star Hotels	TPI	# of Reviews	% Recommendation	2010 Revenue	# Rooms	Revenue/Room	RevPar
1 The Magnolia Hotel	5 out of 187	750	87%	$9,363,803.02	330	$28,375.16	$77.74
2 Crowne Plaza Suites Park Central	53 out of 187	46	82%	$5,239,238.59	295	$17,760.13	$48.66
3 Courtyard By Marriot NW Hwy	145 out of 187	7	-86%	$1,328,000.52	146	$9,095.89	$24.92

2 Star Hotels	TPI	# of Reviews	% Recommendation	2010 Revenue	# Rooms	Revenue/Room	RevPar
1 Holiday Inn Express – Galleria	64 out of 187	18	85%	$1,498,379.44	100	$14,983.79	$41.05
2 La Quinta Inn Dallas East (I-30)	104 out of 187	14	58%	$1,019,345.18	100	$10,193.45	$27.93
3 Quality Suites Dallas	150 out of 187	23	-78%	$520,259.12	70	$7,432.27	$20.36

Glossary

TPI (TripAdvisor Popularity Index)	TripAdvisor Popularity Index (TPI) in Dallas is 187 Hotels
# of Reviews	Is the total number of reviews posted for this hotel on TripAdvisor as of April 22, 2011
% Recommendation	Is the percent of TripAdvisor reviewers who recommend this particular hotel as of April 22, 2011
2010 Revenue	Is the total room revenue reported to the State of Texas, required by law.
# of Rooms	Is the total number of rooms at the hotel
Revenue/Room	Revenue per room which is equal to total room revenue divided by the number of rooms
RevPar	Revenue per Available Room = Total Room Revenue divided by the total number of rentable rooms over the measurement period

4 Star Hotels	Q1	Q2	Q3	Q4	Total
Hotel Palomar	$1,777,332.83	$1,923,167.59	$1,786,318.87	$1,911,861.75	$7,398,681.04
Le Meridien Dallas	$1,496,444.00	$1,074,480.00	$1,334,472.94	$1,822,148.52	$5,727,545.46
Hilton Dallas Lincoln Centre	$3,328,669.82	$2,805,947.43	$2,556,046.55	$2,774,227.51	$11,464,891.31

3 Star Hotels	Q1	Q2	Q3	Q4	Total
The Magnolia Hotel	$2,288,219.89	$2,374,864.95	$2,415,870.53	$2,284,847.65	$9,363,803.02
Crowne Plaza Suites Park Central	$1,381,371.19	$1,275,954.27	$1,213,884.92	$1,368,028.21	$5,239,238.59
Courtyard By Marriot NW Hwy	$333,994.18	$341,503.12	$302,516.23	$349,986.99	$1,328,000.52

2 Star Hotels	Q1	Q2	Q3	Q4	Total
Holiday Inn Express – Galleria	$282,101.83	$366,784.69	$418,915.83	$430,577.09	$1,498,379.44
La Quinta Inn Dallas East (I-30)	$240,458.40	$257,327.89	$281,482.04	$240,076.85	$1,019,345.18
Quality Suites Dallas	$133,937.72	$130,738.94	$127,791.12	127791.34	$520,259.12

Source of Data

Texas State Comptroller Office	http://aixtcp.cpa.state.tx.us/hotel/hotel_qtr_all_srch.php
TripAdvisor Dallas Hotels	http://www.tripadvisor.com/Hotels-g55711-Dallas_Texas-Hotels.htm L

Four-Star Hotel Results

The four-star hotels included three four star level hotels featured on TripAdvisor.com and located in Dallas, TX. The first hotel was the Hotel Palomar, a Kimpton-branded boutique luxury hotel with 198 rooms. The second hotel was the Le Meridien Hotel, a Starwood-branded hotel, with 258 rooms. The third and last hotel is the Hilton Dallas Lincoln Centre hotel, which is a Hilton-branded hotel with 500 rooms.

As shown in Figure 2, hotel number one, which was listed as the number three hotel in Dallas out of 187 hotels, had the highest RevPar at $102.38. Hotel number one also has the highest revenue grossed per room at $37,367.08 as well as the highest recommendation percentage, 90%, from travelers on TripAdvisor.com among the three hotels compared. Also, hotel number one has the most number of reviews posted by travelers compared to the other two hotels in the correlation study.

Hotel number two was the positioned as number 43 out of 187 on the TripAdvisor Popularity Index, which made it the runner-up among the four star hotels studied. Hotel number three was positioned as number 65 out of 187 on the TripAdvisor Popularity Index for the city of Dallas, which made it the hotel with the lowest TripAdvisor Popularity Index score in the four-star hotel correlation study. Hotel number two had 105 reviews, four fewer reviews than the third-place hotel in the four-star hotel study, which had 109 reviews. However, hotel number two had a 67% recommendation percentage from travelers who posted reviews on the hotel which made it more appealing than hotel three, which had a two percent lower score at 65%. Hotel number two had the lowest gross revenue per room within the four-star hotel correlation

study at $22,199.79; it was $729.99 les than hotel three, which had $22,929.78. Hotel number

two also came in with the lowest RevPar within the four-star hotel correlation study at $60.82,

which was $2.00 less than hotel three, which had a $62.82 RevPar.

Three-Star Hotel Results

      The three-star hotel correlation study included three hotels. The Magnolia Hotel is a

boutique hotel brand, and this particular property has 330 rooms. The second three-star hotel in

the correlation study was the Crowne Plaza Suites Park Central, which is also a branded hotel. It

is linked to the Intercontinental Hotel Group and has 295 rooms. The third hotel was the

Courtyard by Marriott, located on the Northwest Highway, which has 146 rooms.

      Hotel number one, The Magnolia Hotel, scored the highest RevPar in the correlation

study among the three hotels randomly chosen within the three-star hotel range on

TripAdvisor.com. Hotel number one had an astonishing RevPar of $77.74, far stronger than any

of its competition. Hotel number one was ranked as the number 5 hotel out of 187 hotels in

Dallas, Texas with TripAdvisor's proprietary Popularity Index. Hotel number one also had 750

reviews, which blew its competitors' doors away. Hotel number one also had the highest

recommendation percent among the three three-star hotels compared; it scored an 87%

recommendation level. Hotel number one also had the highest gross revenue per room within the

three-star hotel range at $28,375.16.

      The two other hotels compared in this correlation study included hotel number two, the

Crowne Plaza Suites Park Central, and hotel number three, the Courtyard by Marriott Northwest

Highway. Hotel number two scored the second highest in the correlation study, from its 53rd

position on the TripAdvisor Popularity Index to the 46 reviews that were posted by travelers, to

the gross revenue per room at $17,760.13, to the most important measurement – the RevPar,

which came in at $48.66, the second highest in the three-star hotel correlation study. Hotel three

was at position number 145 out of 187 on the TripAdvisor Popularity Index, which puts it only

42 positions from the lowest-rated hotel in Dallas, Texas. Hotel three also had the fewest

reviews out of the comparison set: seven reviews. What was most interesting is that there was a

-86% recommendation percentage for hotel number three from the TripAdvisor travelers who

have posted reviews about it. In other words, among all the reviews that were posted by guests

who stayed at hotel three, 87% of them would not recommend this hotel, and only 13% of

travelers who stayed at this hotel would recommend this hotel to other travelers. Hotel three also

had the lowest gross revenue per room: $9,095.89. Most importantly hotel three in the three-star

hotel correlation study had the lowest RevPar at $24.92, which is 49% lower compared to hotel

number two, which had a $48.66 RevPar.

Two-and-a–Half-Star Hotel Results

Within the two-and-a-half-star correlation study in Dallas, the three hotels that were

randomly selected off of TripAdvisor.com include the Holiday Inn Express Galleria a 100-room

hotel; the La Quinta Inn Dallas East (I-30), a 100 room hotel; and the Quality Suites Dallas. All

three of the hotels randomly selected are affiliated with a major brand. The Holiday Inn Express

is affiliated with the Intercontinental Hotel Group, the La Quinta Inn is affiliated with the La

Quinta brand, and Quality Suites is affiliated with Choice Hotels.

Hotel number one, the Holiday Inn Express Galleria, ranked 64 out of 187 on the

TripAdvisor Popularity Index, which placed it highest in the two-and-a-half-star hotel correlation study. Hotel number one, however, came in as the runner-up with regards to the number of reviews listed for it in the correlation study (18). With that said, hotel number one had the highest recommendation percentage amongst the hotels in the two-and-a-half-star comparison, 85%. It had a significant lead from the runner-up, which had a 58% recommendation percentage, meaning that hotel one had a 27% lead. Hotel one had the highest gross revenue per room in the comparison set: $14,983.79. Most importantly, hotel one in the two-and-a-half-star hotel correlation study had the highest RevPar at $41.05.

Hotels two and three ranged quite a bit in the TripAdvisor Popularity Index. Hotel two held position number 53 out of 187 in Dallas, Texas, while hotel three was close to the bottom at 150 out of 187. Hotel two did have fewer reviews posted by guests compared to hotel three, hotel two had 14 reviews posted, and hotel three had 23 reviews. The interesting results were that hotel two had a 58% recommendation percentage while hotel three had a -78% recommendation percentage: Out of all guests who stayed at hotel three, only 22% of them would recommend the hotel, while 78% of guests who have stayed at hotel three are not recommending potential guests to stay there. These results carry through to the RevPar as well: Hotel two scored a $27.93 RevPar, making it the runner-up hotel, and hotel three scored the lowest RevPar among the three hotels compared in the two-and-a-half-star correlation study at $20.36. Hotel three had a 27% lower RevPar than hotel two.

<div align="center">Recommendations</div>

The results of the correlation study showed that eight out of nine hotels that had a high

TripAdvisor Popularity Index score also had a high RevPar. In the four-star hotel correlation study, hotel number three, the Hilton, which had the lowest TripAdvisor Popularity Index score in the four-star hotel correlation study, was the only hotel in all the comparisons that went against the theory that there is a correlation between hotels that have a high TripAdvisor Popularity Index score and a high RevPar. Eight out of the nine hotels randomly selected – three in each star rating ranging from four stars to two-and-a-half-stars – clearly showed that hotels that had a better ranking on the TripAdvisor Popularity Index had a higher RevPar.

TripAdvisor.com continues to grow rapidly, as mentioned throughout this research. Hotels need to understand the importance of user-generated review score websites like TripAdvisor.com and what impact a website like TripAdvisor.com can have on a hotel's RevPar, one of the hotel industry's more important measurement of success. As presented in the correlation study with the randomly selected hotels in the three different star rating scales, readers will see that 89% of the hotels, or eight out of nine hotels that had a high TripAdvisor Popularity Index ranking, had a high RevPar. There is a clear correlation between the two measurements, and hoteliers need to understand this. The later a hotel waits to realize this and improve its ratings on TripAdvisor, the more revenue it may be losing to its competitors.

Based upon the results of the correlation study, the greatest recommendation that can be given to hoteliers is to understand the importance of user-generated review score websites like TripAdvisor.com and how they can affect a hotel's RevPar.

Create an action plan on tackling TripAdvisor.com as it is currently the largest and most powerful user-generated review score website for hoteliers. Log on to TripAdvisor.com, look up

your hotel, and read what guests are saying. Write down your TripAdvisor Popularity Index, your recommendation percentage, and the number of reviews that guests who have stayed at your hotel posted for your hotel and use this information as a starting point. The most important step after you get all of this information is to go through each review posted and see if you can fix each of the issues mentioned. Then create achievable goals for where you want to be; for example, if you are ranked at 100 out of 200 hotels make small goals on how you will get to 50 out of 200. Also, see what successful hotels in your market are doing to achieve higher rankings on their TripAdvisor Popularity Index. Improving your ranking on the TripAdvisor Popularity Index is not an easy undertaking in most cases, so be prepared to put in some hard work, but as shown in the correlation study above you will be rewarded handsomely in the end with improvements in your RevPar.

<div align="center">Conclusion</div>

This study explored how user-generated review websites are becoming more and more important to a hotel's success due to the correlation between their standings on these websites (such as TripAdvisor.com) and a hotel's RevPar. A correlation study was presented on how the TripAdvisor Popularity Index was, in eight cases out of nine, positively correlated with a hotel's RevPar. Hoteliers need to understand the importance of user-generated review websites; the most important is TripAdvisor.com as it is currently the hotel industry's largest user-generated review website. Hoteliers are encouraged to gather their current standings and data about their hotel on TripAdvisor.com and then create an action plan to help them improve their TripAdvisor Popularity Index, which was shown to positively correlate with RevPar for hotels in the

correlation study conducted in this study. It is up to hotels to take action and improve their

TripAdvisor Popularity Index if they are interested in increasing their revenues and the greatest

measurement of a hotel's success, RevPar.

Glossary

Average Daily Rate (ADR) – Hotel revenue divided by the number of rooms sold. Hotels use this measure to calculate the average price at which they are booking hotels each night. So, if a hotel made $50,000 and sold 200 rooms, its ADR would be 50000 / 200 = $250.

Electronic Word-of-Mouth (eWOM) – Electronic word-of-mouth is a relatively new-found term and it has two closely related terms. The terms electronic word-of-mouth and eWOM are frequently used as synonyms for viral or buzz marketing. Although the degree of relationship among these terms is strong, hold these three terms still some wide fundamental differences.

Occupancy – the percentage of all rental units (as in hotels) are occupied or rented at a given time

Online Travel Agents (OTAs) – Within the hotel industry many online company's such as Expedia.com, Travelocity.com, Ortibitz.com have built business models on the traditional travel agency but with a twist. The twist is that they cut out all of the travel agent mark ups normally passed to the traveler which now get passed to the hotels, airlines, car rental agency's.

Revenue is income that a company receives from its normal business activities, usually from the sale of goods and services to customers.

Revenue Per Available Room (RevPar) – In the hotel industry, a measure of the average daily rate for a room multiplied by the number of rooms used. It is calculated by taking the total revenue for a particular period of time and dividing by the number of rooms rented over the same period. It is important to note that RevPar only accounts for revenue from room rental and does not include other sources of revenue, such as that from room service or alcohol.

Review website is a website on which reviews can be posted about people, businesses, products, or services. These sites may use Web 2.0 techniques to gather reviews from site users or may employ professional writers to author reviews on the topic of concern for the site.

Social Media is the use of Web-based and mobile technologies to turn communication into interactive dialogue.

Top Line Revenue – The "top" reference relates to the fact that on a company's income statement, the first line at the top of the page is generally reserved for gross sales or revenue.

TripAdvisor.com is the world's largest travel site and assists customers in gathering travel information, posting reviews and opinions of travel-related content, and engaging in interactive travel forums. TripAdvisor.com is part of the TripAdvisor Media Group, operated by Expedia, Inc. TripAdvisor is a pioneer of user-generated content. The website services are free to users, who provide most of the content, and the website is supported by an advertising business model.

TripAdvisor Popularity Index incorporates Traveler Ratings to determine traveler satisfaction. Emphasis is placed on the most recent information. We calculate the Popularity Index using an algorithm (http://www.tripadvisor.com/help/how_does_the_popularity_index_work). TripAdvisor's Popularity Index is:

- ⚔ **Pure:** Completely organic. No paid results influence rankings.

- ⚔ **Fresh:** Constantly incorporates new information.

- ⚔ **Global:** Reflects reviews from around the world.

- ⚔ **Unbiased:** Based on the good and the bad!

User-Generated Review Websites are used for a wide range of applications, including problem processing, news, gossip, and research. They reflect the expansion of media production through new technologies that are accessible and affordable to the general public.

Web 2.0 sites allows users to interact and collaborate with each other in a social media dialogue as consumers of user-generated content in a virtual community, in contrast to websites where users (consumers) are limited to the active viewing of content that they created and controlled.

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