

1-1-2013

Responding to Tripadvisor: How Hotel Responses to Negative Online Reviews Effect Hotel Image, Intent to Stay, and Intent to Return

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Responding to Tripadvisor: How Hotel Responses to Negative Online Reviews
Effect Hotel Image, Intent to Stay, and Intent to Return

by

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Bachelor of Arts
Clemson University, 2010

Submitted in Partial Fulfillment of the Requirements

For the Degree of Master of International Hospitality and Tourism Management

in

International Hospitality and Tourism Management

College of Hospitality, Retail and Sport Management

University of South Carolina

2013

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Dedication

This thesis is dedicated to the people who believed in me. To my family, thank you for all of your understanding; it was your love and encouragement that pushed me to be the best I could. To my friends, thanks for sticking with me and making me smile, even when I was totally consumed by school. To Dr. Kline, who first convinced me to do a thesis and then stood by me even after relocating to the University of Delaware. Also to my committee, thank you for the time and effort you put in to help me finish this thesis. Lastly, I would like to express the deepest gratitude to Dr. DiPietro. It was her will and determination that kept me going even when I wanted to quit. Without her commitment, I know that this thesis would not exist.

Abstract

Online guest reviews have become an important facet of consideration when guests decide on a hotel. Similarly, research has been done that shows a correlation between guest satisfaction and hotel responses to online reviews. However, little research has been done to show specifically how hotel management responses to comments posted on online review sites such as Tripadvisor influence intent to stay. This study investigates how hotel image, intent to stay, and intent to return are impacted by hotel responses to negative online feedback. The data reveals that providing a service recovery response to negative online reviews increases hotel image, intent to stay, and guest return intent. Similarly, the study finds that hotel image is a predictor for intent to stay and guest return intent; and that in certain scenarios, overall perception of the hotel also predicts intent to stay and return. The current study examines these relationships and provides implications for practitioners and academics.

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Chapter 1

Introduction

Online travel reviews have played an increasing role in guests' decisions to stay at hotel properties, yet only recently have hotels begun to understand these implications. With the constant influx of guests sharing their hotel experiences—both positive and negative—through Internet review sites such as Tripadvisor, it is more important than ever to understand the significance that these reviews have on hotel guests and the hospitality industry (Jeong & Jeon, 2008; Mattila & Mount, 2003; O'Connor, 2010; Sigala, 2006; Sparks, 2011).

According to Gretzel, Yoo, and Purifoy (2007), 96.4% of guests use the Internet at some point during their pre-trip planning and booking. Reviews are important for hotels in order to maintain, promote and repair their hotel's image that will in turn impact intent to stay and intent to return (Gretzel et al., 2007; Chuang et al., 2012). By responding to online hotel reviews, hotel managers are reclaiming the marketing potential provided to customers by online review sites; this means that current and potential guests can base their decisions not only on the customer's opinions but also on the hotel's recovery (Min, Chenya & Mattila, 2010; O'Connor, 2010). Yet before hotel managers can respond appropriately to these online reviews, it is important for hotel managers to understand the motivation behind the reviews.

Many studies have been undertaken to understand what motivates guests to write online reviews (Chuang et al., 2012; Fernández-Barcala et al., 2009; Gretzel et al., 2007; Kyung-Hyan & Gretzel, 2008). It is important to know the motivations behind customer reviews because as more and more people engage in electric word-of-mouth (eWOM), the monetary value of travel related purchases increases. About \$73 billion dollars annually is spent online on the travel industry—which accounts for 35% of all online spending (Yoo & Gretzel, 2008). Therefore, online spending has a large influence on the tourism industry. Online reviews could help or hinder a hotel's access to these funds especially as customers who experience dissatisfaction with a hotel property are four times more likely to share their story with others (Black & Kelley, 2009). As discontent is more likely to be spread through eWOM, hotel managers need to better understand all facets of eWOM in order to obtain control over the hotel's recovery and to increase the potential for positively marketing their hotel property.

In order to understand eWOM, Fernández-Barcala, González-Díaz and Prieto-Rodríguez (2009) took factors such as price, hotel quality, and location into consideration when analyzing guest likelihood to post a review on a hotel. They found that price and hotel quality negatively impacted online reviews, while location did not shape the customers' reviews. This means that the higher the price and the higher the quality rating for hotels, the worse the online review rating. So because the hotel has a higher price and quality rating, guests create

higher expectations of the property overall. In other words, when the hotel doesn't meet the standards that the guest has envisioned, guests think negatively of the hotel. Those preconceived expectations regarding the hotel property ultimately lead to negative reviews online (Chuang et al., 2012; Fernández-Barcala et al., 2009). When these predetermined notions are not met, guests post reviews that influence both new consumers and overall hotel image. When the guest has expectations that are not met these negative reviews result in actions that harm the hotel's bottom line (Chuang et al., 2012).

Similarly, Yoo and Gretzel (2008) revealed that there are two main driving forces behind guest's online reviews of hotels. The first reason that guests review hotels is a desire to reciprocate; when a hotel delights a customer, the guest, in turn, wants to reward the hotel by posting a positive review and promoting the experience to others. However, the opposite also holds true, if the hotel does not meet expectations, the guests then are more likely to post negative reviews. The second factor that influences guest reviews is a desire to share with or warn away others. In cases of positive experiences, they wanted others to have that experience as well; as for negative experiences, they wanted to caution others against similar situations. Yet when guests post negative reviews, either to punish the hotel or to warn others away from the experience, the hotel still has the capability to recover by responding to these posts (Yoo and Gretzel, 2008).

However, even though the option to respond to online reviews is available, hotels are not fully utilizing this tool to respond to criticism; thus, harming their brand image. O'Connor (2010) found that less than .5% of online reviews posted to Tripadvisor had hotel responses even though Tripadvisor provided a "right to reply" option to hotel management. In similar research done by Lee and Hu (2004), only 31 out of 222 of the reviews had responses—approximately one in seven. When complaints are made directly to employees, service recovery, or an attempt to fix the guest's problem, plays an essential role in guest satisfaction; therefore, online service recovery should parallel those efforts (Chuang et al., 2012; Hoffman & Chung, 1999).

Black and Kelley (2009) revealed that guests responded to service failures in three ways: exit, voice, and loyalty. 'Exit' means that the guest stops using the hotel, while 'voice' refers to when a guest makes a complaint. An example of 'loyalty' is when a guest remains a customer despite a misstep in service or a mistake. Black and Kelley (2009) noted that it is the within "voice" that service recovery had the most potential to sway the guest in a positive manner. Thus, when consumers "voice" complaints, they will then either move into the exit or loyalty categories depending on how the hotel reacts (Black & Kelley, 2009). Similarly, complaints made by contacting call centers or directly emailing hotels revealed that effectively handling criticisms in a timely and efficient manner increased hotel recovery and encouraged guest satisfaction (Mattila & Mount, 2003). Therefore, it is important for hotel managers to respond to reviews

posted online because those reviews, even negative, have the potential to positively influence guests, especially since the popularity of using online review sites is constantly growing (Gretzel, Yoo & Purifoy, 2007; Hudson & Thal, 2013; Levy, Duan & Boo, 2013). With the growth of online reviews, the next section examines their importance and poses a general research problem.

Research Problem —

When deciding where to book a room, Gretzel et al. (2007) showed that 90% of respondents who pre-planned their vacations online considered Internet reviews when booking a hotel. Of those same respondents, 77.9% placed *extreme* importance on reviews written by others. With so much emphasis being placed on reviews, the hospitality industry needs to look at how a hotel's response through online travel sites can influence guests. However, there is currently very little research done on hotel management responses to negative reviews. Research done by Litvin and Hoffman (2012) was the only study readily available on the subject. Litvin and Hoffman (2012) compared three negative reviews to different hotels. One review had no response from management, one had a response from a previous guest (not the guest who wrote the negative review), and the final hotel review had a response from hotel management. Overall, they found that guest responses and managerial responses increased the guest's satisfaction with the hotel. This study will add to the current literature by expanding Litvin and Hoffman's (2012) work by seeking to

understand how hotel image, intent to stay, and intent to return are impacted by hotel management's responses to negative online feedback.

Overall, this section has presented the motivations behind reviews, importance of reviews to guests, and the general research problem; Chapter Two will examine key research related to this study. It will explain how reviews influence customers as well as reasons that hotels should respond to negative reviews. Similarly, it will decipher common guests complaints made offline and online. Likewise, it will compare common hotel responses to guest complaints in face to face situations with common hotel responses made online. Lastly, it will pose specific research questions based on that literature.

Chapter 2

Literature Review

Importance of Online Review Sites —

Online review sites are playing an ever-increasing role in hotel bookings. Currently, online reviews spread dissatisfaction two times as fast as when offline—which is a major issue faced by the hospitality industry when new customers consider word-of-mouth (WOM) the most trusted form of information (Black & Kelley, 2009). Likewise, 70% of reservations made are booked online, and, with online booking activity constantly rising, this means that eWOM has the potential to reach a vast majority of guests who are booking online while ordinary WOM only reaches friends and family (Xie, Miao, Kuo, & Lee, 2011). So, whenever a potential guest is unable to find reliable accounts of a hotel from acquaintances, they turn to Internet sources—77.9% reading online reviews of hotel accommodations in order to help them anticipate the hotel's quality (Fernández-Barcala et al, 2009; Gretzel et al., 2007). Ögüt & Onur Taş (2012) quantified that 84% of all hotel guests claim that online reviews helped them plan their vacation.

In comparison, O'Connor (2010) mentioned that 60% of people checked online before purchasing a product or service and that among that percentage,

80% stated that the reviews influenced their decisions. Similarly, Jeong & Jeon (2008) found that 82% of people trusted reviews posted to Tripadvisor and others posted to similar sites. The popularity of these review sites is influencing the booking intention of hotels either positively or negatively, depending on the reviews (Jeong & Jeon, 2008). Thus, the Internet has given control of the hotel's demand and image to the guest. It has made consumers more knowledgeable, sophisticated, experienced, and, as a result, less brand loyal, which means that customer relationship management, or the hotel's management of interactions with existing and potential guests, could provide hotels with a way to regain control of their image online (Sigala, 2006; Sparks & Browning; 2010). Similarly, it would also provide hotel managers with the opportunity to make changes and relay those changes to guests, ultimately completing the feedback loop (MindTools, 2012). A feedback loop shows that fixing and responding to complaints is a major opportunity for service recovery. Complaints that are never acted upon and are simply ignored result in an open-ended feedback loop, i.e., a broken loop. In order to close the loop, there are four steps that need to be completed: collect data, take action, communicate feedback, and refine changes (MindTools, 2012).

When placed within the reality of the hospitality industry, the "collect data" phase tells hotels that they should read and act on online reviews; managers should actively search them out. Hotel managers need to implement tools in order to collect online data from online sites such as Tripadvisor,

Expedia, Orbitz and Travelocity. For example, Tripadvisor can be set up to alert hotels every time a guest posts a review, if management takes the time to sign up for these emails (Tripadvisor, 2012).

Next, the second step, "take action," implies that the hotel needs to take the appropriate actions to correct the mistake. However, most businesses mishandle complaints, with half of responses to complaints actually enhancing the customer's discontent as it makes the guest feel as if the hotel does not understand their wants or expectations (Hoffman & Chung, 1999). The MindTools (2012) model stated that this step in the process was the most ignored; Hoffman & Chung (1999) also found that 'no response' was the second most utilized response to customer complaints in the hotel industry when it came to face-to-face interactions, and of those customers who received no response, 69% defected to the competition.

Lastly, the final two steps of the feedback loop, "communicate feedback" and "refine changes" can be looked at simultaneously. First, the firm needs to respond to online reviews because this shows the guest that they value customer feedback as well as take the proper measures to implement change. If no changes are made, the guest needs to know this as well as a reason that change didn't occur; always thanking guests for their feedback (MindTools, 2012). Van Vaerenbergh, Larivière and Vermeir (2012) revealed that when a manager spoke with the customer in person and relayed the changes being made to procedures, 70% of dissatisfied guests who originally rated the hotel on a 1-2 level out of a

rating of 5 then re-rated the hotel at a 4-5 level. Lastly, the guest may make further comments that could lead to some slight alterations in the already implemented changes before the entire cycle starts again with a new complaint (MindTools, 2012).

Within the hospitality industry, completing the feedback process is vital when it comes to online reviews. There is a constant increase in the number of people looking to the Internet during their pre-trip planning phase (Zhang, Pan, Smith, & Li, 2009). Overall, online travel related information is one of the most popular online activities, with more than half of people admitting to use online reviews every time they pre-plan a vacation (O'Connor, 2010).

Also, Zhang and Mao (2012) revealed the effects that traveler reviews have on the hotel industry – with reviews having significant impacts on hotel image. This aspect of customer service is imperative when it comes to eWOM because eWOM doesn't disappear over time and its reach is worldwide; in fact, 84% of people claim that they are influenced by online reviews (Ögüt & Onur Taş, 2012). To potential guests, online reviews are more familiar, understandable, and trustworthy which in turn influences their intent to stay (Zhang et al., 2009). According to Hoffman and Chung (1999), from a management aspect, service recovery is readily applicable because businesses without service recovery lose 15%- 20% of their customers each year. Thus, service recovery within the feedback loop helps potential guests establish expectations of the hotel, while simultaneously allowing hotel managers the

opportunity to create customer loyalty by providing past, dissatisfied guests with a reason to change their minds. Ultimately, with the growth of online travel review sites, it is important for hotels to respond to guest complaints online (O'Connor, 2010; Ögüt & Onur Taş, 2012). The next section will highlight the most common complaints mentioned by guests both offline (in person) and online (through reviews).

Guest Complaints —

When it comes to complaints mentioned both offline and in online reviews, they are categorized into two sections: core system or customer service. Core system issues are problems with the product itself—shabby décor, unclean bed, no vacancy—while service issues relate to how customers feel they are treated and issues with guest service (Chuang et al., 2012; Sparks & Browning, 2011). Lee and Hu (2004) categorized service failures, mistakes made by the hotel, using three categories: service delivery system failures, responses to customer needs and requests, and unsolicited employee actions. These categories cover a multitude of complaints that guests make about the hotel (Black & Kelley, 2009; Jeong & Jeon, 2008; Lee and Hu, 2004; Mattila & Mount, 2003; O'Connor, 2010; Sparks & Browning, 2011; Zheng, Youn & Kincaid, 2009). First, this study will look at common complaints made offline.

Offline Complaints —

In the case of face to face complaints, Tantawy and Losekoot (2001) relayed that guest center their complaints around the following categories: mechanical complaints, attitudinal complaints, service failures, and unusual complaints. More specifically, Tantawy and Losekoot (2001) showed the top ten complaints within those four categories:

- 1.) Price of rooms
- 2.) Speed of service
- 3.) Quality of service
- 4.) Availability of service
- 5.) Employer knowledge and service
- 6.) Quietness of surroundings
- 7.) Availability of accommodation requested
- 8.) Check-out lines
- 9.) Cleanliness of establishment
- 10.) Adequacy of credit

Even though the number one complaint was price related, it is important to notice that guests predominately complained about issues with service. Four out of the top five complaints mentioned have to do with the hotel staffs' abilities—i.e. their knowledge, speed, availability, and overall quality.

Likewise, Lee, Singh and Chan (2011) surveyed hotel guests and found that the most common face to face complaints centered around service provided at check-in and check-out; however, guests also complained about room amenities, food services, variety of choices, and customer service. Lee et al. (2011) specifically mentioned speed and ease of check-in/check-out, denied requests, unprepared rooms, issues with billing, and the room being too small, unclean, or uncomfortable. When guests experience these issues, they complain

to the hotel expecting some form of response or they remain silent and take their grievances home with them. It is the guests who go home unsatisfied or have their complaints ignored that then have the added motivation to take their issues online. Next, this study will look at common complaints made to hotels online.

Online Complaints —

In the case of online complaints, Lee and Hu (2004) found that guest reviews center around the following complaints: service provided not agreed upon (18.02%), service declined in quality (16.67%), rude customer service representatives (14.41%), service never provided (13.06%) and overcharged (12.16%)—with these top five complaints accounting for almost three-fourths of all complaints. The following list shows the top eleven complaints found by Lee and Hu (2004) as well as their percentage of appearance:

- 1.) Service provided not agreed upon (18.02%)
- 2.) Service declined in quality (16.67%)
- 3.) Rude customer service representatives (14.41%)
- 4.) Service never provided (13.06)
- 5.) Overcharged (12.16%)
- 6.) Misleading advertising (5.86%)
- 7.) Unresponsive to requests for assistance (4.50%)
- 8.) Customer service contact confusing/inefficiency (3.15%)
- 9.) Unexpected/hidden fees added to the bill (3.15%)
- 10.) Uniformed service representatives (2.25%)
- 11.) Refused to adjust fees as guaranteed (2.25%)

After the top five, the percentage of appearance drops drastically, but, even though they don't appear as predominately, they still center on service quality and billing.

Zheng et al. (2009) looked at reviews posted to Tripadvisor and found the complaints that were most posted by reviewers. They grouped complaints into three main categories and recorded the number of times that complaints appeared in each—service (65.7%), value (16.4%) and rooms (14.5%). So, among these, the most popular complaint was about service quality at 65.7%. Zheng et al. (2009) also looked at subcategories of these three main complaints and found the following:

- 1.) Expected service not delivered (46.6%)
- 2.) No response to requests (13.7%)
- 3.) Service delays (10.3%)
- 4.) Rude employees (10.3%)
- 5.) Room reservation (9.5%)
- 6.) Comments handling (7.1%)
- 7.) Overcharged/Billing (2.2%)
- 8.) Misleading advertising (.3%)

Thus, the number one complaint falls into the service category and accounts for 46.6% of all complaints. Similarly, the top four complaints belong in the service category, followed by a mix of room and value failures.

Mattila and Mount (2003) revealed that common complaints made through emails to hotel management include service quality (32%), room accommodations (23%), billing (8%) and other (18%). Jeong and Jeon (2008) looked at reviews posted to Tripadvisor in New York City and found that guests complained most about room rate, meals or other services, speed and quality of

service, parking availability, employee knowledge and service, quietness of the surrounding, and availability of rooms.

Black and Kelley (2009) found that online customer complaints include: slow and inefficient staff, delayed check-in/out, and unprepared rooms. More recently, in 2010, O'Connor listed—in descending order of importance—the most popular complaints and errors posted to Tripadvisor: hotel location, room, staff, cleanliness, breakfast, and facilities. Sparks and Browning (2010) also compared Tripadvisor posts and found the most commonly referenced complaints and the number of times they were mentioned:

- 1.) Room features (127)
- 2.) Consumer service (82)
- 3.) Public areas of hotel (77)
- 4.) Star reference (52)
- 5.) Food or beverage (47)
- 6.) Value reference (31)
- 7.) Location (30)
- 8.) Tour company (5)
- 9.) Ambience (5)

Stringam and Gerdes (2010) performed a web crawl to pull the most commonly used words in online reviews. Based on those words, they then found the most important factors that influenced customer ratings online. They listed cleanliness, location, food and beverage options, and service quality as some of the most important aspects impacting online reviews.

Lastly, in 2011, Sparks and Browning found that many online reviews related employee rudeness, decreased service quality and lack of service.

Therefore, throughout the years, certain grievances have come to the

foreground as prevalent themes for customer complaints—both in person and online (Black & Kelley, 2009; Mattila & Mount, 2003; Jeong & Jeon, 2008; O'Connor, 2010; Sparks & Browning, 2011; Stringam & Gerdes, 2010; Zheng et al., 2009). The top five complaints mentioned are listed and summarized as follows:

Top Complaints Offline

- 1.) Service Quality (Lee, et al., 2011; Tantawy & Losekoot, 2001)
- 2.) Accommodations (Lee, et al., 2011; Tantawy & Losekoot, 2001)
- 3.) Speed of Service (Lee, et al., 2011; Tantawy & Losekoot, 2001)
- 4.) Cleanliness (Lee, et al., 2011; Tantawy & Losekoot, 2001)
- 5.) Billing Errors (Lee et al., 2011)

Top Complaints Online

- 1.) Service Quality (Jeong & Jeon, 2008; Lee & Hu, 2004; Mattila & Mount, 2003; O'Connor, 2010; Sparks & Browning, 2010; Stringam & Gerdes, 2010)
- 2.) Location (Jeong & Jeon, 2008; O'Connor, 2010; Sparks & Browning, 2010; Stringam & Gerdes, 2010)
- 3.) Accommodations (O'Connor, 2010; Sparks & Browning, 2010)
- 4.) Cleanliness (O'Connor, 2010; Sparks & Browning, 2010; Stringam & Gerdes, 2010)
- 5.) Speed of Service (Black & Kelley, 2009; Jeong & Jeon, 2008)

Therefore, among the top five complaints mentioned in online and offline interactions four out of five were duplicated: service quality, accommodations, cleanliness and speed of service. The only discrepancies between offline and online is that online complaints place a major focus on the hotel's location while offline complaints concentrate more on billing errors. Ultimately, this reveals that online complaints are comparable to those mentioned in face-to-face interactions, and since they are so similar, it is important to consider hotel

responses made both offline and on. Therefore, the following section describes ways that hotels commonly respond to complaints offline and online.

Hotel Responses —

A major factor involved in this study examines hotel management of online complaints; therefore, it is important to understand the different ways that hotel managers can recover from negative reviews posted online. First, the level of failure sets precedence on whether it is likely for the hotel to recover at all. If the loss experienced by the guest is too great to be overcome, then hotel recovery matters less to the guest (Chuang et al., 2012). However, in cases where recovery can be made, it is only considered a success from the business's standpoint when the customer is retained. Responses to complaints need to appease the customer; therefore, managers need to implement the proper techniques when it comes to service recovery. First, this research will relay common hotel responses in offline situations.

Offline Hotel Responses —

In the case of offline hotel responses, Davidow (2000) found that there are six aspects of hotel responses commonly used in face-to-face encounters: timeliness, facilitation, redress, apology credibility, awareness, satisfaction, and word-of-mouth. Attentiveness was by far the most influential aspect of hotel response with credibility coming in second. Attentiveness is when the company

communicates and actually pays attention to the customer—simply put, the business shows that it is listening; while credibility is the willingness the company has to take responsibility for the problem. Overall, Davidow (2000) found that repurchase intent, customer satisfaction, and WOM are positively correlated to the company's willingness to accept and fix a problem; therefore, it is important for hotel managers to own up to mistakes, respond to complaints and make corrections.

Lee and Hu (2004) concluded that the majority of complaints made to hotel staff are based on service failures, equipment failures and guest failures, which the customer easily forgave when the hotel took recovery actions such as correcting the problem, sending out follow-up letters, and upgrading guests. Thus, when the hotel made some efforts to appease the guest, the guest readily forgave the mistakes the hotel made. Similarly, Chuang et al. (2012) found that there are two ways for a hotel to recover: psychologically, by apologizing, and tangibly through refunds, coupons and discounts. They showed that outcome-related issues (i.e. lack of vacancy, billing issues, dirty rooms, shabby décor) are linked to tangible recovery efforts while process-related mistakes (i.e. service issues from employees) can be dissuaded psychologically. Chuang et al. (2012) also found that those with prior positive experiences and expectations were more apt to be satisfied with service recovery once an error occurred. Yet, when the level of service failure is taken into consideration, both minor process- and outcome-related mistakes can easily be recovered; however major problems with

process- and outcome-related mistakes are much harder to overcome. As with Lee and Hu (2004), Chuang et al. (2012) shows that in most situations, with the exception being major mistakes, guests respond favorably to hotel service recovery efforts when the hotel takes the initiative to correct the problem.

Like Chuang et al., (2012), Van Vaerenbergh et al. (2012) also separated responses to service failures into two categories: retrospective and prospective. Retrospective is an explanation of corrections that are taken when the cause of the problem is understood meaning that the problem has already occurred; whereas prospective correction is an explanation of a correction a hotel is taking when a service error hasn't occurred yet but is likely to occur if corrections aren't made. Van Vaerenbergh et al. (2012) then revealed that communicating the fact that complaint-based improvements are being implemented creates a positive image of the organization as a whole. By providing these explanations, either retrospectively or prospectively, the hotel is investing in a relationship with the guest that shows that the company is willing to devote time and effort in order to satisfy the guest. By fixing the process, it also shows customers that in the future, those mistakes aren't likely to happen again, which will in turn influence intent to return.

Yet, even with these mentioned recovery and communication techniques, most businesses still mishandle complaints, with half of responses to complaints actually enhancing the customers' discontent (Hoffman & Chung, 1999). After collecting first-hand accounts of service failures and recoveries in hotels,

Hoffman and Chung (1999) revealed that compensatory responses (gratis, discount, free upgrade, and free ancillary) had the highest perceived effectiveness as well as the highest retention rates. They also showed that “no response” had a perceived effectiveness of 1.9% and that when used by hotel management, the retention rate was only 31%.

Hoffman and Chung (1999) also compared which responses the hotel most commonly used and the responses the customer most preferred. They found the following, listed in descending order of use/preference:

Used by the Hotel

- 1.) Correction
- 2.) No Response
- 3.) Substitution
- 4.) Free Ancillary
- 5.) Gratis
- 6.) Apology
- 7.) Free Upgrade
- 8.) Discount

Preferred by the Customer

- 1.) Free Upgrade
- 2.) Discount
- 3.) Free Ancillary
- 4.) Gratis
- 5.) Correction
- 6.) Substitution
- 7.) Apology
- 8.) No Response

This shows that the hotel responses that customers preferred most, were the ones that hotels used the least—for example, the most effective form of recovery was a room upgrade, yet it was penultimate when it came to hotel

implementation. Similarly, a discount was the second most preferred hotel response, yet hotels used this response the least. Even more surprising is that “no response” is the second most utilized response to customer complaints in the hotel industry and that of those customers who received no response, 69% defected to the competition (Hoffman & Chung, 1999). So when proper steps aren’t taken to assuage the guest’s frustration with the hotel, the dissatisfied guest is likely to abscond to a different hotel where their needs can be met. This in turn means that the guest will not be returning and that the hotel company has lost the potential income of that particular guest; thus, it is vital for hotels to make amends with guests when issues arise.

Black and Kelley (2009) also found that face-to-face recovery is extremely important as it factors into the online realm—reviews that mention attempted service recovery and reviews that mention no attempt at service recovery are equally unhelpful to guests; however, reviews that mention a successful service recovery at the time of the trip were more helpful to potential customers.

Within the retailing industry, Menon and Dube (2000) also showed that customers have normative ideas about employee responses; they have expectations on how retailing employees should respond to complaints. Similarly, the employee’s actual response needs to be taken into consideration when looking at ways to increase consumer satisfaction. The results showed that when it came to negative issues, 49% of customers expected an apology while retailing employees only provided an apology in 15% of cases—33% of the

cases tested showed employees didn't respond at all and 25% of the time they responded by being rude. Thus, for most responses, dissatisfaction was either unanswered or enhanced. Therefore, customers have expectations about how employees should handle responses to complaints, and these ideas, ultimately, translate into similar notions when it comes to company responses to Internet complaints.

According to Stringam and Gerdes (2010), when service recovery was not attempted at the hotel property, the traveler was more likely to go online and rate the hotel at a lower level. Even though hotel management did not address the guest's issues at the property, management still has an opportunity for service recovery if the guest complains online. However, hotel managers are ignoring guests' online reviews even though, as with offline interactions, by responding to e-complaints, the hotel would either satisfy the guest's service expectations or exceed expectations resulting in possible delight to the guest (Menon & Dube, 2000). But even with this knowledge, there are very few hotel managers who react to online reviews. The next section will state the common responses that hotels make online to guest complaints.

Online Hotel Responses —

Zheng et al. (2009) looked at 504 online reviews and out of these, only one had a response from an hotelier—and that response stated to others reading

the complaint to “ignore the reviewer”. This research implies that hotels are not taking proper actions to respond to e-complaints. Similar research by O’Connor (2010) found that less than .5% of online reviews posted to Tripadvisor had hotel responses even though Tripadvisor provides a “right to reply” option for hotel managers. Likewise, Lee and Hu (2004) found that only 31 out of the 222 reviews they used had responses—approximately one in seven. This lack of response creates “cyberostracism” which makes the customer feel as if the company isn’t listening and doesn’t care, leading to frustration and dissatisfaction (Mattila & Mount, 2003). Levy, Duan, and Boo (2013) similarly stated that 85% of hotels had no guidelines in place for responding to online reviews.

Thus, due to the rarity of online hotel responses there is very little data readily available to portray how hotel managers respond when they actually take the time to reply to online reviews; yet managerial involvement increases not only the perceived value of guest feedback (Hoffman & Chung, 1999), but also has the potential to positively influence both guests and the hotel’s bottom line. According to Park and Allen (2013), when hotels do take the time to respond to online reviews, their responses vary greatly—with each hotel responding differently. They even found that same brand hotels had different ways of approaching online reviews; however, they discerned that hotels could predominately respond two ways, by problem solving or by strategic approach. Problem solving is when the hotel simply resolves the guest’s problem while strategic approach is when the hotel uses the review to improve hotel

operations, to change current policies, and to engage in an ongoing relationship with guests. Further discussion regarding how reviews influence customers and why hotels should respond to guest complaints is discussed next.

Impact on Customer Behavior —

Online reviews have power over a hotel's image because hotels are categorized as an experienced good, which means that they are not tangible objects that one can keep once the purchase is made. This means that the hotel's image depends on what previous guests have to say about it. When looking at reviews, readers take the review into consideration based on positivity, negativity, and depth or the extensiveness of the comments (Mudambi & Schuff, 2010).

Xie et al. (2011) found that consumers are swayed through a negativity effect. This means that guests are influenced more by negativity; thus, negative reviews are more prevalent in guests' decisions when they are booking a hotel. Papathanassis and Knolle (2011) found that when guests read overly positive reviews, they believe that these reviews dissemble; thus, guests spend more time looking over negative reviews and these reviews have a greater impact on the guest's decision. In the case of negative reviews, readers find themselves agreeing with the reviewer; thus, relaying the persuasive power that negative feedback has on potential guests. However Papathanassis and Knolle (2011) also noted that from a hotel standpoint, a few negative reviews are necessary. A

hotel with a few negative reviews has more credibility since no hotel is truly perfect; without negative reviews, the reviewers and the hotel are discredited.

Vaermeulen and Seegers (2009) discovered that other factors, not just the reviewer's rating, enhanced the hotel's influence on guests; factors such as how well the hotel is known and the reviewer's expertise. In other words, hotel awareness and reviewer's online presence sway consumer consideration.

Overall, research shows that when examining reviews, guests respond best to reviews with a detailed description and a current date. According to Xie et al. (2011), when it comes to online review sites, if the reviewer provides personal identifiers, the review becomes more persuasive; thus influencing intent to stay. However, the reviews that receive the most attention and backing are ones posted by well-traveled reviewers who travel for similar purposes such as leisure or business (Gretzel et al., 2007). Thus, multiple aspects of online reviews persuade guests towards or away from a hotel choice; however, since the negative reviews hold the most sway over guests (Mudambi & Schuff, 2010; Papathanassis & Knolle, 2011; Xie et al., 2011), this study will focus primarily on guest perceptions of the responses of hotels related to negative reviews and customer complaints.

Responding to negative reviews online then creates an opportunity for hotel managers that should not be ignored. Litvin and Hoffman (2012) discovered that customer and managerial feedback to negative online reviews positively influenced customer attitudes. So, when a different hotel guest, not

the one who originally wrote the review, refuted a negative review, viewers found that the review more positively influenced their attitude towards the hotel. Litvin and Hoffman (2012) also found that, though less influential than customer rebuttals, managerial responses to negative reviews positively impacted potential customers' perceptions of the hotel. Thus, extrapolating on their discovery, replying to guests' online reviews has the potential to yield benefits when it comes to hotel image, intent to stay, and intent to return, which in turn can affect customer satisfaction, ADR (average daily rate), and revenue—namely, the hotel's bottom line. In the next section, hotel image will be looked at as a reason that hotels should respond to negative online reviews.

Hotel Image —

When it comes to hotel image, Zhang and Mao (2012) demonstrated that the hotel is impacted by the personal value and meanings that guests attach to their stay. Within the hotel industry, the guest is provided tangible accommodations such as a comfortable bed and a spacious room; however, it is more important to emotionally appeal to guests by providing excellent service and recovery, should problems arise (Zhang & Mao, 2012). In order to reclaim the power provided to consumers by the Internet and eWOM, hotels can respond to online posts. Hotels increase value and reputation not only by selling hotel stays, but also by the service quality and service recovery they provide (Papathanassis & Knolle, 2011). Simply put, the way that hotels respond to

mistakes significantly impact hotel image (Papathanassis & Knolle, 2011; Torres & Kline, 2006).

Sigala (2006) discussed customer relationship management, the hotel's management of interactions with existing and potential guests, and found that guests place the most importance on hotel responsiveness, compensation, and contact. Sigala (2006) also relayed that complaint management is a critical part of a hotel's customer relationship management and that it was perceived to provide enhanced service quality when used to fix the hotel's online presence. We can extrapolate this information to show that considering guest complaints and letting guests know that their opinions matter, can effect change and will positively impact their image of the hotel's service quality (Sigala, 2006). In comparison, Van Vaerenbergh et al. (2012) also found that by communicating the fact that complaint-based improvements are being implemented, reestablishes a positive image of the organization as a whole by investing in a relationship with the guest; a hotel shows that the company is willing to devote time and effort in order to satisfy the guest—simply stated, it shows they care.

In juxtaposition, when complaints are ignored, Zheng et al. (2009) revealed that negative eWOM damages hotel image and results in a loss of business; ultimately, when complaints are mishandled or disregarded, customer dissatisfaction increases, negative reactions are reinforced, and the hotel's reputation is diminished. This shows that when negative eWOM is not addressed, it will spread faster, in turn damaging the company's image.

Therefore, it is the hotel's previous guests, those that have stayed before and written reviews, who are a source of intelligence and influence regarding a hotel's image. Overall, Zhang and Mao (2012) discovered that online feedback attributes such as service, function, facility, and efficiency reveal the hotel's image. Reviews that mentioned these things relayed a message to readers about the hotel's image—positive or negative (Zhang & Mao, 2012). By responding to negative reviews, hotels are decreasing dissatisfaction as well as creating an overall impression that they care about their guests (Zheng et al., 2009).

Guests' perception of hotels has constantly been linked to WOM—a positive perception equates to positive WOM and negative perceptions amount to negative feedback (Zhang & Mao, 2012). Research shows that customers rely on the Internet more than ever when it comes to booking a vacation. This means that online reviews provide a valuable source of potential customer relationship management to hotels—with positive reviews come new customers and better brand perceptions while negative feedback inhibits customer growth as well as diminishes brand value (Papathanassis & Knolle, 2011). Reviews also influence the perception of other people regarding the hotel's image considering consumers weigh the reputation of the company against their own assessments. Therefore, in order to portray successful customer relationship management, hotels need keep online reviews as positive as possible (Papathanassis & Knolle, 2011).

Zhang and Mao (2012) showed the effects that traveler reviews have on the hotel industry. They discovered that reviews have a significant impact on hotel image, which in turn impacts the consumer's intent to stay and/or return. Ögüt & Onur Taş (2012) also stated that both negative and positive reviews enhanced the hotel's image—meaning that if the reviews were positive, the hotel's image was more positive; if the hotel's reviews were negative, the hotel's image was more negative. When it comes to positive reviews, Ye, Law and Gu (2009) reported that the more positive reviews posted online significantly influence the number of rooms sold. Similarly, Ögüt and Onur Taş (2012) specified that every 1% increase in online customer satisfaction raised room sales by approximately 2.6%; therefore, Internet reviews are affecting not only hotel image but also the bottom line. Zhang and Mao (2012) found that online reviews are also linked to ADR; pointing out that on Expedia, one of Tripadvisor's competitors, for every one-point increase in review quality, ADR increases by 9% (Turner, 2010). This implies that it is practical for hotel managers to be involved in online review management, but even more so in the case of negative postings.

Management of negative complaints is crucial because feelings of negativity have the potential to spread via eWOM, which causes the hotel's reputation to enter into a downward spiral (Mattila & Mount, 2003). Sparks and Browning (2011) stated that potential customers create the hotel's image and reputation based on the reviews that have been posted by prior customers. It

has been noted that the development of trust and reputation are effected by eWOM because reviewers are deemed unbiased and trustworthy—with more people accepting reviews than actual industry based marketing techniques. This means that reviews take power and control away from the company in regard to the marketing of its brand image; instead, the power is given to the guests (O'Connor, 2010). O'Connor (2010) revealed that the proliferation of online reviews means that instead of the company's planned brochure relating image, the first image that a customer receives about a hotel comes from reviews instead of from the hotel itself. This image, which is out of the hotel's control, is then communicated with thousands and thousands of interconnected viewers via the World Wide Web (O'Connor, 2010), and since online reviews greatly influence the customer's choice of hotel, it is important for hotel managers to monitor online reviews in order to maintain a positive hotel image (Zhang & Mao, 2012). Along with hotel image, another reason that hotels should respond to online reviews is intent to stay, which is discussed next.

Intent to Stay —

Intent to stay, the guest's willingness to choose one hotel over others in the same area, is important to consider when looking at online reviews. There is a significant relationship between online reviews and hotel sales, meaning that reviews posted to the web influence potential customers on their choice of hotel.

These reviews are particularly important in the hospitality industry because the hospitality industry is service-oriented—this means that customers don't know exactly what they are paying for before they purchase because service is susceptible to change. In this way, online reviews influence potential guests because they provide an insight into the hotel's image and service quality before purchase (Ye et al., 2009). When positive reviews are posted, the reader then begins to trust the company's abilities, thus creating greater intent to stay; when the reviews are negative, trust isn't created and intent to stay goes down. This trust is considered one of the most important factors when it comes to guests' choices to book a hotel. Trust is, ultimately, created because online reviews provide access to prior hotel experiences, and this trust is vital because it reduces the risk involved in making a hotel decision for potential customers (Sparks & Browning, 2011).

Zhang et al. (2009) tested how online reviews and recommendations helped consumers make travel decisions, as more and more people are looking online. They showed that to potential guests, online reviews are more familiar, understandable, and trustworthy—guests are also more likely to choose a hotel based on a recommendation when it is positive. However, when they compared reviews to recommendations, it was revealed that online reviews were more helpful (Zhang et al. 2009).

Expanding on that thought, after performing a web crawl of Ctrip.com—the largest online review website in China—, Ye et al. (2009) discovered that

positive reviews increased customer intent to purchase, yet negative reviews, having more influence, dissuaded potential clientele. Ögüt & Onur Taş (2012) showed the importance of reviews on the hotel's bottom line when they revealed that online customer reviews impact hotel sales and ADR. With every 1% increase in customer ratings, they discovered that hotel sales in London and Paris increased by approximately 2.6%. Thus, hotels sales increased as ratings increased. Similarly, Vermeulen and Seegers (2009) revealed that, overall, \$10 billion a year spent on online travel purchases are influenced by reviews. These reviews impact hotel awareness and image, which in turn predict guests' intent to stay. They concluded that being exposed to online reviews improves the probability that guests will stay at the hotel mentioned. Lastly, Papathanassis and Knolle (2011) stated that customers reward "informedness" with increased purchases—meaning that if hotels were to begin responding to online reviews, the knowledge provided by the hotel could cause purchase and repurchase intent to increase. In the current study, purchase intention is represented by the term "intent to stay" and repurchase intent is represented by the term "intent to return". The following section discusses the research done on intent to return.

Intent to Return —

When it comes to reasons for hotel management to respond to online reviews, intent to stay, and intent to return go hand in hand. Intent to return is when a guest chooses to return to a hotel based on previous experience,

meaning that they are loyal to a certain hotel. When a firm handles complaints properly, intent to stay, intent to return and customer satisfaction all increase (Mattila & Mount, 2003). Therefore, a proper customer relationship management system can maintain customer loyalty—in turn increasing the hotel's bottom line (Lee & Hu, 2004; Zheng et al., 2009). Sustaining customer loyalty is important because it's more cost effective to maintain customers than to market to new ones (Lee & Hu, 2004), and managers who want to maintain customer loyalty after a complaint need to actively communicate the actions that the business is taking in order to permanently correct the issue (Van Vaerenbergh et al. 2012). Chuang et al. (2012) found that core service issues tend to be the reason behind most service switches—with 44% of respondents naming this as the reason for their change; yet by fixing the process, it reveals to customers that in the future, those mistakes aren't likely to happen again, which will in turn influence their intent to return (Van Vaerenbergh et al., 2012).

Overall, the hotel industry has seen a decline in loyalty because the Internet has increased customer understanding and purchasing power—they can compare prices and quality reviews with the simple click of a button (Zhang & Mao, 2012). Black and Kelley (2009) found that when hotels responded to customers in person, the retention rate of guests was 85% or more, while hotels that made no attempt to recover only retained about 30%. Thus, recovery strategies are an effective way to maintain loyalty. In fact, service recovery is seen as a way for hotels to confirm the strength and commitment of their

relationships with guests (Hoffman & Chung, 1999). In a majority of cases, service recovery done by the hotel can result in a service recovery paradox. This means that customers who experience a successful recovery are more satisfied than someone who experienced no problem with the original service (Hoffman & Chung, 1999; Lee & Hu, 2004). This paradox results in customers who are 8% more loyal; whereas, poor complaint management results in customer loss and negative WOM (Lee & Hu, 2004).

Lastly, by responding, the hotel has the potential to create customer satisfaction, and in some cases, even delight. Satisfaction is more neutral—defined as meeting a guest’s expectations, while delight is considered more of a predictor of guest intention to return and loyalty because delight relays that the hotel went above and beyond those same expectations (Magnini et al. 2011; Torres & Kline, 2006). As mentioned, the most common response to online reviews is “no response” (Zheng et al., 2009); therefore, if a hotel were to answer guests’ online grievances it could be construed as putting in extra effort, thus contributing to customer delight.

According to Torres and Kline (2006), hotels need to focus on customer delight as it increases loyalty and profit. In fact, creating delight is the number one way to keep customers returning, which in turn increases the monetary gain brought in by the hotel due to repeat business. Thus, if a customer is satisfied, the risk of finding a new hotel is greater because they would need to find a hotel that meets the same expectations; however, a customer who is dissatisfied or

isn't delighted has little to no risk when it comes to switching hotels. The inability to maintain customer retention ultimately results in less revenue for the hotel. When it comes to WOM, people focus on relaying either delight or dissatisfaction; thus, service recovery to online reviews can play an important role in creating customer satisfaction and even delight, which, in turn, can maintain guest loyalty and impact the bottom line (Torres & Kline, 2006). With hotel image, intent to stay, and intent to return determined as reasons for hotels to respond to negative online reviews, the next section provides a brief summary of the literature review as well as establishes specific research questions based on the literature

Research Questions —

The above literature review described the importance of online review sites and relayed different ways that online reviews influence customers. The literature also determined common guest complaints and common hotel responses both offline and online. Lastly, reasons that hotels should respond to online complaints were determined; highlighting, hotel image, intent to stay, and intent to return. Thus, based on the literature, the proposed research questions to be addressed in the current study are as follows:

- 1.) Is there any significant difference in the hotel image among the three different types of hotel response scenarios ('no response', 'negative response', and 'service recovery response')?

- 2.) Is there any significant difference in intent to stay among the three different types of hotel response scenarios ('no response', 'negative response', and 'service recovery response')?
- 3.) Is there any significant difference in intent to return among the three different types of hotel response scenarios ('no response', 'negative response', and 'service recovery response')?
- 4.) Is there any significant difference in overall perception of the hotel among the three different types of hotel response scenarios ('no response', 'negative response', and 'service recovery response')?
- 5a.) In the 'no response' scenario, how does hotel image and overall perception of the hotel predict intent to stay?
- 5b.) In the 'no response' scenario, how does hotel image and overall perception of the hotel predict intent to return?
- 6a.) In the 'negative response' scenario, how does hotel image and overall perception of the hotel predict intent to stay?
- 6b.) In the 'negative response' scenario, how does hotel image and overall perception of the hotel predict intent to return?
- 7a.) In the 'service recovery response' scenario, how does hotel image and overall perception of the hotel predict intent to stay?
- 7b.) In the 'service recovery response' scenario, how does hotel image and overall perception of the hotel predict intent to return?

Chapter 3

Methodology

Chapter Two looked at the literature and proposed the specific research questions to be addressed in this study. This chapter discusses the research design, survey instrument, and method of analysis; lastly, presenting the results of the pilot study.

The overall purpose of the current study is to contribute to the knowledge surrounding negative online reviews and hotel feedback to those reviews and how those responses influence the hotel image, intent to stay, and intent to revisit the hotel. This study focuses on hotel responses to negative reviews because, although positive reviews influence customers, negative reviews are more persuasive for customers (Sparks & Browning, 2011). The study investigates if there are any significant differences among the types of hotel responses to negative online reviews when it comes to the hotel image, intent to stay, and intent to return. This study will explore and answer the research questions listed at the end of Chapter Two.

Research Design —

In order to answer the proposed questions, quantitative research was performed using a self-administered, online survey. Qualtrics was used to create

the online survey. A link to the survey was emailed to a survey panel administered by a large, national survey administration company that provides targeted email lists. The survey was sent via email to respondents, instead of administered in person because the user's technological abilities reflect the user's the overall Internet experience (Papathanassis & Knolle, 2011). Since the survey is received by email, the respondents are assumed to have higher levels of Internet knowledge than the population at large. With the increased knowledge of Internet use, respondents are also more likely to understand and utilize online reviews.

Overall, this research was structured similarly to a study by Litvin and Hoffman (2012) that discovered that customer rebuttals and managerial feedback to negative online reviews positively influenced customer attitudes. In that study respondents were presented three different hotel scenarios. Each hotel scenario then had three reviews—a positive, neutral, and a negative review. The first hotel scenario had no response to the negative post, while the second and third hotel scenarios had responses, one with a positive response from a different guest who stayed at the hotel and the other with a response from hotel management. Litvin and Hoffman (2012) then asked three survey questions about each hotel scenario to gauge the respondents' attitudes towards the hotel. Next, they found a mean response score using those three survey questions. This was done for each of the three hotel scenarios and the results were compared to determine which type of response was more influential to

customers' attitudes. This research furthers the Litvin and Hoffman (2012) research by looking more deeply at the managerial response scenario. More specifically, this study looks at the hotel image, intent to stay, and intent to return for negative reviews based on managerial responses. However, since the current study tested similar factors and expanded the Litvin and Hoffman (2012) research study, the research design will be comparable.

The survey was designed to test respondents' perception of a hotel's response to an online negative review. The sample negative online post was created to mimic Tripadvisor's online review format. The negative review then had three hotel managerial response scenarios:

- 1.) No Response – this had no response from the hotel and focused solely on the negative review
- 2.) Negative Response – this had a response by the hotel that didn't address any issues mentioned in the negative review, but instead asked the reader to ignore the reviewer
- 3.) Service Recovery Response – this had a response by the hotel that directly addressed the issues mentioned in the negative review

Following each of these hotel management responses, a series of questions was asked to determine hotel image, intent to stay, and intent to return.

Survey Instrument –

The survey was divided into three sections in order to receive feedback in the three situations mentioned above: no response by the hotel management,

negative response by the hotel management, and service recovery response by the hotel management. Each section of the survey had the same negative review posted by a guest and the same survey questions to follow each response by the management of the hotel. The only difference in each of the sections of the survey pertained to how the hotel responded to the negative review.

The sample negative review posted by a customer used for the survey was made to emulate a review posted to Tripadvisor's website. The negative review was marked as being a 1 out of 5 stars overall and involved the top five online complaints mentioned in the literature review: service quality, location, accommodations, cleanliness, and speed of service (Black & Kelley, 2009; Jeong & Jeon, 2008; Lee & Hu, 2004; Mattila & Mount, 2004; O'Connor, 2010; Sparks & Browning, 2010).

**Do not stay here!!
1/5 stars**

This hotel was horrible from start to finish. To start with the hotel was incredibly hard to find. We expected the hotel to be downtown, but instead it was miles away. When we finally arrived, the problems continued. The guy at the front desk was rude and impersonal. The hotel lobby seemed shabby and outdated. After waiting on the front desk clerk forever, we were finally checked into our room. Like the lobby, the room was outdated and seemed slightly dirty. And to top off our stay, when we got up the next morning our bill wasn't handled properly, so we had to wait on the hotel staff to figure out what was wrong before we left. This hotel was horrible, and if you are staying in this area, stay anywhere else.

The first section of the survey presented the above review without a managerial response from the hotel. This 'no response' represented the norm

for hotels since the most common form of action taken by hotel management is to not respond (Lee & Hu, 2004; O'Connor, 2010; Zheng et al., 2009).

The next section of the survey had the same review, but involved a negative response based on Zheng et al. (2009) who found that out of the 504 reviews used in their study, only one had a response from an hotelier—and that response was to ignore the reviewer. As with the negative review, the hotel's response was formatted to match Tripadvisor's "right to reply" option found on its website. With that knowledge the following hotel response was created:

Stanley Jenkins, General Manager responded to this review

January 16, 2013

Please ignore this review. This guest is not the norm, and because of that, they tend to have radical ideas about our hotel. This guest's view of our hotel does not reflect the view of our regular patrons.

Lastly, the section involving a response from the hotel that attempts service recovery was formatted to show the hotel management's response to the complaints mentioned in the review. As there was a lack of research on hotel management responses to online customer complaints, this service recovery response was based on hotel responses during face-to-face interactions (Black & Kelley, 2009; Chuang et al., 2012; Davidow, 2000; Hoffman & Chung, 1999; Lee & Hu, 2004; Menon & Dube, 2000; Van Vaerenbergh, et al., 2012). The service recovery management response to the negative review of a customer is shown below:

Stanley Jenkins, General Manager responded to this review

January 16, 2013

Thank you so much for your feedback. We truly value your opinion.

I want to apologize for the experience you had with our hotel. I can't do much to change our hotel's location, but it is definitely unacceptable that you were treated so impersonally or that you had to wait so long to check into your room. I will talk with my front desk staff about this issue. As for the hotel's décor, we are set to refurbish the hotel in May. I am sorry that you had to experience the outdated accommodations, but we are working on updating our look. Lastly, with the problem of a billing error at checkout, I can only apologize again. We rarely have billing errors, but when we do, we try to correct them as quickly as possible. I am so sorry that it happened to you during your stay.

If you ever return to the area, I hope you will give us another chance. I'd like for you to see the hotel's new look after our refurbishment. Also, please feel free to call me or stop by and see me with any additional concerns that you may have about our property. We strive to make our customers happy, and we value feedback like yours as it allows us to reach that goal.

The response apologized and relayed any actions the hotel was taking as a consequence of receiving the guests review. It also mentioned that the hotel valued the guest's input.

Thus, with each of the three sections in place, each scenario was followed by the same survey questions designed to discover the respondents' perception of hotel image, intent to stay, and intent to return.

Hotel Image —

In this section the survey was designed with four questions in order to determine the respondent's perception of image of the hotel mentioned in the

above negative review. The questions in this section were validated by research done by Lee, Hsu, Han & Kim (2010) who had a Cronbach's alpha on the four items of .95. These questions asked respondents to rate how positively or negatively they viewed the hotel; the questions were then evaluated on a five-point Likert scale (1=Negative, 2=Somewhat Negative, 3=Neutral, 4=Somewhat Positive, 5=Positive). The survey items are listed below:

Table 3.1 – Hotel Image Survey Questions

Based on the above online review, please indicate how positive or negative you feel with each of the following statements.

	Negative	Somewhat Negative	Neutral	Somewhat Positive	Positive
Overall my impression of this hotel is...	1	2	3	4	5
The image I have of this hotel is...	1	2	3	4	5
How do you feel about this hotel?	1	2	3	4	5
I would consider staying in this hotel.	1	2	3	4	5

Intent to Stay —

Respondents were asked to answer three questions in order to determine their intention to stay in the mentioned hotel. The questions in this section were adapted from a study done by Loda, Norman, and Backman (2005) who had a reliability of .89 for the three items. The questions asked respondents to state to

what extent they agreed or disagreed with statements pertaining to intent to stay and were based on a five-point Likert scale (1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree). The survey items are listed below:

Table 3.2 – Intent to Stay Survey Questions

Assume that you are looking for a hotel, and this one fits your needs (budget, location, etc.), please indicate how strongly you agree or disagree with each of the following statements based on the above review.

	Strongly Disagree	Disagree	Neither Disagree nor Agree	Agree	Strongly Agree
I will make reservations at this hotel.	1	2	3	4	5
I will stay at this hotel in the future.	1	2	3	4	5
I will make reservations at a different hotel.	1	2	3	4	5

Intent to Return —

In the intent to return section respondents were asked to imagine that they experienced the things mentioned in the review and that they were the ones who posted the negative review. They were then asked to answer three questions in order to determine their intent to return. The questions in this section were adapted from research done by Davidow (2000) who had a Cronbach’s alpha of .91 for the three items. Respondents were asked to state to what extent they agreed or disagreed with statements pertaining to intent to

return. The questions were based on a five-point Likert scale (1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree). The survey items are listed below:

Table 3.3 – Intent to Return Survey Questions

If you experienced this hotel stay and you were the one who posted the review above, please indicate how strongly you agree or disagree with each of the following statements.

	Strongly Disagree	Disagree	Neither Disagree nor Agree	Agree	Strongly Agree
I will make a reservation at this hotel again.	1	2	3	4	5
I will stay at this hotel in the future.	1	2	3	4	5
I will choose a different hotel in the future.	1	2	3	4	5

Overall Perception —

After the three above sections—respondent’s perception of image, intent to stay, and intent to return—there was an overall perception of the hotel section. This section contained three questions that specifically pertained to the above sections and was similar to research done by Gould-Williams (1999). It asks respondents to rate their overall perception of the hotel for the three managerial response scenarios (‘no response’, ‘negative response’, and ‘service recovery response’) based on a five-point Likert scale (1=negative, 2=somewhat

negative, 3=neutral, 4=somewhat positive, 5=positive). These survey items are listed below:

Table 3.4 – Overall Perception Survey Questions

What is your overall perception of a hotel if you read a negative review online....

	Negative	Somewhat Negative	Neutral	Somewhat Positive	Positive
...without a manager's response?	1	2	3	4	5
...with a manager's response stating to disregard the review?	1	2	3	4	5
...with a manager's response that addresses customer issues?	1	2	3	4	5

Demographics —

The demographic section consisted of six questions to determine the respondents' gender, level of education, marital status, race, income and age.

There were also questions used to determine the respondents' level of hotel booking experience and frequency of use of online travel review sites.

- 1.) What is your gender?
 - a. Male
 - b. Female

- 2.) What is the highest level of education you have completed?
- a. High school or less
 - b. Some college / Associates Degree
 - c. Bachelor Degree
 - d. Graduate Degree
 - e. Professional Degree
- 3.) What is your marital status?
- a. Single
 - b. Married / Partner
 - c. Widowed / Separated / Divorced
- 4.) What is your ethnicity?
- a. Caucasian
 - b. African American
 - c. Hispanic
 - d. Native American
 - e. Asian
 - f. Mixed
- 5.) What is your total annual income?
- a. Less than \$10,000
 - b. \$10,000 - \$29,999
 - c. \$30,000 - \$49,999
 - d. \$50,000 - \$69,999
 - e. \$70,000 - \$89,999
 - f. \$90,000 - \$109,999
 - g. \$110,000 or more
- 6.) What year were you born? _____
- 7.) Have you ever visited a travel website to read traveler reviews when planning to stay at a hotel? (i.e. Tripadvisor, Expedia, Orbitz, etc.)
- a. Yes
 - b. No
- 8.) If yes, why do you visit these sites?
- a. Planning a trip
 - b. Just for fun
 - c. Both

9.) How often do you...

	Never	1-2 times each year	3-4 times each year	5-6 times each year	7 or more times each year
...read reviews?	1	2	3	4	5
...stay in hotels?	1	2	3	4	5
...write reviews?	1	2	3	4	5

Method of Analysis —

IBM SPSS version 20 was used to analyze the data for the current study. First, the response means of the three review categories were determined using perception of image, intent to stay, and intent to return. Using those response means, repeated measures ANOVAs was run to determine the differences in perception of image, intent to stay, and intent to return between the three hotel's responses; thus answering the first three research questions. For the fourth research question, a repeated measure ANOVA was also run using the overall perception questions asked in the survey in order to determine the difference between the types of managerial responses to the negative review.

Lastly, the response mean for perception of image, intent to stay and intent to return was used along with guest overall perception in order to run multiple regressions to answer research questions 5a-7b. For each of those research questions, the multiple regression used perception of image and guest overall perception as independent variables to predict intent to stay or intent to

return, the dependent variables. This ultimately determined if hotel image and overall perception of the hotel predicted intent to stay and intent to return for each of the different scenarios ('no response', 'negative response', and 'service recovery response'). The following section describes the results of the pilot study that was done.

Pilot Study —

A pilot study was conducted with a convenience sample of college students from a large university in the southeast United States. Overall, 100 people were surveyed, with approximately 67 surveys being complete and usable. The demographics of the valid sample are shown below:

Table 3.5: Pilot Study Demographics

	Frequency	Valid Percent
Gender (Valid N=68)		
Male	14	20.6
Female	54	79.4
Ethnicity (Valid N=67)		
Caucasian	56	83.6
African American	3	4.5
Hispanic	3	4.5
Asian	2	3.0
Mixed	3	4.5
Education (Valid N=67)		
High School or less	7	10.4
Some college/Associates Degree	30	44.8
Bachelor Degree	24	35.8
Graduate Degree	5	7.5
Professional Degree	1	1.5

Marital Status (Valid N=67)		
Single	48	71.6
Married/Partner	17	25.4
Widowed/Separated/Divorced	2	3.0
Income (Valid N=64)		
Less than \$10,000	17	26.6
\$10,000 - \$29,999	12	18.8
\$30,000 - \$49,999	8	12.5
\$50,000 - \$69,999	15	23.4
\$70,000 - \$89,999	1	1.6
\$90,000 - \$109,999	2	3.1
\$110,000 or more	9	14.1
Age (Valid N=59)		
18-25	36	61.0
25-35	18	30.5
36-45	1	1.7
46-55	2	3.4
55+	2	3.4

Similarly, the demographics of the pilot survey also revealed that 90.9 percent of respondents visited travel websites to read reviews when they were planning to stay at a hotel. Of that percentage, 67.2 percent visited these sites when they were planning a trip, 3.4 percent visited just for fun, and 29.3 percent visited for both reasons. Also, it is interesting to note that while 95.4 percent of respondents admitted to looking at reviews, only 38.5 percent had ever written a review.

For each of the factors tested—perception of image, intent to stay, and intent to return—Cronbach’s alpha was used to determine the reliability for each of the factors in each of the three scenarios.

Table 3.6: Pilot Survey Cronbach's alpha

Factor	Cronbach's alpha
NO RESPONSE	
Image	.928
Intent to Stay	.751
Intent to Return	.714
NEGATIVE RESPONSE	
Image	.958
Intent to Stay	.651
Intent to Return	.620
SERVICE RECOVERY RESPONSE	
Image	.916
Intent to Stay	.824
Intent to Return	.708

In all three scenarios, image was found to be the most reliable factor with Cronbach's alphas above .9. The intent to stay and intent to return sections both contained reverse coded questions that seemed to confuse respondents which possibly made their alpha scores lower. Also, the survey questions for these sections were adapted from studies that had lower Cronbach's alphas than the study that was used for image. For each of the three scenarios, intent to stay had reliabilities of .751, .651, and .824 respectively, while intent to return had Cronbach's alphas of .714, .620, and .708. In order to be reliable, Cronbach's alpha needs to be .7 or higher (Nunnally, 1975); therefore, the intent to stay (.651) and intent to return (.620) for the 'negative response' scenario were not reliable. Based on these findings, to increase the reliability of the survey items, the reversely coded questions were bolded and underlined in the survey in order to decrease the confusion of respondents with the hopes of bringing reliability

above .7. With those changes, the survey was then ready to be distributed to the population.

Research Sampling —

The final survey was emailed to 10,000 participants using a survey panel company. The survey panel company was an online database company that allowed its members to choose certain categories of interest, and then based on those interests, emails were sent to members requesting their voluntary participation. For this survey, the national survey panel company only sent an email with the survey link on it to members who chose “Travel and Leisure” as an interest area. The survey panel company also worked on incentives, so once a participant followed the survey link emailed to them, if they actively engaged in the survey for at least two minutes, respondents were provided monetary compensation. The survey was open for a period of two and half weeks, and during that time, respondents were sent the recommended four email reminders encouraging them to take the survey (Crawford, Couper, & Lamias, 2001).

Summary —

Chapter Three reviewed the overall methodology that was used to answer the research questions of the current study. First, the research questions were revisited; however, the majority of Chapter Three was dedicated to the survey

instrument and the population to be surveyed. Likewise, the pilot study and changes based on that study were mentioned. Next, Chapter Four will describe the results of the study with a detailed discussion of the analysis used.

Chapter 4

Results and Analysis

Data Collection and Sample —

A total of 10,000 participants were emailed using a large, national survey administration company. The emails explained the purpose of the study and included a survey link. The survey was restricted to a period of two and half weeks, and during that time, respondents were sent four email reminders encouraging them to take the survey. Since the survey company allowed its members to choose areas of interest, only members with an interest in “Travel and Leisure” were sent the email with the survey link.

Out of the 10,000 emails, 382 respondents started the survey; however, only 101 complete, valid surveys were collected. The total did not include respondents who took the survey multiple times, as surveys with the same IP address were deleted from the results. So, if the same IP address appeared multiple times, all of the surveys associated with that IP address were removed from the study. Overall, four IP addresses were repeated and all of the surveys that contained that IP address were removed from the data. This, ultimately,

gave a valid response rate of 1% which is low compared to the 6-75% mentioned by Pan (2009); however, response rates from survey posted online have varied from 0% all the way up to approximately 85% (Leong & Austin, 2006).

Of the survey respondents, the majority were female, 67.9%, with males making up only 32.1%. Similarly, the majority of respondents were Caucasian, 72.6%, followed by African Americans (13.1%), Asian (6%), Native American (3.6%), Hispanic (2.4%), and Mixed (2.4%). As for education levels, the results were slightly more varied as follows: Some college/Associates Degree (45.8%), Bachelor Degree (20.5%), High School or less (15.7%), Professional Degree (2.4%) and Graduate Degree (2.1%). When it came to marital status, the majority were married or with a partner (54.8%). Lastly, the income levels of participants varied greatly with the majority of respondents in the \$10,000-29,999 (26.3%) and \$30,000-49,999 (20.0%) categories (See Table 4.1 for more details).

Table 4.1: Survey Demographics

	Frequency	Valid Percent
Gender (Valid N=84)		
Male	27	32.1
Female	57	67.9
Ethnicity (Valid N=84)		
Caucasian	61	72.6
African American	11	13.1
Hispanic	2	2.4
Native American	3	3.6
Asian	5	6.0

Mixed	2	2.4
Education (Valid N=83)		
High School or less	13	15.7
Some college/Associates Degree	38	45.8
Bachelor Degree	17	20.5
Graduate Degree	7	2.1
Professional Degree	8	2.4
Marital Status (Valid N=84)		
Single	21	25.0
Married/Partner	46	54.8
Widowed/Separated/Divorced	17	20.2
Income (Valid N=80)		
Less than \$10,000	8	11.3
\$10,000 - \$29,999	21	26.3
\$30,000 - \$49,999	16	20.0
\$50,000 - \$69,999	9	11.3
\$70,000 - \$89,999	12	15.0
\$90,000 - \$109,999	3	3.8
\$110,000 or more	10	12.5

The demographics of the survey also revealed that 65.9 percent of respondents visited travel websites to read reviews when they were planning to stay at a hotel. Of that percent, 50.9 percent visited these sites when they were planning a trip, 7.3 percent visited just for fun, and 41.8 percent visited for both reasons.

Method of Analysis —

IBM SPSS version 20 was used to analyze the data. An exploratory factor analysis was done to determine if the scales created for perception of image, intent to stay, and intent to return loaded into similar factors. Next, Cronbach's alpha values were determined to ensure reliability. Response means were then

created for perception of image, intent to stay, and intent to return for each of the three scenarios (no response, negative response and service recovery response). The next section will display the results of the exploratory factor analysis

Results —

Exploratory Factor Analysis —

Exploratory factor analysis was conducted to determine the dimensions of the measurement scales of hotel image, intent to stay, and intent to return for each of the scenarios (no response, negative response and service recovery response) loaded onto similar factors. To obtain the results for the exploratory factor analysis, each of the items (perception of image, intent to stay, and intent to return) were looked at individually in each of the hotel response scenarios. Only the factors with Eigenvalues above 1.0 and factor loadings above .4 were included in the analysis (Costellow & Osborne, 2005). All factors were uni-dimensional, so the rotation was not necessary (Newsom, 2005). Table 4.2 shows the results of the exploratory factor analysis.

The four items used for 'no response' image loaded into a single factor and was significant based on the Eigenvalue of 3.619, which is above the 1.0 required by Costell and Osborne (2005). The four items for image also had an explained variance of 90.471 and had high loading factors with the lowest

Table 4.2: Exploratory Factor Analysis Results

Factor	Factor Loading	Eigenvalue	Explained Variance
NO RESPONSE			
Image		3.619	90.471
Overall my impression of this hotel is...	.964		
The image I have of this hotel is...	.977		
How do you feel about this hotel?	.970		
I would consider staying in this hotel.	.891		
Intent to Stay		2.174	72.456
I will make reservations at this hotel.	.947		
I will stay at this hotel in the future.	.954		
I will make a reservation at a different hotel.	.606		
Intent to Return		2.301	76.703
I will make a reservation at this hotel again.	.963		
I will stay at this hotel in the future.	.956		
I will choose a different hotel in the future.	.678		
NEGATIVE RESPONSE			
Image		3.707	92.678
Overall my impression of this hotel is...	.973		
The image I have of this hotel is...	.971		
How do you feel about this hotel?	.977		
I would consider staying in this hotel.	.928		
Intent to Stay		2.108	70.269
I will make reservations at this hotel.	.972		
I will stay at this hotel in the future.	.975		
I will make a reservation at a different hotel.	.461		
Intent to Return		2.189	72.956
I will make a reservation at this hotel again.	.967		
I will stay at this hotel in the future.	.967		
I will choose a different hotel in the future.	.564		
SERVICE RECOVERY RESPONSE			
Image		3.686	92.146
Overall my impression of this hotel is...	.961		
The image I have of this hotel is...	.975		
How do you feel about this hotel?	.971		
I would consider staying in this hotel.	.932		
Intent to Stay		2.198	73.267
I will make reservations at this hotel.	.945		
I will stay at this hotel in the future.	.944		
I will make a reservation at a different hotel.	.643		
Intent to Return		2.244	74.808
I will make a reservation at this hotel again.	.952		
I will stay at this hotel in the future.	.939		
I will choose a different hotel in the future.	.675		

loading at .891, which is likewise above the required .4 (Costellow & Osborne, 2005). Similarly, the three items for 'no response' intent to stay loaded significantly with an Eigenvalue of 2.174, loading factors above .4, and an explained variance of 72.456. With the 'no response' intent to return, the three items had a significant Eigenvalue of 2.301, a lowest loading factor of .678, and an explained variance of 76.703.

In the 'negative response' scenario, the four items for perception of image loaded above .9, had a significant Eigenvalue of 3.707, and had an explained significance of 92.678. The three items for 'negative response' intent to stay had a significant Eigenvalue of 2.108, a lowest factor loading of .461, and an explained variance of 70.269. Likewise, the three items for 'negative response' intent to return loaded significantly with an Eigenvalue of 2.189, a lowest factor loading of .564, and an explained variance of 72.956.

Lastly, in the 'service recovery response' scenario, the four items for perception of image loaded significantly with an Eigenvalue of 3.686, factor loadings above .9, and an explained variance of 92.146. The 'service recovery response' intent to stay had a significant Eigenvalue of 2.198, a lowest factor loading of .643, and an explained variance of 73.267. 'Service recovery response' intent to return had a significant Eigenvalue of 2.244, a lowest factor loading of .675, and an explained variance of 74.808.

Overall, the lowest loaded factor at .461 was "I will make reservations at a different hotel" in the intent to stay section of the 'negative response' scenario; however, this value is above the .4 required to be retained (Costellow & Osborne, 2005). Therefore, since all of the factors loaded above .4 with Eigenvalues above 1.0, they were all retained (Costello & Osborne, 2005) Some of the variables were reverse coded.

Likewise Cronbach's alpha was found to determine the internal reliability of the factors. The following was determined:

Table 4.3: Reliability Statistics (Cronbach's alpha)

Factor	Cronbach's alpha
NO RESPONSE	
Image	.964
Intent to Stay	.779
Intent to Return	.823
NEGATIVE RESPONSE	
Image	.972
Intent to Stay	.736
Intent to Return	.778
SERVICE RECOVERY RESPONSE	
Image	.971
Intent to Stay	.807
Intent to Return	.824

In all three scenarios, perception of image was the most reliable factor with Cronbach's alphas above .9. For each of the three scenarios, intent to stay had reliabilities of .770, .736, and .807 respectively, while intent to return had Cronbach's alphas of .823, .778, and .824. Due to the changes made after the

pilot testing of the survey, all of the factors now had reliabilities above .7 (Nunnally, 1975). The next section will show the results of the repeated measures ANOVA used to answer the research questions of this study.

Repeated Measures ANOVA—

In order to determine the answers to research questions one through four related to whether there were statistically significant differences between the respondents' ratings of the three hotel response scenarios, repeated measures ANOVA was run. The reason for repeated measures ANOVA is that the same group of respondents answered the questions in each of the scenarios (Field, 2012). For the first research question, the response means for perception of image in each of the scenarios were entered into repeated measures ANOVA. Overall means were then calculated for each hotel response scenario:

Table 4.4: Means of Image Between Scenarios

	Mean	Std. Deviation	N
No Response	1.590	.858	92
Negative Response	1.829	.948	92
Service Recovery Response	3.011	1.111	92

Since the survey recorded the results using a Likert scale (1=Negative, 2=Somewhat Negative, 3=Neutral, 4=Somewhat Positive, 5=Positive), the no response scenario shows the most negative perception of image with a mean of 1.590, while the mean for the negative response scenario was slightly higher at

1.829. However, the service recovery response has a notably higher mean of 3.011. Yet in the context of the Likert scale, the service recovery scenario's perceived image is approximately neutral. Next, in order to determine if there is a significant difference between these three means, sphericity was checked to ensure the homogeneity of variance.

Table 4.5: Mauchly's Test of Sphericity for Image

	Mauchly's W	Approx. Chi-Square	df	Sig.	Greenhouse-Geisser	Huynh-Feldt
Image	.702	31.897	2	.000	.770	.781

Since the significance of Mauchly's test was .000, sphericity was violated which can lead to an inflated F-value. In order to correct for this, the degrees of freedom needed to be adjusted using an estimate of sphericity (ϵ). According to Fields (2012), when $\epsilon > .75$ use Huynh-Feldt correction and when $\epsilon < .75$ use Greenhouse-Geisser correction. Since both Greenhouse-Geisser and Huynh-Feldt were above .75, the Huynh-Feldt estimate of sphericity, $\epsilon = .781$, was used.

Table 4.6: ANOVA for Image Using Huynh-Feldt Correction

	Sum of Squares	df	Mean Square	F	Sig.
Image	106.544	1.562	68.222	109.505	.000
Error(Image)	88.539	142.117	.623		

Therefore, with the Huynh-Feldt correction, the results showed that respondents' perception of hotel image were significantly different in terms of

the three different hotel response scenarios, $F(1.562, 142.117) = 109.505$, $p=.000$. In order to see the significant difference between each of the scenarios, pairwise comparisons were used with the Bonferroni method in order to control the Type 1 error rate (Fields, 2012). The pairwise comparisons can be seen below in Table 4.7.

Table 4.7: Pairwise Comparisons for Image

Image (I)	Image (J)	Mean Difference (I-J)	Std. Error	Sig
No Response	Negative Response	-.239**	.070	.003
	Service Recovery Response	-1.421**	.120	.000
Negative Response	No Response	.239**	.070	.003
	Service Recovery Response	-1.182**	.111	.000
Service Recovery Response	No Response	1.421**	.120	.000
	Negative Response	1.182**	.111	.000

*Significant at <.05 significant level

**Significant at <.01 significant level

The pairwise comparisons revealed that the differences between each scenario were significant. Between the 'no response' scenario and the other two scenarios, there was a negative mean difference, revealing that the 'negative response' and the 'service recovery response' were significantly higher than the 'no response' scenario. Similarly, the difference between the 'negative response' and the 'service recovery response' revealed that the 'service recovery response' was statistically significantly higher. This means that the perception of image was lowest in the 'no response' scenario and that with a 'negative response', the perception of image significantly increased by a small amount. The 'service recovery response' scenario had the highest perceived image. Ultimately, the

'service recovery response' by the hotel created a statistically significantly higher perception of image of the hotel to the respondents than either of the other two responses.

For the second research question, response means for intent to stay were put into repeated measures ANOVA. In order to complete the ANOVA, the same steps as research question one were taken to determine the significant differences.

Table 4.8: Means of Intent to Stay Between Scenarios

	Mean	Std. Deviation	N
No Response	1.728	.819	92
Negative Response	1.891	.850	92
Service Recovery Response	2.779	.876	92

Since the survey recorded intent to stay using a Likert scale (1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree), the intent to stay for the no response scenario had the lowest intent to stay with a mean of 1.728, while the mean for the 'negative response' scenario was slightly higher at 1.891. However, the 'service recovery response' had the highest mean of 2.779. Next, Mauchly's test of sphericity was run to determine sphericity.

Table 4.9: Mauchly's Test of Sphericity for Intent to Stay

	Mauchly's W	Approx. Chi-Square	df	Sig.	Greenhouse-Geisser	Huynh-Feldt
Stay	.833	16.422	2	.000	.857	.872

Intent to stay between the three scenarios had a p-value of .000 which violated sphericity. This violation can lead to an inflated F-value; however, to correct for this violation, the degrees of freedom needed to be adjusted using an estimate of sphericity (ϵ). Since both Greenhouse-Geisser and Huynh-Feldt were above .75, the Huynh-Feldt estimate of sphericity, $\epsilon=.872$, was used (Fields, 2012).

Table 4.10: ANOVA for Intent to Stay Using Huynh-Feldt Correction

	Sum of Squares	df	Mean Square	F	Sig.
Stay	58.837	1.744	33.740	76.511	.000
Error(Stay)	69.978	158.687	.441		

Therefore, with the Huynh-Feldt correction, the results showed that guests' intent to stay were significantly different in terms of the three different hotel response scenarios, $F(1.744, 158.687) = 76.511, p=.000$. Once again, pairwise comparisons were run using the Bonferroni method in order to control the Type 1 error rate.

Table 4.11: Pairwise Comparisons for Intent to Stay

Stay (I)	Stay (J)	Mean Difference (I-J)	Std. Error	Sig.
No Response	Negative Response	-.163	.070	.068
	Service Recovery Response	-1.051**	.099	.000
Negative Response	No Response	.163	.070	.068
	Service Recovery Response	-.888**	.101	.000
Service Recovery Response	No Response	1.051**	.099	.000
	Negative Response	.888**	.111	.000

*Significant at <.05 significant level

**Significant at <.01 significant level

The pairwise comparisons revealed that the differences between each scenario were only significant between the 'no response' and the 'service recovery response' scenario as well as the 'negative response' and the 'service recovery response' scenario. This means that there was no significant difference between 'no response' and 'negative response'; however, the 'service recovery response' was significantly higher than both the 'no response' and the 'negative response'.

Research question three also required the response means for intent to return to be put into repeated measures ANOVA. Once again, the same steps were taken to determine the significant differences between the intent to return and the three types of responses provided by the hotel management.

Table 4.12: Means of Intent to Return Between Scenarios

	Mean	Std. Deviation	N
No Response	1.471	.771	92
Negative Response	1.601	.812	92
Service Recovery Response	2.634	.898	92

Since the survey recorded intent to return using a Likert scale (1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree), the intent to return for the 'no response' scenario had the least likely intent to return with a mean of 1.471, while the mean for the 'negative response' scenario was slightly higher at 1.601. However, the 'service recovery response' has the highest mean at 2.632. Next, sphericity was checked to determine the homogeneity of variance between the scenarios.

Table 4.13: Mauchly's Test of Sphericity for Intent to Return

	Mauchly's W	Approx. Chi-Square	df	Sig.	Greenhouse-Geisser	Huynh-Feldt
Return	.463	69.246	2	.000	.651	.656

Sphericity had a significance of .000, which means that sphericity was violated. This violation can lead to an inflated F-value; however, to correct for this violation, the degrees of freedom needed to be adjusted using an estimate of sphericity (ϵ). Since both Greenhouse-Geisser and Huynh-Feldt are below .75, the Greenhouse-Geisser estimate of sphericity, $\epsilon=.651$, was used.

Table 4.14: ANOVA for Intent to Return Using Greenhouse-Geisser Correction

	Sum of Squares	df	Mean Square	F	Sig.
Return	74.703	1.301	57.398	101.126	.000
Error(Return)	67.223	118.435	.568		

Therefore, with the Greenhouse-Geisser correction, the results showed that guests' intent to return were significantly different in terms of the three different hotel response scenarios, $F(1.301, 118.435) = 101.126, p=.000$. Once again, pairwise comparisons were run using the Bonferroni method in order to control the Type 1 error rate.

Table 4.15: Pairwise Comparisons for Intent to Return

Return (I)	Return (J)	Mean Difference (I-J)	Std. Error	Sig
No Response	Negative Response	-.130*	.046	.018
	Service Recovery Response	-1.163**	.104	.000
Negative Response	No Response	.130*	.046	.018
	Service Recovery Response	-1.033**	.105	.000
Service Recovery Response	No Response	1.163**	.104	.000
	Negative Response	1.033**	.105	.000

*Significant at <.05 significant level

**Significant at <.01 significant level

The pairwise comparisons revealed that the differences between each scenario were significant. Between the 'no response' scenario and other two scenarios, there was a negative mean difference, revealing that the 'negative response' and the 'service recovery response' were significantly higher than the 'no response' scenario. Similarly, the difference between the 'negative response' and the 'service recovery response' revealed that the 'service recovery response' was statistically significantly higher. This means that the intent to return for the 'no response' scenario was the lowest, while the 'negative response' was statistically significantly higher. However, the 'service recovery response' had the highest intent to return of the three hotel response scenarios.

Research question four used the overall perception of the hotel questions and ran them through repeated measures ANOVA. Once again, the same steps were taken to determine the significant differences.

Table 4.16: Means of Overall Perception of the Hotel Between Scenarios

	Mean	Std. Deviation	N
No Response	1.63	.875	88
Negative Response	1.86	1.030	88
Service Recovery Response	3.63	1.148	88

Since the survey recorded overall perception of the hotel using a Likert scale (1=Negative, 2=Somewhat Negative, 3=Neutral, 4=Somewhat Positive, 5=Positive), the overall perception of the hotel for the 'no response' scenario was lowest at 1.63, while the mean for the 'negative response' scenario was slightly higher at 1.86. Again, the 'service recovery response' had the highest mean at 3.63. Next, sphericity was checked to determine the homogeneity of variance between the scenarios.

Table 4.17: Mauchly's Test of Sphericity for Overall Perception

	Mauchly's W	Approx. Chi-Square	df	Sig.	Greenhouse-Geisser	Huynh-Feldt
Perception	.749	24.862	2	.000	.799	.812

Sphericity had a significance of .000, which means that sphericity was violated. This violation can lead to an inflated F-value; however, to correct for this violation, the degrees of freedom needed to be adjusted using an estimate of sphericity (ϵ). Since both Greenhouse-Geisser and Huynh-Feldt are above .75, the Huynh-Feldt estimate of sphericity, $\epsilon=.812$, was used.

Table 4.18: ANOVA for Overall Perception Using Huynh-Feldt Correction

	Sum of Squares	df	Mean Square	F	Sig.
Perception	210.008	1.624	129.325	128.673	.000
Error(Perception)	141.992	141.277	1.005		

Therefore, with the Huynh-Feldt correction, the results showed that guests' overall perception of the hotel were significantly different in terms of the three different hotel response scenarios, $F(1.624, 141.277) = 128.673, p = .000$. Again, pairwise comparisons were run using the Bonferroni method to control the Type 1 error rate.

Table 4.19: Pairwise Comparisons for Overall Perception

Perception (I)	Perception (J)	Mean Difference (I-J)	Std. Error	Sig
No Response	Negative Response	-.239*	.097	.047
	Service Recovery Response	-2.000**	.147	.000
Negative Response	No Response	.239*	.097	.047
	Service Recovery Response	-1.761**	.157	.000
Service Recovery Response	No Response	2.000**	.147	.000
	Negative Response	1.761**	.157	.000

*Significant at <.05 significant level

**Significant at <.01 significant level

The pairwise comparisons revealed that the differences between each scenario were significant. Between the 'no response' scenario and other two scenarios, there was a negative mean difference, revealing that the 'negative response' and the 'service recovery response' were significantly higher than the

'no response' scenario. Similarly, the difference between the 'negative response' and the 'service recovery response' revealed that the 'service recovery response' was significantly higher. This means that overall perception of the hotel is lowest in the 'no response' scenario. When the hotel responded with a 'negative response', the overall perception of the hotel increased; however, the 'service recovery response' produced the highest overall perception of the hotel.

Multiple Regression —

Research questions five through seven looked at how perception of image and overall perception of the hotel predicted intent to stay and intent to return in the three different hotel response scenarios; thus, multiple regression was used. Even though the sample size was small, consisting of 101 valid surveys, the multiple regression was statistically valid as Bartlett, Kotrlik, and Higgins (2001) revealed that between 83 and 119 surveys are required to ensure significance. Research question 5a had two independent variables: 'no response' image and 'no response' overall perception. The dependent variable was 'no response' intent to stay. The results of the multiple regression are shown below in Table 4.20.

The adjusted R^2 showed that 70.3 percent of the variance is explained by the proposed model; in other words, hotel image and overall perception of the hotel explained 70.3 percent of the variance in intent to stay for the 'no response' scenario. The model revealed that 'no response' image ($\beta=.891$,

t=9.158, p-value=.000) had a positive relationship with intent to stay for the 'no response' scenario. However, overall perception of the hotel was not significant with a p-value of .528.

Table 4.20: 'No Response' Intent to Stay Multiple Regression Model

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	R	R ²	Adj. R ²
	B	Std. Error	Beta					
(Constant)	.490	.106		4.636	.000	.843	.710	.703
'No Response' Image	.845	.092	.891	9.158	.000			
'No Response' Perception	-.058	.091	-.062	-.633	.528			

a. Predictors: (Constant), 'No Response' Image, 'No Response' Perception

b. Dependent Variable: 'No Response' Stay

Research question 5b is similar to 5a except the dependent variable was intent to return. The results of the multiple regression are shown below.

Table 4.21: 'No Response' Intent to Return Multiple Regression Model

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	R	R ²	Adj. R ²
	B	Std. Error	Beta					
(Constant)	.480	.138		3.466	.001	.669	.448	.435
'No Response' Image	.466	.121	.518	3.854	.000			
'No Response' Perception	.159	.120	.178	1.328	.188			

a. Predictors: (Constant), 'No Response' Image, 'No Response' Perception

b. Dependent Variable: 'No Response' Return

Since $p < .05$, the adjusted R^2 showed that 43.5 percent of the variance was explained by the proposed model; in other words, hotel image and overall perception of the hotel explained 43.5 percent of the variance in return intent for the 'no response' scenario. The model revealed that 'no response' image ($\beta = .518$, $t = 3.854$, $p\text{-value} = .000$) had a positive relationship with return intent for the 'no response' scenario. However, overall perception of the hotel was not significant with a $p\text{-value}$ of .188.

Research question 6a had two independent variables: 'negative response' perception of image and 'negative response' overall perception of the hotel. The dependent variable was 'negative response' intent to stay. The results of the multiple regression are shown below.

Table 4.22: 'Negative Response' Intent to Stay Multiple Regression Model

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	R	R ²	Adj. R ²
	B	Std. Error	Beta					
(Constant)	.606	.132		4.576	.000	.799	.639	.631
'Negative Response' Image	.713	.067	.801	10.645	.000			
'Negative Response' Perception	-.002	.062	-.003	-.038	.970			

a. Predictors: (Constant), 'Negative Response' Image, 'Negative Response' Perception

b. Dependent Variable: 'Negative Response' Stay

The adjusted R² shows that 63.1 percent of the variance is explained by the proposed model; in other words, hotel image and overall perception of the hotel explained 63.1 percent of the variance in intent to stay for the 'negative response' scenario. The model revealed that 'negative response' image ($\beta=.801$, $t=10.645$, $p\text{-value}=.000$) had a positive relationship with intent to stay for the 'negative response' scenario. However, overall perception of the hotel was not significant with a p-value of .970.

Research question 6b was similar to 6a except the dependent variable was intent to return. The results of the multiple regression are shown below.

Table 4.23: 'Negative Response' Intent to Return Multiple Regression Model

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	R	R ²	Adj. R ²
	B	Std. Error	Beta					
(Constant)	.524	.167		3.150	.002	.625	.391	.376
'Negative Response' Image	.425	.084	.493	5.047	.000			
'Negative Response' Perception	.167	.078	.210	2.146	.035			

a. Predictors: (Constant), 'Negative Response' Image, 'Negative Response' Perception

b. Dependent Variable: 'Negative Response' Return

Since $p < .05$, the adjusted R² showed that 37.6 percent of the variance is explained by the proposed model; in other words, hotel image and overall perception of the hotel explained 37.6 percent of the variance in intent to return

for the 'negative response' scenario. The model revealed that both 'negative response' image ($\beta=.493$, $t=5.047$, $p\text{-value}=.000$) and 'negative response' overall perception of the hotel ($\beta=.210$, $t=2.146$, $p\text{-value}=.035$) had positive relationships with return intent for the 'negative response' scenario which means that as perception of image and overall perception of the hotel positively increase, return intent also increases. Yet for this scenario, image with $\beta=.493$ has more predicting power than overall perception of the hotel with $\beta=.210$.

Research question 7a had two independent variables: 'service recovery response' perception of image and 'service recovery response' overall perception of the hotel. The dependent variable was 'service recovery response' intent to stay. The results of the multiple regression are shown below.

Table 4.24: 'Service Recovery Response' Intent to Stay Multiple Regression Model

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	R	R ²	Adj. R ²
	B	Std. Error	Beta					
(Constant)	.904	.154		5.854	.000	.875	.765	.759
'Service Recovery Response' Image	.750	.054	.960	13.792	.000			
'Service Recovery Response' Perception	-.104	.051	-.141	-2.024	.046			

a. Predictors: (Constant), 'Service Recovery Response' Image, 'Service Recovery Response' Perception

b. Dependent Variable: 'Service Recovery Response' Stay

The adjusted R^2 showed that 75.9 percent of the variance was explained by the proposed model; in other words, hotel image and overall perception of the hotel explained 75.9 percent of the variance in intent to stay for the 'service recovery response' scenario. The model revealed that 'service recovery response' image ($\beta=.960$, $t=13.792$, $p\text{-value}=.000$) had a positive relationship, while overall perception of the hotel ($\beta=-.141$, $t=-2.024$, $p\text{-value}=.046$) had a negative relationship with intent to stay in the 'service recovery' scenario. Thus, as the guest's perception of image increases, the intent to stay also increases in the 'service recovery response' scenario. However, this also means that as overall perception of the hotel increases, the intent to stay decreases in the 'service recovery response' scenario.

Research question 7b was similar to 7a except the dependent variable was intent to return. The results of the multiple regression are shown below in Table 4.25.

Since $p<.05$, the adjusted R^2 showed that 52.9 percent of the variance is explained by the proposed model; in other words, hotel image and overall perception of the hotel explained 52.9 percent of the variance in intent to return for the 'service recovery response' scenario. The model revealed that 'service recovery response' image ($\beta=.656$, $t=6.739$, $p\text{-value}=.000$) had a positive relationship with intent to return for the 'service recovery response' scenario. However, overall perception of the hotel was not significant with a $p\text{-value}$ of

.250. The following section summarizes the results and analysis of the current study.

Table 4.25: 'Service Recovery Response' Intent to Return Multiple Regression Model

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	R	R ²	Adj. R ²
	B	Std. Error	Beta					
(Constant)	.732	.224		3.268	.002	.735	.540	.529
'Service Recovery Response' Image	.532	.079	.656	6.739	.000			
'Service Recovery Response' Perception	.087	.075	.113	1.159	.250			

a. Predictors: (Constant), 'Service Recovery Response' Image, 'Service Recovery Response' Perception

b. Dependent Variable: 'Service Recovery Response' Return

Summary —

Chapter Four described the results of the exploratory factor analysis, the reliability checks of the factors, and examined the relationships between factors as they related to the research questions.

The repeated measures ANOVA revealed that there were significant differences among the three different types of hotel response scenarios. The perception of hotel image was the lowest in the 'no response' scenario, yet the mean difference significantly increased when compared to the 'negative

response' scenario. The 'service recovery' scenario still maintained the highest rating for hotel image of the three scenarios.

With intent to stay, there were also significant differences between the three types of scenarios. When the pairwise comparisons were looked at, there was no significant difference between the 'no response' scenario and the 'negative response' scenario. The mean difference significantly increased when compared to the 'service recovery' scenario.

Intent to return also revealed a significant difference between the scenarios. The intent to return was the lowest in the 'no response' scenario, yet the mean difference significantly increased when compared to the 'negative response' scenario; however, the 'service recovery' scenario still maintained the highest rating for intent to return of the three scenarios.

Likewise, the overall perception of the hotel had significant differences between the three scenarios. The pairwise comparisons revealed that the overall perception of the hotel was the lowest in the 'no response' scenario, yet the mean difference significantly increased when compared to the 'negative response' scenario; however, the 'service recovery' scenario still maintained the highest rating for overall perception of the hotel of the three scenarios.

In the 'no response' scenario, regression revealed that hotel image had a positive influence on intent to stay and intent to return. However, in both cases, overall perception of the hotel was not significant; meaning that the overall

perception of the hotel did not significantly influence intent to stay or intent to return.

In the 'negative response' scenario, hotel image had a positive influence on intent to stay while overall perception of the hotel had no significant influence on intent to stay. However, both hotel image and overall perception of the hotel had positive influences on intent to return. This means that as hotel image and overall perception of the hotel positively increase, intent to return also increases in the 'negative response' scenario.

Lastly, for the 'service recovery' scenario, hotel image and overall perception of the hotel had influences on intent to stay—hotel image being positively related and overall perception of the hotel being inversely related. This means that as the guest's perception of image increases, the intent to stay also increases. More surprisingly, this also means that as overall perception of the hotel increases, the guest's intent to stay decreases. When it came to intent to return, only hotel image was significant. Hotel image positively influenced intent to return, while overall perception of the hotel had no significant influence. The implications of these findings are discussed in Chapter 5 as well as limitations of this current study and recommendations for future research.

Chapter 5

Implications, Limitations, and Suggestions for Future Research

Implications —

Chapter Four summarized the results of the research study, looked at statistical relationships between the various factors of hotel image, intent to stay, intent to return, and overall perception of the hotel and responded to the research questions presented in the current study. This chapter discusses the implications of the results, as well as looks at limitations and recommendations for future studies.

The current research found that there were significant differences in hotel image among the three scenarios. For hotel image, no response by the hotel management to an online negative review was the lowest rated, and the service recovery response was rated the highest. This means that if hotel managers take the time to respond to negative reviews posted online that the perceived image of their hotel increases compared to when they do not respond to negative reviews. Even if the hotel manager responded negatively by saying to “ignore the review”, the hotel image still increased. This is possibly due to the fact the hotel took time out to answer the response, revealing to consumers that they do care about the guest’s comments. So ultimately, when it comes to hotel

image, it appears from the results of the current study that any response is better than no response. However, when the hotel does take the time to address the issues and attempt to perform service recovery, the guests' perceived image increased dramatically. This is important because Ögüt and Onur Taş (2012) found that every 1% increase in online customer image of the hotel raised room sales by approximately 2.6%; therefore, Internet reviews are affecting not only hotel image but also the bottom line. In fact, the regression performed in this study revealed that the guest's perception of hotel image positively impacted intent to stay and intent to return in the response scenarios where management took the time to write a response to the complaint. So hotel responses—even negative responses—to negative online reviews positively influence the perceived hotel image, which in turn increases intent to stay and intent to return.

The research also found significant differences in intent to stay among the scenarios. When looking at the pairwise comparisons, there was no difference between the 'no response' and 'negative response' scenarios; however, the mean of the 'no response' scenario and the mean of the 'negative response' scenario both significantly increased when compared with the 'service recovery response'. This means that in order to increase the likelihood of attracting new customers, hotel managers need to attempt service recovery when faced with negative reviews. Ultimately, potential guests find themselves agreeing too readily with the negativity of the reviewer (Papathanassis & Knolle, 2011) to accept anything

less than service recovery. With an increase in intent to stay, the hotel's bottom line could be impacted positively.

Similarly, the intent to stay also had significant differences between the three scenarios. The intent to stay significantly increased between when a manager gave no response, a negative response and a service recovery response. Again, this shows that if hotel managers take the time to respond—even negatively—to negative online reviews, guests would be more willing to forgive their mistakes and return. This echoes the findings of Black and Kelley (2009) who found that when hotels responded to customers, the retention rate of guests were 85 percent or more, while hotels that made no attempt to recover only retained about 30 percent. Like intent to stay, intent to return is connected to the business's bottom line. Return intent creates repeat business, which is easier and, ultimately, more profitable for the business compared to finding new customers (Hoffman & Chung, 1999). For example, retaining customers results in willingness to pay premium rates as well as a likeliness to refer the hotel, ultimately resulting in higher revenues (Zhang & Mao, 2012). Therefore, it is important for managers to respond and to try to create and maintain intent to return.

With overall perception of the hotel, there were also significant differences between the no response, negative response and service recovery scenarios. Overall perception of a hotel increases between the no response, negative response and service recovery scenarios. Thus, the overall perception of the

hotel is better when hotel management provides some sort of response to negative online reviews.

In most cases, the overall perception of the hotel had no effect on intent to stay or intent to return; however, in the 'negative response' scenario, as overall perception of the hotel increased, intent to return likewise increased. This means that by responding negatively to reviews, the hotel is increasing overall perception of the hotel, which in turn increases intent to return.

However, more surprisingly, the opposite is true for intent to stay in the 'service recovery response' scenario—as overall perception of the hotel increases, the intent to stay decreases; meaning that, if a hotel attempts service recovery, the overall perception of the hotel increases resulting in a decreased intent to stay. Vermeulen and Seegers (2009) found that all reviews—both positive and negative—increased awareness of hotels. With a service recovery from hotel management, however, the negative review receives more attention. Thus, by increasing the overall perception of the hotel and its negative review, the negative review becomes more prevalent; particularly since negative reviews hold more sway over potential guests (Mudambi & Schuff, 2010; Papathanassis & Knolle, 2011; Xie et al., 2011). With more people taking notice of the negative review, this could lead to a decrease in intent to stay. Ultimately, by taking the time to attempt a service recovery, the hotel is drawing attention to the reviewer's negative review that results in a decreased intent to stay. It is important to note that this study contradicts past research that found that in face

to face interactions, the perception of the hotel increased when the hotel attempted a service recovery (Chuang et al., 2012; Lee and Hu, 2004). However, as this is the first study to look at intent to stay based on online service recovery, further research needs to be conducted to determine if the relationship found in this study is the norm. If it is the norm, future research also needs to establish reasons for this negative relationship between intent to stay and overall perception of the hotel in the 'service recovery response' scenario.

Overall, based on this study's results, hotel management will have a more positive impact on potential and current guests by taking the time to respond to negative reviews posted online. The hotel response scenario that had the most favorable result on hotel image, intent to stay, and intent to return was the 'service recovery response' scenario; which means that hotel management needs to, not only respond, but to attempt service recovery online. In order to ensure that negative reviews receive a response, the hotel management staff can take advantage of online review sites' monitoring capabilities. For example, if hotel management takes the time to establish their hotel's contact information with Tripadvisor, Tripadvisor will send alerts to hotel management whenever a review is posted to their site about the hotel (Tripadvisor, 2012). The hotel can then readily monitor online reviews so that all complaints are addressed.

By taking the time to respond, the hotel would also become more cognizant of the problems at their hotel. Actively pursuing and responding to

negative online reviews allows the hotel to become more understanding of what past guests expected as well as where the hotel failed to meet those expectations. With this insight into guests' expectations, hotel management can then prevent the same mistakes as well as try to go above and beyond future guests' expectations—possibly creating delight (Menon & Dube, 2000; Torres & Kline, 2006). Likewise, by attempting service recovery, the hotel is providing the dissatisfied guest a reason to give the hotel a second chance (Black & Kelley, 2009; Hoffman & Chung, 1999). In fact, Black and Kelley (2009) related that guests who voice complaints will either stop using the hotel or will remain loyal even though a mistake was made predominately based on how the hotel responds to the complaint.

Hotel management, ultimately, needs to pay better attention to negative online reviews, as eWOM is more permanent than simple WOM (Chuang et al., 2012; Fernández-Barcala et al., 2009; Xie et al., 2011).

Overall, eWOM has the potential to reach the vast majority of guests who book online while ordinary WOM only reaches friends and family (Xie et al., 2011).

Thus, customer service is imperative when it comes to eWOM because eWOM doesn't disappear over time and its reach is worldwide. In fact, 84% of people claim that they are influenced by online reviews (Öğüt & Onur Taş, 2012). To potential guests, online reviews are more familiar, understandable, and trustworthy which in turn influences their intent to stay (Zhang et al., 2009).

Similarly, with negative online reviews, a service recovery response shows guests that the hotel is flexible and reactive to problems. It also reestablishes a positive image of the hotel by investing in a relationship with the guest; ultimately, by attempting service recovery, hotel management shows guests that they are willing to invest in a relationship and that they care about the guest's concerns (Mattila & Mount, 2003; Van Vaerenbergh et al., 2012). By responding and establishing this relationship with the guest, hotel management also has the potential to differentiate their hotel from their competitors since most hotels don't actively respond to negative online reviews (Lee & Hu, 2004; Levy, Duan, & Boo, 2013; MindTools, 2012; O'Connor, 2010; Zheng et al., 2009).

Overall, responding to negative online reviews provides the opportunity for hotel management to promote their hotel by reclaiming the marketing potential provided to customers by online review sites. This means that guests can make decisions based on the hotel's recovery, not just the guest's negative review (Min et al., 2010; O'Connor, 2010). Papathanassis and Knolle (2011) stated that hotels need to keep online reviews as positive as possible; therefore, based on the results of this study, hotels need to attempt service recovery for negative online reviews because the service recovery response most positively influences hotel image, intent to stay, and intent to return. In the next section, limitations of the current study are discussed.

Limitations —

The study has some limitations when it comes to hotel responses to online reviews. Due to a lack of previous data on how hotels respond online, the hotel response to the negative review for the 'negative response' scenario and the 'service recovery response' scenario, were based on common hotel responses in face-to-face situations. Without descriptive data analyzing the most common ways that hotels respond to online reviews, there may be slight inaccuracies caused by using offline procedures. However, in order to account for this, common hotel complaints offline were compared to those online in order to determine their similarity. Since they were comparable, the assumption was made that responses would also be similar between offline and online.

Another limitation was sample size. The sample size was extremely small with a response rate of only 1%, which is according to Pan (2009) is under the norm of at least 6 percent; however, response rates from surveys posted online have varied from 0% all the way up to approximately 85% (Leong & Austin, 2006). Ultimately, this is a limitation as it reduces the generalizability of results. A larger sample size may have different results.

Lastly, since the research used a repeated measures design, it eliminates effects of individual differences that occur when different groups are used for each scenario; however, using the same respondents for each scenario could have resulted in the respondents becoming overly familiar with the task or even bored (Shuttleworth, 2009). This "respondent fatigue" happens when

respondents get tired of taking the survey and can result in deteriorated motivation and attention as respondents move through the survey (Lavrakas, 2008).

Similarly, the scenarios were presented to each respondent in the same order, which may have resulted in an order bias (Perreault, 1975). In the future, this survey should have the three scenarios ('no response', 'negative response' and 'service recovery response') presented to each participant in a randomly mixed order. Thus, while considering the limitations of this study, the next section considers possible recommendations for future research.

Suggestions for Future Research —

There are several suggestions for future research based on the current study, its findings, and its limitations. This survey should be replicated to a larger sample size using a randomized order of scenarios when presented to respondents. The results from that survey would be more generalizable to the overall population as well as having more statistically sound results. As mentioned above, replicating this study would also determine if the relationship between intent to stay and overall perception of the hotel in the 'service recovery response' scenario is the norm.

Also, this research highlights the fact that hotel management should be responding to online reviews; however, there is a surprising lack of hotel responses online. In fact, O'Connor (2010) found that less than .5% of online

reviews had responses, while Lee and Hu (2004) discovered responses for only one out of every seven reviews. With this knowledge, future research can be conducted to determine why hotels aren't using the option to reply to online reviews. Thus, with the convenience and marketing potential why aren't hotel managers responding to negative online reviews.

Lastly, this research centered on hotel responses to negative online reviews since negative reviews were found to be more influential to guests. However, research could be conducted looking at managerial responses to positive reviews—hotel responses that thank guests for their stay and positive feedback. Similarly, this study focused on guest perceptions, but it would also be worthwhile to know what hotel managers or hotel employees thought of online complaints since those complaints, ultimately, impact the hotel's business operations. The next section summarizes Chapter Five.

Summary —

This research contributed, not only to the body of literature, but also to the hotel industry. The data reveals that overall providing a service recovery response to negative online reviews increases the image of a hotel, intent to stay, and intent to return. These findings can help hotels to improve their bottom line and also encourage guests to come back and encourage their friends to come back through the positive word of mouth that they will create. Based on those findings, hotel management needs to take the time to respond to negative

online reviews. Chapter five summarized the findings discovered in this research study, discussed the management implications of the research, and then concluded by discussing limitations and offering suggestions for future research.

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