



The importance of Online Reputation Management in the Hotel Business

**Best practices, winning
positive reviews and
instant bookings**



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**COMPANY PROFILE &
CASE STUDY**

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COMPANY PROFILE &
CASE STUDY



The reputation management concept in hospitality industry is associated with hotel managers'

efforts to handle the customer reviews and comments left on various social media channels. The overall sector is struggling to manage this genuine, user-generated content, especially after the introduction of Web 2.0 technologies that allowed people to share their opinions about their experiences after a purchase and publish it online. Travel sites are the ones that suffer most from negative reviews and they are supposed

to find the right tools to address issues that affect their reputation and their revenues eventually from potential customer loss¹.

Businesses employ a variety of methods and strategies to keep away from online, public embarrassment and stigma, while in parallel they have to promote their good image and build strong relationships with their clients. Unfortunately, the majority of hotels have not heavily invested so far in hotel reputation management systems. Instead, they try to sort out problems by themselves and many times without getting satisfactory results against a constant demanding audience that has enormous power over their reputation. Hotel's prestige, therefore, needs to be take into serious consideration by safeguarding two basic

[1] Sabel, T. (2014, November). Why is hotel reputation management so important for hoteliers today? Hospitality NetTM.



elements to protect its brand and hold against any unexpected crisis management: **(a)** identifying what people actually say about their hotel online, and **(b)** actively work on corrective actions based negative reviews².

The reputation management theory entered first the public relations market, but then shifted towards new emerging areas, mostly online sites, search engines and social media platforms. It then become a method for hotel operators to monitor customer perceptions throughout the web. From that point, online reviews penetrated every sector and location, determining the moment of purchase but also affecting customer acquisition rates, as a result of leaving a positive feedback online. However, few industries are experiencing severe implications by negative user-generated content, as the hospitality industry and online travel agents, since all of their power is in customers' hands³.

Traditional hoteliers should take into account that outdated travel guidebooks, such as the Lonely Planet and Rough Guide, are no longer reliable to make a traveler make a purchase or define a hotel's reputation. Today, online review sites, like



[2] *The Wizard of Tourism.* (2020, January). *Hotel reputation management: An in-depth guide for hoteliers.*

[3] *CA Customer Alliance GmbH.* (2020, March). *Hotel reputation management.*



*[4] Mention. (2020, June).
 Reputation management for
 hotels: A strategic guide.*

TripAdvisor, Booking.com and Yelp are dominating the market with thousands of customers leaving their reviews, comments and recommendations, influencing the decisions of the vast web traffic regarding travel destinations and ideal accommodations⁴.

The power of online reviews must not be taken lightly, since they define a brand's image, which is the strongest asset for building credibility among clients. Many statistics confirm this, with the Local Consumer Review Survey 2020, which conducted by BrightLocal in November 2020, showing 93 percent, from a sample

of 1,013 US-based consumers, using the internet to find a local business and 34 percent of them searching every day, and 73 percent on a weekly basis. Reading online reviews for those firms has been increased to 87 percent, up from 81 percent in 2019, while Covid-19 lockdowns played a critical role in this surge. The most important reviews have to do with rankings, legitimacy, customer sentiment, recency and quantity.

In relation to behavior impact, reviews are being considered as one of the most effective tools to restore client trust and influence decisions. Companies with poor



review profile could be preventing new sales opportunities from appearing, and eventually revenue streams. To make things worse, negative reviews can have a devastating impact on consumer behaviour, making 92 percent less like to trust a business. Negative comments may turn up in any site, however, its frequency can be alarming. Since 79 percent of consumers say that online reviews can be equally appreciated with personal recommendations from family and friends, its level of importance should be taken seriously, particularly from hotel and hospitality sector, which are the top two on the list, where reviews are so critical for the business itself⁵. The connection between a high rating with profit is so strong, that a good ranking in Yelp, for instance, suggests a 5 to 9 percent increase in revenue, according to a Harvard Business paper, that investigated a restaurant's positive rating with direct changes in cashflow and its reputation⁶.

[5] McKinsey and Company. (2020). *Perspectives on retail and consumer goods*.

[6] ILO. (2021). *World Employment and Social Outlook: The role of digital labour platforms in transforming the world of work*.



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