THE INFLUENCE OF ELECTRONIC WORD OF MOUTH COMMUNICATION (E-WOM) ON HOTEL BOOKING DECISION: LITERATURE BASED EVIDENCE FROM ONLINE CUSTOMER REVIEW

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ABSTRACT

Nowadays, electronic word of mouth communication (e-WOM) plays a fabulous role for consumers buying behavior in the digital marketing and online shopping arena. The aim of this paper was too comprehended and made holistic view about the influence of electronic word of mouth communication from online customer review and hotel booking decision perspective. Hotel guests often write them of consumption experience through different platforms such as Google, online travel agents, social media, and hotel website. Due to these advancements of information communication technology users have been getting a lot of information about hotel services. Secondary sources were taken from empirical journal articles through known databases like ScienceDirect, google scholar, EBSCOhost, and J-gate. This literature based theoretical paper has shown that there is a positive and significant relationship between online customer review and hotel booking decision. The most common variables, reflected in previous researchers, to measure online reviews were volume and valence. Growing information communication technologies, growing trend of online reviews, users trustworthy on others reviews, and the direct relationship between online review and buying decision were the reasons why online customer reviews are now critical for hoteliers.

Keywords: e-WOM, hotel booking, hotel industry, online review, valence, volume

Introduction

Information search is one of the processes of marketing and the tasks of consumers which they should decide to do before going to purchase a certain product. A few years ago it was really costly for searching the required and need meet products regarding the quality, price, right location, consumption experience, supplier honesty and competitive products. No doubt, due to the widespread use of internet and information technologies, it lowers consumers search cost significantly. Not only lowers search costs, but also creates information access for getting right information about the product. Online customer review is one of the results of these technologies and help consumers for detailed product information. It has an incredible power to influence consumers buying behavior more than advertising and professional information.

Vacation planning, tourism destination and hotel service reservation are inseparable. Travelers nowadays do not move to other
areas unless they have full information about the area including hotel services. Therefore, they have been engaging on information searches before booking their hotel accommodation [18].

The hospitality industry in general and the hotel industry in particular are highly interactive and engaging where customer-centric literally forms the core of business relationships. It is mandatory that at any given time, an all-round view of customers is maintained. Hotel industries worldwide are therefore constantly on the look-out for the most rewarding ways not only to meet but exceed customer expectations with every consequent experience. Cost effective, tenable, and of course customer centric plans and strategies are an absolute must in order to stay afloat in this industry’s competitive environment. Due to this fact most writers argued that customer satisfaction and commitment/loyalty are the basic issues hoteliers consider assuring positive reviews so that customer acquisition becomes ease [2, 1, and 10].

The business scenario has changed greatly over the past few years due to the emergence and rise of new technologies (digital media) like social media, broadband internet, and web 2.0. These applications have been playing many numbers of roles in electronic word of mouth communication (eWOM) which potentially generates either positive or negative customer reviews [13, 26]. People post their opinions, views, complaints and recommendations on products/services to various places, including products review pages, online product forums, and personal websites/social media, where others, especially potential customers, gain important information about the products/services. The information could significantly affect the potential customers’ decision to purchase [17, 9].

Online customer review is a part of e-WOM and can be defined as peer generated product evaluation written by customers through quantitative like star rating and qualitative/open-ended / detailed content writing and posted on company website or third party websites [25]. Basically there are two types of online reviews for products and services to be sold. These are professional editors’ review and consumers review. Scientifically argued that consumers review is more trustful and powerful than professional editors’ review because they believe that it may consist of information that is not publicly revealed by the professional editors and hotel providers [28]. Therefore, e-WOM can be considered as a paid free promotion tool which would help to increase referrals. Unlike traditional media which tells only positive information about the products/services, e-WOM provides both positive and negative information.

According to the study [18, 2] creating and maintaining long-lasting relationship with customers and deliver absolute customer satisfaction seems the critical agenda of contemporary business organizations. According to [28, 2] the nature of service organizations generally and the sensitivity of hotel organizations particularly, made them vulnerable to intense competition. All business organizations do care for customer satisfaction as a business strategy. Customers’ play a great role by providing feedback about companies’ products and services that improves their offers and
determines their success. Their success can be measured by profit. But profit here does not only inculcate return on investment and revenue but also include intangible success like goodwill and reputation. This is especially true for service based industries like hotels. This customer feedback nowadays are facilitating through online technologies and have the potential to reach many potential users without time and geographical restrictions. Therefore, hoteliers are supposed to follow and manage both online and offline customer reviews for avoiding customer dissatisfaction and build reputation.

Online review has become an important asset for travelers to examine hotel service qualities, customer service qualities, consumption experience, price details, safety and security issues and finally help travelers to decide which hotel they will be going to book [8, 15, & 26]. EWOM plays a very critical role in online purchasing decision, especially for experience goods than search goods. Hotel services as an intangible and experience goods are more difficult and challenge for evaluating before consumption. Moreover, it reduces perceived risk by searching information before buying.

Objectives
The purpose of this study is to get comprehensive and holistic view about the effect of online customer review on hotel booking preferences evidenced from literature. Therefore, the study has three important objectives.

1. The first objective is to investigate the need why hoteliers deal with online customer reviews.

2. The second objective is to identify the various variables used by previous researchers to measure online review.

3. The third objective is to propose a theoretical model on online reviews.

3. Review methodology: Define inclusion and exclusion criteria

3.1 Inclusion and Exclusion Criteria
The three criteria that the researcher used to identify the possible studies for the review were,

Articles published in scholarly or academic journals so called peer reviewed or refereed publications and written in the English language were considered. Other published sources, such as textbooks, governments’ reports, and students’ dissertations (e.g., master or doctoral) and written by other languages were not considered.

The empirical literature on e-WOM /online customer reviews particularly focused on the hotel industry were included. Studies conducted on other industries like financial, transportation, communication, wholesale and trade, retailing, manufacturing, health services, auto repair services, business services, legal services, government services, and education services were excluded.

The researcher concerned only on empirical studies; which means conceptual and theoretical works are excluded.

3.2 Selection of Articles
The empirical articles under reviewed are related to influence of e-WOM on hotel booking decision and gathered through various electronic databases. These databases were EBSCOhost, J-Gate, Emerald full text, Science Direct (Elsevier) and Google
This study provided comprehensive information for the academic literature and marketing practitioners in the hotel industry. which could prove the important of online reviews. For example, according to trip advisor newly released research results:

**Results**

**Objective One: The need why online customer reviews are the critical issue for hoteliers**

Hotel guest online reviews can provide a lot of benefits for profit, corporate image, recommending others and sustainable competitive advantage depends on how hoteliers handle it. They are an essential part of the booking journey for travelers in today’s digital world.

According to [10, 4 & 21] electronic word of mouth communication (e-WOM) plays a vital role in this digital era than the traditional WOM because of the following reasons:

- Easily accessible
- Quick message
- Not restricted by time and geography
- Shared information is public rather than private
- More powerful for image building or destruction
- Secrecy between communicator and receiver i.e. they do not know one another
- Written message stays longer and check at any time
- Comprehensive message is possible such as rating, content message/volume.
- Widespread information and reach to many users
- More credible
- Use a multitude of different online mechanisms (Facebook, Twitter, Foursquare etc.)

According to the different literatures, the following are important statistical results which could prove the important of online reviews. For example, according to trip advisor newly released research results:

**TABLE 1: Trip advisor newly released research results( see below)**

The end result shows that online review became common and hoteliers are supposed to give care on it for sustainable competitive advantage.

According to [19], the following results shown the need of online review:

[1]. More than 75% of new reviews are written online in every minute
[2]. More than 100 million review written across the world
[3]. 81% traveler reviews are positive
[4]. 53% users would not book when there is no customer review
[5]. 77.9% of users think others review are important information for booking preferences
[6]. 97.7% users will read other travelers online review before booking
[7]. 92% of users trust travel online reviews
[8]. 42% holiday planners used review website while planning holiday
[9]. 18% travelers reviews derives loyalty
[10]. 90% users have face book page
[11]. 52% face book users said friends’ photo inspired their vacation choice and travel plans
[12]. 83% use social networking

Another online travel agent found in German is Trust You. According to the research result got from guest feedback platform, this agent reveals that 95% travelers consider online reviews before booking.
Conclusion: the trend of online review is growing rapidly due to the advancements of information technology such as social networking including Facebook. Added to this customers do not want to book hotels if there is no review; because they trust others review as a source of information. 

According to previous research results online customer review had positive and significant effect on buying decisions. For example, [28, 24, 23, 7, 22, 12, 14, 27, 4]. The details are explained in table 2.

Objective Two: Various and important variables used by previous researchers to measure online review

The various research results revealed that customers do not want to book hotels before considering online customer reviews. Different conceptual factors are considered when customers use online review. Even if the factors are more and different, the author here focused only factors frequently used by previous researchers.

1. Volume of online reviews
   Volume refers to the total interactive messages or the total comments written about the specific product/service [16 & 6].

2. Valence of online reviews
   This focuses on the nature of messages either positive or negative. This will create positive or negative customer attitude towards a company or a specific product or service. This also includes the total number of messages given by customers and including their ratings [13].

   Volume and valence of online reviews have been measured through timeliness and source credibility. Timeliness can be described as an up-to-date information posted by customers.

   Most argued that outdated posts are less valuable than the recent one. On the other hand, source credibility infers whether buyers are verified or not. Verified buyer budge is more valuable and credible than unverified one.

3. Helpfulness of online review
   Helpfulness indicates the degree to which consumers believe that how online review influence to their purchase decisions. Previous research results well explained the contributing factors of helpfulness but few tried to show the moderation and mediation effects on purchase decision. For example, (28, 24, & 22) took as a dependent variable.

4. Review sidedness
   One sided review is more powerful and influential than two sided reviews [20].

5. Reviewer recommendation
   Electronic word of mouth communication (e-WOM) can be considered as a free advertising tool to influence buyers’ behavior. As we have mentioned the pros and cons of reviews, customers write positive review if they like and satisfied with the product/service and vice versa. Therefore, customers will recommend to others accordingly. That is why e-WOM so called paid free promotion tool.

   Conclusion
   E-WOM nowadays plays a paramount importance for customers’ source of information and their intention to book hotel services/buying decisions. Guests post, blog and twit their comments and images based on
their consumption experience. Online travel agents (OTA), social media, google, and hotels websites are main sites for online reviews. According to previous research results more than half percent of users do not book hotels before going to see online customer review. The research result has also shown guests are not interested to book hotels if there are no reviews.

Various researchers identified different factors to measure online reviews such as volume/detailed contents, valence/star rating & number of reviews, review recommendation, review sidedness, anonymous between buyer and supplier, source credibility, review expertise, timeliness, and usefulness of reviews. But almost all researchers took only two common factors like volume and valence in their research framework. They have shown the positive and significance influences of these variables on hotel booking decisions.

Growing information communication technologies, growing trend of online review, users trustworthy on others review, and the direct relationship between online review and buying decision were the reasons why online customer reviews are now critical for hoteliers. Therefore, they are expected to take various measurements such as pay close attention to guests, quick response, personalize interaction, apologize customers’ bad experience, tell to reviewers how to address their problems, and take the conversation offline.

Limitations and Future research implications

Previous researchers had been discussed so many issues regarding its impact on buying decisions. But the concern of this review was on hotel booking preferences; therefore, it excluded other industries and products. Next researchers can conduct comparison studies and examine the impact of e-WOM by taking into consideration the various nature of products such as search goods, experience and credential goods or manufacturing goods vs services. Most researchers took valence/customer rating as a factor when they did to measure customer online reviews, but they did not consider and show the relationship to the hotels standard/grade given by international standards like United Nation World Tourism Organization (UNWTO). For example, researchers considered the relationship between valence/customer rating and hotel booking decisions; but they failed to consider the relationship between hotel standards like 3 or 4-star hotels and hotel booking decisions. The Author advised other researchers to use structural equation modelling (SEM) and examine the different relationships existed.

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References


TABLE 1: Trip advisor newly released research results

<table>
<thead>
<tr>
<th>S.no</th>
<th>Percentage of trip advisor users</th>
<th>What measures taken</th>
<th>When measures taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>96%</td>
<td>read online reviews</td>
<td>when planning to trip and booking hotels</td>
</tr>
<tr>
<td>2.</td>
<td>83%</td>
<td>consider reference review</td>
<td>Before booking</td>
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<tr>
<td>3.</td>
<td>&gt;50%</td>
<td>do not book</td>
<td>if there is no written review</td>
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<tr>
<td>4.</td>
<td>79%</td>
<td>will read at least 6-12 travel agents review</td>
<td>before choosing a hotel</td>
</tr>
<tr>
<td>5.</td>
<td>85%</td>
<td>improve guests impression of the hotel</td>
<td>When there is thoughtful response to a bad review</td>
</tr>
<tr>
<td>6.</td>
<td>88%</td>
<td>travelers filter out hotels</td>
<td>with an average star rating below three</td>
</tr>
<tr>
<td>7.</td>
<td>4 out of 5 trip advisor users</td>
<td>Believe hoteliers do care about their guests</td>
<td>respond to reviews</td>
</tr>
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TABLE 2: Dimensions of online review and its effect
<table>
<thead>
<tr>
<th>N.no</th>
<th>Researchers name &amp; year</th>
<th>Variables used</th>
<th>Results</th>
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<tr>
<td></td>
<td></td>
<td>Independent (IV)</td>
<td>Dependent(DV)</td>
</tr>
<tr>
<td>28</td>
<td>Zhao, X., Wang, L., Guo, X., &amp; Law, R (2015)</td>
<td>• Usefulness • Review expertise • Timeliness • Volume • Valence (positive &amp; negative) • Comprehensiveness</td>
<td>• Hotel booking intentions</td>
</tr>
<tr>
<td>24</td>
<td>Susan M. Mudambi &amp; David Schuff (2010)</td>
<td>✓ Review Extremity and Star Ratings ✓ Review Depth and Peer Comments ✓ Product type (search vs experience goods)</td>
<td>✓ helpfulness of the review</td>
</tr>
<tr>
<td>23</td>
<td>Su Jung Kim, Ewa Maslowska &amp; Edward C. Malthouse (2017)</td>
<td>✓ Review length (content/number of words in review) ✓ Review valence (star rating like negative, neutral, and positive reviews with three stars as a cut-off value). ✓ Review sidedness (presence of pros, cons &amp; two sided) ✓ Reviewer characteristics (Source credibility like Purchase probability</td>
<td>✓ Most of the review features we examined significantly influence purchase probability. ✓ Argument quality (measured as review length) has an inverted-U shaped relationship with purchase probability. This suggests that the positive effect of review length reaches its maximum and diminishes if a review becomes too long. ✓ The presence of pros does not have a significant impact, but that of cons does decrease purchase probability.</td>
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<tr>
<td>Publication</td>
<td>Authors</td>
<td>Factors</td>
<td>效果</td>
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<tr>
<td>22</td>
<td>Stany Wee Lian Fong, Tan Pei Kian, Yeo Sook Fern, Soh Long Quan (2018)</td>
<td>Usefulness, Positive valence, Timeliness, Volume</td>
<td>Online hotel booking intension</td>
</tr>
<tr>
<td>12</td>
<td>J.B. (Joo Baek) Kim (2017)</td>
<td>Valence, Volume, Product price</td>
<td>Purchase decision, Price strategy</td>
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<tr>
<td>14</td>
<td>Li, Jie; Xue, Wenyi; Yang, Fang; and Li, Yakun (2016)</td>
<td>Volume, Source, Valence, Sender, Receiver, Relationship between sender and receiver, Dispersion and consistency, Persistence and observability, Anonymity and deception, Community engagement</td>
<td>Purchase decision, Sales &amp; performance</td>
</tr>
<tr>
<td>27</td>
<td>Zan Mo, Yan-Fei Li, Peng Fan (2015)</td>
<td>Review rating (positive, moderate &amp; negative review), Review content</td>
<td>Consumer buying behavior</td>
</tr>
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### TABLE 2: Dimensions of online review and its effect

<table>
<thead>
<tr>
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<th>Dimensions of online review</th>
<th>Effect on online book sales</th>
<th>Notes</th>
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<tr>
<td>4</td>
<td>shop reputation (Description star rating, Service star rating, &amp; Logistics star rating)</td>
<td>All variables found to be related to sales except consumer rating</td>
<td>Chen, Pei-Yu; Wu, Shin-yi; and Yoon, Jungsun (2004)</td>
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<tr>
<td></td>
<td>quantity of reviews (additional reviews, picture reviews, &amp; cumulative reviews)</td>
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<tr>
<td>7</td>
<td>order of presentation (whether positive or negative reviews appear first)</td>
<td>Positive &amp; significant</td>
<td>Debjani Sahoo (2011)</td>
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<td></td>
<td>general valence of the reviews (whether they are predominantly positive or negative)</td>
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<td></td>
<td>focus of the content of the review (on more tangible features or on the relationship aspect of service)</td>
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<td>ratings</td>
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<tr>
<td></td>
<td>online book sales</td>
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Objective Three: Based on the critical examinations of various empirical literatures, the Author forwarded the following conceptual framework

Figure 1: Online review conceptual/theoretical framework