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# Quality analysis of hotel rating portals

Theoretical conceptual analysis and empirical evidence for Switzerland

## CRED-Study No. 6

### *Management Summary*

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# Management Summary

Hotel rating portals<sup>1</sup> have become an increasingly important information source for guests and service providers in the hotel industry.

## Problem definition, objectives of the study and methodological approach

Guests as well as service providers are facing a confusingly wide variety of different hotel rating portals. They can hardly consider all existing portals for the information gathering or the active handling of reviews concerning their hotel. This leads to uncertainties with respect to the decision where the scarce time resources are optimally used. There have hardly been carried out comprehensive, theoretically and empirically well-founded quality comparisons for different hotel rating portals so far. Therefore the aim of this study was to develop a methodology for a first broad quality analysis of hotel rating portals and to exemplarily apply it to relevant portals in the Swiss context. The following concrete objectives were pursued:

- **Objective 1: Develop an analysis instrument to assess the quality of portals**  
Theory-based development of a well-founded instrument for the comparative empirical analysis of hotel rating portals.
- **Objective 2: Analyse the quality of relevant portals**  
Empirical application of the analysis instrument to a sample of relevant rating portals in order to get a first overview of their quality profiles.
- **Objective 3: Derive possible implications for guests and service providers**  
Discussion of the relevance of the findings for guests and service providers and of possible implications with respect to an expedient handling of the portals.

The study consists of a theoretical and conceptual as well as an empirical part. Within the theoretical and conceptual part, an appropriate target concept - on the basis of which the quality of hotel rating portals can be evaluated - was determined. For this theoretical step the authors relied on relevant social psychological theories. An analysis instrument was then proposed for this target concept. In the empirical part, the analysis instrument was exemplarily applied to ten relevant portals. The necessary data was collected by means of a content analysis of the portal websites. Moreover, in the case of missing information, the authors tried to contact the operators of the portals. The findings with respect to each quality criterion were consolidated by means of a comprehensive and comparable quality index for all of the portals. This quality index was obtained by calculating and adding up proportional degrees of fulfilment for the criteria. Finally, a sensitivity analysis was carried out to control for the robustness of these aggregate findings.

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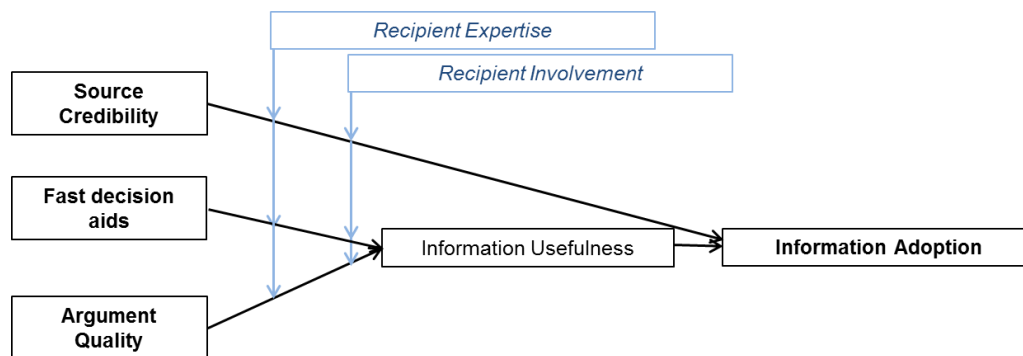
<sup>1</sup> Within the framework of this study the term *hotel rating portal* is used for all portals on which hotel reviews can be shared, no matter how the business model of these portals is characterised (e.g. booking vs. intermediary portals).

## Information adoption as the target concept of the quality analysis

The theoretical discussion of online reviews as an information source for travellers led to the conclusion that the concept of information adoption plays a decisive role. It can be defined as the conscious or subconscious decision of internalizing a piece of information as being true and applying it to a travel decision (see Cheung et al. 2008). When online reviews are *not adopted* by their readers, they hardly have any influence on guests and service providers. From this theoretical finding it can be derived that hotel rating portals should optimally be set up such that information adoption is maximised. Therefore this study used information adoption as the target concept for the measurement of the quality of the portals.

Within the framework of the present study the model of information adoption by Watts Sussmann/Schneier Siegal (2003) was refined as the basis for the analysis (see figure 1).

Figure 1: Refined model of information adoption



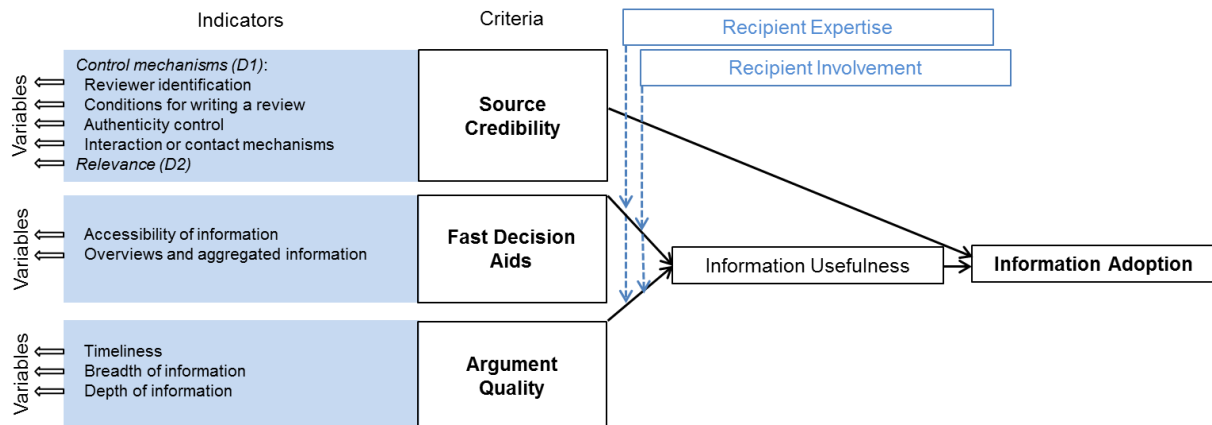
Source: own figure based on Watts Sussman/Schneier Siegal (2003); Rabjohn et al. (2008), Zhang/Watts (2008)

In this model, *source credibility* is seen as an essential criterion which *directly* influences information adoption. A piece of information considered unreliable will hardly be taken into account in a decision. *Information usefulness* on the other hand is presumed to influence information adoption *indirectly*. According to the manner in which online reviews as pieces of information are processed by their readers, either the existence of *fast decision aids* or *argument quality* are more important determinants of the perceived information usefulness. Travellers with low travel expertise and especially low involvement with respect to the travel decision are likely to process the contents of the hotel rating portals less profoundly. They therefore primarily evaluate the information as useful when portals provide them with fast decision aids (e.g. overall score of a hotel, filter functions or the like). On the other hand, for motivated and experienced travellers who assign high importance to their travel decision, information usefulness is mainly determined by the argumentative quality of the contents (see Homburg/Krohmer 2009; Cheung et al. 2008; Watts Sussman/Schneier Siegal 2003).

## Theoretical requirements for hotel rating portals

On the basis of the proposed refined model of information adoption it can be argued that the credibility of the portals is one crucial factor with respect to their quality. At the same time, they ideally provide aggregated and easily discoverable as well as qualitatively profound information in order to optimally support as many travellers as possible in their travel decision. The theoretical model was concretised by means of several indicators, which in turn were tried to be operationalised with a variety of single variables (see figure 2).

Figure 2: Refined model of information adoption with indicators



Source: *own figure* based on Watts Sussman/Schneier Siegal (2003); Rabjohn et al. (2008), Zhang/Watts

## Main findings of the comparative quality analysis

The analysis instrument was applied to ten relevant portals, namely Booking.com, Ebookers, Expedia, HolidayCheck, hotel.de, hotels.com, HRS, TripAdvisor, Venere and Zoover. The findings are to be seen as an illustration rather than as an exhaustive assessment of the respective portals. The quality analysis revealed that the portals primarily differ with respect to their investments into credibility – measured on the basis of the two dimensions *control mechanisms* and *relevance* – as well as the content quality of the online reviews. Fast decision aids for their part are broadly provided and therefore seem to be a core competence of hotel rating portals. Furthermore, the analysis showed that the examined portals all have their own specific quality profile, even though some of them are closely related through common ownership structures (see figure 3).

Figure 3: Quality profiles of the examined portals

|                    | Booking.com | Ebookers | Expedia     | HolidayCheck | hotel.de |
|--------------------|-------------|----------|-------------|--------------|----------|
| Control mechanisms |             |          |             |              |          |
| Relevance          |             |          |             |              |          |
| Fast decision aids |             |          |             |              |          |
| Argument quality   |             |          |             |              |          |
|                    | hotels.com  | HRS      | TripAdvisor | Venere       | Zoover   |
| Control mechanisms |             |          |             |              |          |
| Relevance          |             |          |             |              |          |
| Fast decision aids |             |          |             |              |          |
| Argument quality   |             |          |             |              |          |

Source: own figure

Note: The more icons per criterion or dimension, the higher is the attained degree of fulfilment with respect to that criterion or dimension for a portal (1 icon=degree of fulfilment <50%, 2 icons=degree of fulfilment 50-70%, 3 icons=degree of fulfilment >70%).

The results at the criterion level were aggregated to a comprehensive quality index for each portal. Each criterion was equally weighted. Seven theoretically plausible weighting variants at criterion and variable level were then tested in order to verify the robustness of the results. In doing so, the overall picture remained the same. In other words, the sensitivity analysis revealed that the ten portals mostly held the same positions, no matter how the criteria or dimensions were weighted. Noticeable is, however, that no portal attained the highest quality index across all weighting variants. Altogether the three quality index categories <50%, 50-70% and >70%, in which the portals can be classified, were revealed based on the results. With Booking.com, HolidayCheck and TripAdvisor, one portal with a focus on the booking service and two intermediary portals with a stronger focus on the hotel reviews attained a quality index higher than 70% based on the proposed concept. Booking.com stands out especially due to its high relevance and the numerous fast decision aids it provides. TripAdvisor likewise possesses a high number of reviews and visitors. However, in contrast to Booking.com, the portal attains outstanding results rather for the control mechanisms helping to safeguard credibility than for its fast decision aids. HolidayCheck is convincing especially due to the high quality of the provided information and the variety of control mechanisms which are in place. Quality indices of 50-70% are attained by Zoover, a portal

specialised on reviews but not very relevant in the Swiss context, as well as by HRS, Expedia and hotel.de, which are all portals with a stronger focus on the booking service. Finally, for the booking portals Ebookers, Venere and hotels.com, quality indices below 50% resulted.

From the results it can be derived for the portals that investments into credibility, especially with the aim to increase transparency regarding the process of writing a review and the ownership structures, could be rewarding in future. In accordance with their business model and the characteristics of their users (rather central vs. peripheral information processing respectively rather holiday makers vs. business travellers), portals could furthermore aim at increasing the quality of the provided information respectively at a more comprehensive provision of fast decision aids.

### **Possible implications for guests and service providers**

Out of the theoretical/conceptual and empirical findings, first indications regarding the handling of the portals might be derived for guests and service providers.

*Depending on how intensively individual guests wish to inform themselves prior to a travel decision, varying portals might be particularly suitable (see figure 3):*

- Guests, who wish to choose a holiday accommodation fast and without too much effort, might find valuable and suitably presented information especially on portals with many fast decision aids. Particularly extensive decision aids are for example provided on Booking.com or Expedia.
- Guests, who wish to inform themselves intensively about a hotel, might benefit most from portals which dispose of high quality information. HolidayCheck or Zoover, for instance, offer reviews which are characterised by a high depth and breadth of information.

*The following indications could be used by service providers as reference points when dealing with the portals and their contents:*

- Choose the relevant portals for the hotel's mix of guests according to their countries of origin and motives of travel (especially holiday makers vs. business travellers).
- Check the portals with regard to communication possibilities with guests.
- For the relevant portals, examine the criteria which can be graded by reviewers and decide whether they are suitable for the assessment of the most important aspects of the hotel.

*When actively dealing with the reviews on the portals, it seems to be reasonable to consider the following indications:*

- Decide actively which reviews should be answered to. It may be sensible to concentrate on strongly negative reviews.
- Avoid standardised and defending response strategies.

### **Further research**

The comparative quality analysis of hotel rating portals on the basis of the developed methodology has an explorative character and provides potential for future studies and content-related extensions. For example, it may be useful to include additional data sources, e.g. from interviews with users and operators of the portals, in order to get an even more comprehensive picture of the different portals.

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The Center for Regional Economic Development (CRED) is an interfaculty hub for research, teaching and advice on questions of regional economic development. The Center encompasses an association of scientists dedicated to examining regional development from an economic, economic-geographic and a business perspective.

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