

# **Boston** Hospitality Review

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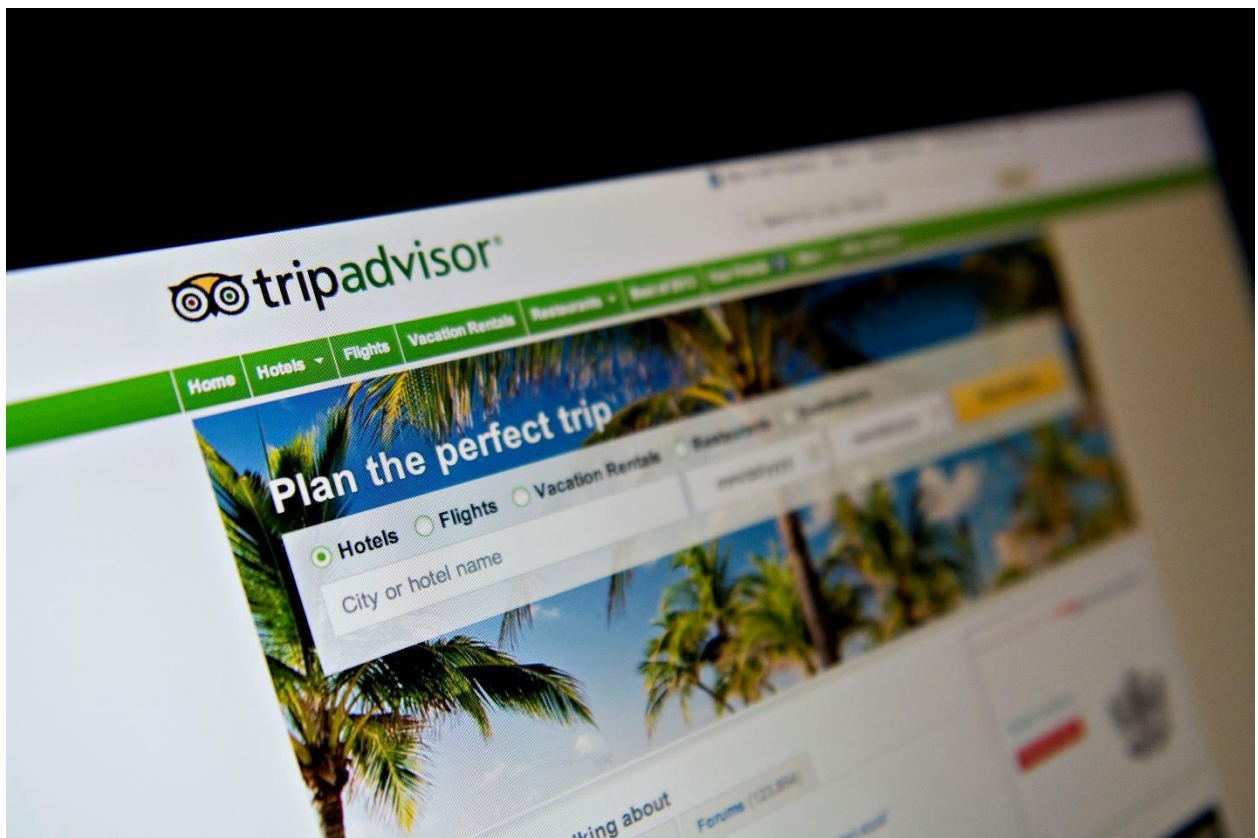
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## **A (Diamond) Cut Above the Rest: Improving Hotel Operations Based on TripAdvisor Rating Attributes**

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While TripAdvisor has been in operation since 2000 (TripAdvisor, 2012), the adoption of the website by hospitality industry professionals was rather delayed. However, in more recent years, hotel operators and other hospitality institutions have acknowledged the benefits that this service can provide and have embraced it more fully. With the advanced review management capabilities of the site's dashboard, the ability to open a conversation between the innkeeper and the guest in a public social format has become available. The emergence of social technologies has created an environment in which businesses can be rated and reviewed in an open market for potential future customers to read, and the development of user-generated content has become a more trusted and credible source of product and service

information. Lodging operators are now seeking best practices and ways to use these social platforms, including TripAdvisor, to their advantage.

A recent study by Dr. Suzanne Markham-Bagnera (2016) examined the impact that a posted online review rating has on the financial performance of a hotel room. The popularity ratings of hotels in the Boston, Massachusetts market, as posted on the popular online travel review website TripAdvisor, were analyzed against the hotel performance metrics of average daily rate (ADR), occupancy, and revenue per available room (RevPar). The study found that review attributes had varying levels of impact, all significant, on ADR, occupancy, and RevPar. Based on the luxurious nature of the lodging properties in Boston, value was found to be statistically significant across all categories analyzed.



## **Hotel Classifications Systems**

There is no international hotel rating or classification system. The two most commonly found in the US include the Forbes Travel Guide and the American Automobile Association (AAA). The Forbes Travel Guide provides ratings that are a combination of facility inspection scores and a service evaluation (Bagdan, 2013).

## **Hotel Attributes**

Numerous attributes can be found in studies as they connect back to satisfaction. For the purposes of this study, the focal attributes will be those ranked on the TripAdvisor website: value, location, room, cleanliness, service, and staff.

# BOSTON'S HOTEL DIAMOND RATINGS

## & THEIR REVENUE-IMPACTING ATTRIBUTES

American Automobile Association (AAA) provides a ranking of more than 28,000 hotels in the US, Canada, Mexico, and the Caribbean using a 5-point diamond scale.

A recent study at Boston University determined

which guest-ranked attributes significantly impact a hotels average daily rate (ADR), occupancy, and revenue per available room (RevPAR)

### Value

Price paid for the room compared to the overall guest experience.



### Location

Closeness to public transportation, airports, city center, shops, restaurants, and tourist attractions

### Room

Room location, space, cleanliness, comfort, and bed quality factor into room satisfaction.



### Cleanliness

Overall hotel cleanliness can lead to higher negative reviews when not addressed properly.

### Service

Facility amenities and conveniences like room upgrades, late check out, shuttle services, umbrellas, special gifts



### Staff

Friendliness, knowledge, skill, and passion impact a guests satisfaction with staff, especially during a first encounter.

### Overall

The combined score of all attributes rated.



Icons: Price tag by Curtis Free, Map by Arthur Shlain, Street & Room service, sign by Oliveri Stoen, Bed by Mahmuro Alp, Staff member by Made

The study used TripAdvisor reviews to

## find out which hotel attributes impact diamond-ranked hotels in Boston

Impacts were measured by changes in

### Average Daily Rate



### Occupancy Rate



### Revenue per Available Room (RevPar)



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## ***Value***

Value is essentially the price paid for the room, which often shapes the expectations for the experience. Frequently, it is identified in the text comment analysis of review studies as a negative factor.

## ***Location***

The old adage 'location, location, location' is crucial within the hospitality industry. The geographic location of a hotel is the most unchangeable attribute of a hotel, as it cannot be changed or improved by the staff once the property has been built, and generally, efforts to relocate are unlikely. A hotel's proximity to public transportation services, the airport, city center, shops, restaurants, and tourist attractions are all key attractors for potential visitors.

## ***Room***

Room quality was found to be an influential determinant of customer satisfaction. Customers spend most of their time in their hotel room during their stay; hence, it can be viewed as the core of hotel service. Comments about the view from the room were one of the common themes discussed in reviews regarding location; these were followed by space, comfort, great beds, and cleanliness.

## ***Cleanliness***

Hotel cleanliness is an attribute that lies directly in the hands of hotel management and the employee initiatives to maintain it. Cleanliness was a controllable variable by the host and led to higher negative commentary in reviews when not addressed properly.

## ***Service***

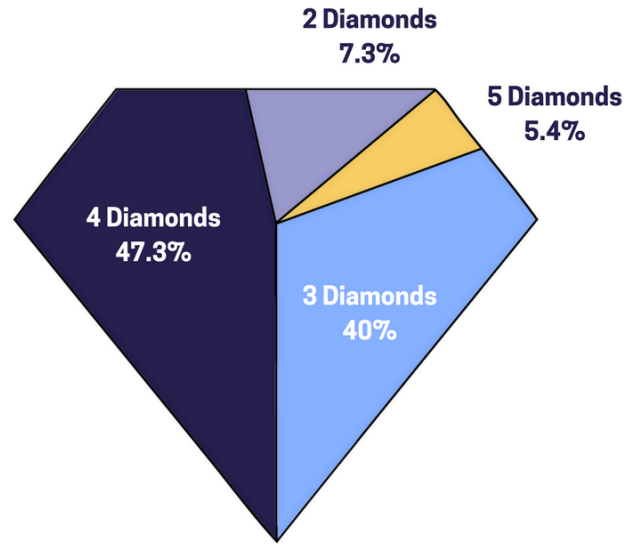
The various service components that make customers satisfied may conversely make them dissatisfied if they are not provided or found to have delivery problems. Approximately 25% of the guest comments in the service experience category were accounted for in the staff category by having a friendly employee interaction. Customers typically refer to facilities, amenities, and conveniences offered by hotels to mean service (e.g., room upgrade, late check-out, umbrellas, special gifts, free shuttle, etc.).

## ***Staff***

Staff members that are both friendly and helpful upon first contact and throughout the stay generate a higher level of customer satisfaction. The most common components of both negative and positive reviews are the staff, in which specific comments that refer to attitude, misbehavior, lack of knowledge, and skill and passion can make or break the perception of the hotel. When a reviewer is providing a positive recommendation, they tend to focus on the staff performance with details, such as including names, and then go into the room details.

## Results

This study examined the comparison of hotels based on their diamond level status, a designation awarded to each hotel by the third-party American Automobile Association (AAA). For this particular study, only hotels ranked between two-diamond to five-diamond were examined; Image 1 displays the details.



### Two-Diamond Hotels

In the ADR category, the room, staff, and overall variables provided an influence for two-diamond hotels. Occupancy percentage of two-diamond hotels only had two variables to provide an impact, which were location and value. RevPar had several variables that provided impact: value, location, staff, room, and overall.

In general, a two-diamond hotel should focus its efforts on ensuring that value is well appointed for the hotels. Location would be the second variable to focus on, and advertising location-centric advantages can drive the occupancy percentage and the RevPar in their competitive marketplace.

### Three-Diamond Hotels

This status reflected four variables of impact on ADR: location, overall, value, and cleanliness.



For the category of occupancy, the variables of value and overall had an impact. The variables to impact RevPar included value, overall, location, and cleanliness. When the rate charged was higher, the guest ranked the location lower for a three-diamond property. When guests found that the property did not meet their cleanliness expectations, the property was also typically charging a higher rate for their rooms.

For three-diamond hotels, value and overall proved to be two of the variables that operators should pay most attention to when they would like to be able to see an impact on their revenue operations.

#### **Four-Diamond Hotels**

The variables that provided an impact on ADR included value, location, staff, overall, cleanliness, and sleep. This means, for example, that guests who encountered a hotel room that they felt was clean and afforded them a good sleeping experience were willing to accept a higher daily rate.

The occupancy category was impacted by the value as well as location. In terms of RevPar, the influential variables included value, location, staff, and cleanliness.

For four-diamond hotels, the two most important variables for a property to consider were value and their location. The positive aspects of location for these properties should be highlighted.

#### **Five-Diamond Hotels**

The room and overall variables were the primary factors that affected ADR. This conclusion makes sense, since the guest of a luxury hotel is going to have high expectations for their room

experience. When the ADR increased in a five-diamond hotel, the overall rating provided by guests decreased. The overall variable was also the only variable to impact occupancy; when the occupancy increased at the hotel, the guest provided a lower rating for the overall experience encountered. Several variables proved to influence RevPar, including room and overall.

There was a gap in the research on AAA diamond ranking of hotels in terms of customer satisfaction—for that matter, a gap also exists in the research on star rankings. This study concluded that a guest seeking a luxury hotel is searching for an experience that will exceed their expectations; hence, the overall rating is one of the most influential factors with their rating.

### **Attribute Discussion**

The summary of all diamond levels compared to the TripAdvisor attributes can be seen in Table 2. In a five-diamond setting, a guest is seeking a more luxurious set of accommodations. Hence, value is not a variable found to have an impact. Instead, both room and overall are more critical for this level of hotel. Once the diamond rank decreases, the value expected would increase. However, guests staying in properties ranked with two to four diamonds are expecting value for their stay across all dependent variables. The importance of location is most common amongst guests staying in a three- or four-diamond property.

Value was found to be the most important attribute to impact the financial performance of a hotel. The study indicates that the higher the value ranking, the higher the revenue potential to be recognized. Since a hotel cannot be relocated once built, it must focus on the marketing materials, distribution channels, and responses posted in online review portals in order to

positively influence the location attribute, or at least the perception thereof. They should explain reasons for failed location due to poor public transportation experience, and they can capitalize on a good location in marketing materials.

The reason that a traveler is staying at the hotel is a factor to consider as well. A private tourist, a solo traveler, a couple, or a family may move to a variety of attractions, thus spending more time at other destinations; whereas a business traveler may not take part in tourist activities, hence staying at the destination hotel for a longer period of time.

Cleanliness is in the control of management, which must accordingly have strict cleaning standards. Supervisors should conduct inspections to ensure that what the guest sees meets their expectations. A decline in standards could have a direct negative impact on the financial performance of the hotel.

### ***Direct Industry Example***

In order to understand the practicality of this research as a tool for the lodging industry, we examined a specific hotel as an example. The Excelsior Hotel\*, a prestigious hotel located in the city, is ranked as a three-diamond property. In this case, the top three focal attributes after value would be location, sleep, and overall.

The Hotel is a property challenged with offering value for its nightly rate, since, despite its excellent location in the city and historical connection, the average guestroom size is very small compared to other hotels in the city. However, they do offer numerous different types of rooms to their guests, so they need to market themselves well on this, as well as stress the location and its historical component. According to the general manager, “the market research indicates that the highest ratings we earn come from a mother of a family with children that have come to the city to see the sites. They rate the hotel high on its location based on the historical nature of their visit and then how friendly the staff were to their needs. It is evident that these mothers have done their research prior to booking and are pleased with the location.”

While this property is rated by AAA as a three-diamond location, many of the guests tend to rate the hotel as though it were a four-diamond hotel. Based on the ratings found on public channels, “the bubbles available on the TripAdvisor website are found to be more valuable than the diamonds of AAA,” according to the Excelsior’s GM. “Essentially, the higher the price, the more the guest expects for their money, regardless of the rating the hotel achieves,” the manager explains. The value attribute is where the balance must be found between what is charged and the interpretation of what is received by that guest, which supports the study of Markham-Bagnera (2016).

Given all of the above and insight from industry partners, I ask you to ponder these questions:

1. Where does your hotel rank?
2. What platforms do you consider to be the most relevant?
3. What can you do to improve your financial performance based on the rated attributes on TripAdvisor?

*\*The name of the hotel has been change to protect confidentiality.*



**Suzanne Markham Bagnera** is Associate Clinical Professor at Boston University School of Hospitality Administration where she specializes in teaching hotel operations and human resources. She has held positions as General Manager at Holiday Inn Hotel & Suites, Staybridge Suites, and Holiday Inn Express. She has been an adjunct instructor for the Masters program in Hospitality Management at Johnson & Wales University and was previously an Assistant Professor at Endicott College in the School of Hospitality Management. Prior to that, she was the Program Director of the Hospitality Management program at Mount Ida College and has also taught classes at Bunker Hill Community College in the Hotel & Restaurant Management Department and for the Massachusetts Lodging Association (MLA). Presently she is on the Board of Directors for the MLA's Education Foundation and serves as the Chairperson on their Educational Committee. She is a member of the International Council of Hotel, Restaurant, & Institutional Education (ICHRIE) and serves as Secretary for the North East North American Federation, Nomination Committee member, Bylaw Committee member, in addition to several special interest groups. She is the Social Media Coordinator for the International Hospitality Information and Technology Association (iHITA). Suzanne serves as a peer reviewer for the Journal of Hospitality and Tourism Technology and for multiple special interest groups for the I-CHRIE annual conference. She holds numerous certifications in hospitality training; Certified Hotel Administrator (CHA) and ServSafe. Suzanne earned her M.B.A. in Management and B.S. in Hotel/Restaurant Management from Johnson & Wales University where she graduated Summa Cum Laude with membership into the Eta Sigma Delta honor society. In October 2016, she received her doctorate from Iowa State University in Hospitality Management. Her dissertation topic examined the impact that hotel reviews on TripAdvisor have on the revenue in the Boston market of hotels. Her area of research interest includes customer service, training, teamwork, and lodging operation management.

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