

Reputation management: its impact on hotel revenue



Serge Chamelian, H-Hotelier managing director provides a definition of the actual concept of Reputation Management in this two-part report and explains its importance for the hotel sector, with part two (in the next issue of Hospitality News) providing both a guide and practical advice to increase the amount of reviews given by customers at a hotel

So firstly, what actually is Reputation Management? Reputation Management is the managing of a company's reputation. In order to implement reputation management, a company has to go through three separate stages:

Building: forming or developing a good reputation for a new start-up company.

Maintenance: keeping the positive and already established image of existing companies, which are superior in the public eye.

Recovery: amending the company's bad reputation, through establishing self-

promotion and marketing, in order to achieve a good reputation.

Today's customers can say anything about a hotel wherever and however they choose; there is both a higher quantity and broader range of feedback online than there is collected through traditional channels. This intelligence, which comes from publicly available sources, allows millions of customers to share open and honest feedback about their hotel experiences.

Today, hoteliers are engaged with reputation management, since it conveys to their customers how much they care about them, by responding to and monitoring online reviews. While this is a start, soliciting reviews

“ A GOOD REPUTATION CAN ENHANCE THE COMPETITIVENESS OF A HOTEL, WHICH NEEDS TO MANAGE ITS REPUTATION AND SHAPES HOW IT IS VIEWED IN THE INTERNATIONAL ARENA ”

encourages customers' feedback and drives higher popularity rankings – hence an increase in hotel bookings.

Reviews as key performance indicators

The advantage of customers' reviews lies in the amount of information they contain, which helps hotels understand guest satisfaction. In fact, many hotels have turned the sentiment information in reviews into key performance indicators and changed their operational models. Thus, employees use customers' feedback to guide decisions, aid with service recovery, and monitor satisfaction.

Customer experience,, more than price and location, are now the major criteria that travelers use to select hotels. Customers are using hotel reviews or review sites, at the point of purchase, to make their final decision (plan, compare and purchase stages), thus making it imperative for hoteliers to actively manage their online reputation across the web, on every channel and in every language.

To site few examples about the huge impact review sites have in the travel business. 53 percent of TripAdvisor users will not book a hotel that has no reviews, with 80 percent of them reading approximately between 6 to 12 reviews before making a decision.

Online management tools that help

Hotels can spend hours tracking their brand online by monitoring social media comments, advertising campaigns, blog comments and

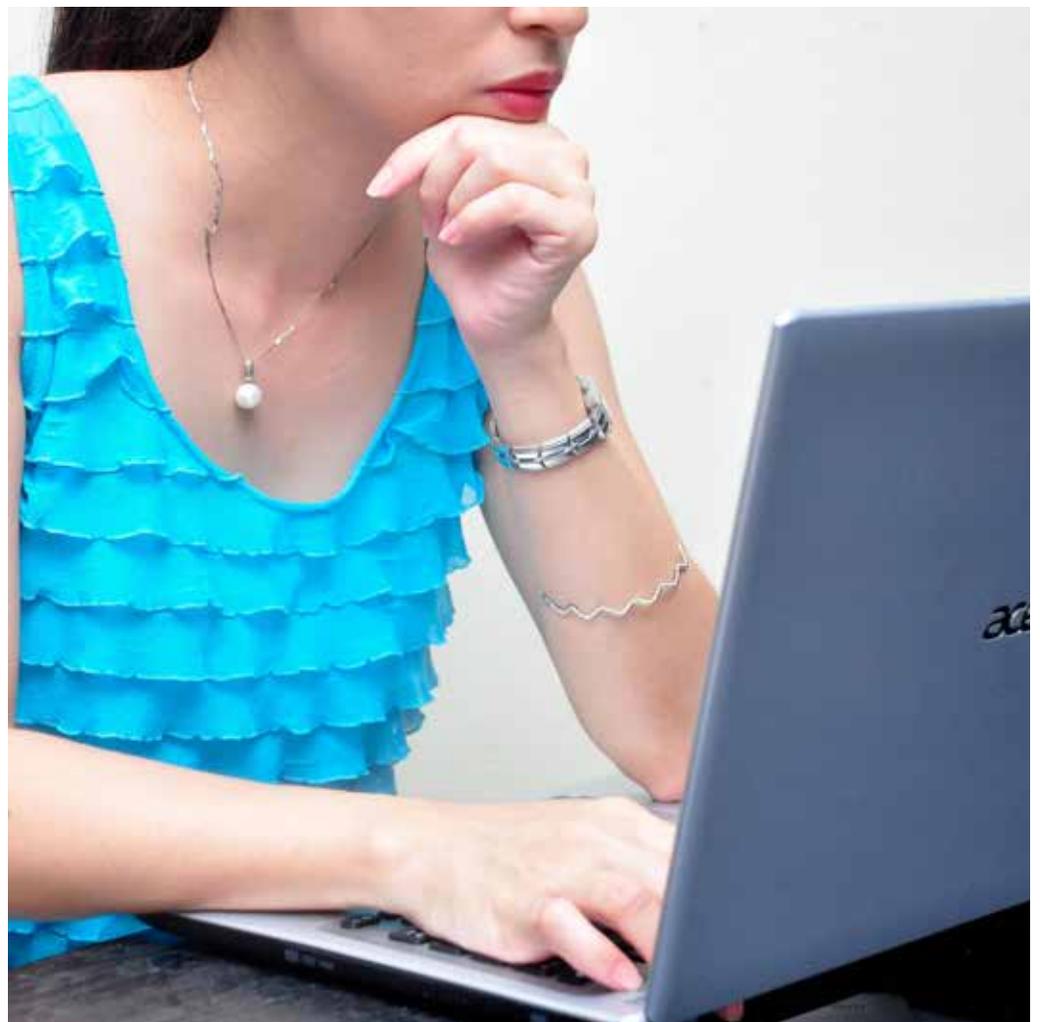
I [thumbs down] YOU

mentions across the Web at large. However, there are tools on the market, which can make managing the hotel's online reputation more effective and efficient - such as Review Pro.

ReviewPro is a company that proposes the most complete global solution for online reputation and social media management for the hotel sector. ReviewPro started with the idea that if hotels could listen and respond to what customers are saying about them online, they could improve customer experience and drive revenue growth. Indeed, the amount of reviews received online affects a hotel's revenue; gaining a higher volume of customer ratings will improve the hotel's competitive online position and visibility - and most importantly, encourage potential customers to spend their money with this hotel because it appears reliable and trustworthy in comparison to competitors. In a highly competitive environment where online reputation has a direct impact on sales, it is critical to have the right solution to take advantage of what many experts are calling the most important trend to impact the hotel industry in recent years. Thus, Review Pro launched Global Review Index (GRI), which is a general online reputation score for an individual hotel, group of hotels or chain, based on data taken from all major online travel agencies and review sites. It can be calculated for a given point in time (day, week, month, year etc.) GRI is used to benchmark a given hotel, make comparisons between properties, compare results with competitors, and track the evolution of a hotel's performance over time.

Online reputation management has a huge impact on the hotel's revenue per room. For instance, a one point increase in a hotel's 100-point GRI leads up to a 0.9 percent increase in price (ADR), a 0.5 percent increase

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in occupancy, and a 1.4 percent increase in revenue per available room (RevPar). Moreover, research proved that positive online reputation does not only provide higher pricing power for online sales; but also is correlated to higher group booking rates and corporate negotiated rates.

Managing online reputation – specifically improving guest satisfaction by increasing operational effectiveness and efficiency – pays off financially. Hotels want to make sure that

the investment in time and effort will benefit their sales i.e. RevPar. Hence, by improving a hotel's reputation and communicating the results to employees, both RevPar and employee satisfaction increase.

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