

Managing Negative Electronic Word of Mouth (eWOM) from The Perspective of Luxury Hotel Managers

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Abstract

In the 21st century, social networking is becoming a global phenomenon. The existing literature addresses the powerful influence of electronic word of mouth (eWOM). However, few of these prior studies attempt to investigate how service providers harness these unsolicited customer comments. To narrow down the knowledge gap and understand the latest development of the topic, the present qualitative research explores how hotels handle and respond to customer criticisms posted on various eWOM channels. Based on different considerations, results reveal that hotels adopt three approaches: (1) publicly responding to both positive and negative eWOM, (2) privately contacting complainers, and (3) taking no response.

Keywords: electronic word of mouth; online product reviews; corporate response approaches; hotel industry

1 Research Background

Negative electronic word of mouth (eWOM) is a type of consumer complaint behavior that involves communication regarding an unpleasant purchase episode and is triggered by perceived dissatisfaction with that experience (Singh & Howell, 1984). Given the popularity of, and easy access to, the Internet, many unhappy consumers air their frustration by writing product reviews. Without the limitation of geographic boundaries, consumer grievance is disseminated in the cyberspace to a large number of people with diverse backgrounds at an unprecedented rate.

Although the creation and circulation of negative eWOM can hardly be controlled, its importance must not be overlooked (Looker, Rockland, & Taylor-Ketchum, 2007). However, findings of some empirical studies revealed that online complaints are often neglected by hotel managers. For example, an exploratory study on a complaint forum discovered that one of every five web complaints received a response from the management of the concerned hotel (Lee & Hu, 2004). The study of Zheng, Youn, and Kincaid (2009) also showed that luxury resort hotels responded to one out of the 504 online complaints. Although TripAdvisor is considered by many hospitality and tourism companies as an important electronic channel for obtaining customer feedback, the same problems are found in different studies (O'Connor, 2010;

Callarisa, García, & Roshchina, 2012).

To explore the phenomenon (i.e., low management response rate), this study investigates the common approaches that hotels in Hong Kong, a major tourist destination in Asia, employ to address negative eWOM, and to discover the determinants that influence their selection of response approaches. This study focuses on the segment of luxury hotels (i.e., five- and four-star hotels). Luxury hotels have relatively more resources and are more willing to invest these resources in managing social media and other digital platforms than other segments (e.g., middle scale or economy hotels).

2 Methodology

Considering the distinct context in which the research is conducted and the nature of the research questions, qualitative method is employed in this study. In-depth interview was chosen as the instrument for data collection. Before the interviews were formally conducted, the interview guide was pre-tested by two scholars in the field of hospitality and tourism to improve the clarity and appropriateness of the questions. Content analysis was then adopted to analyze the primary data.

The target population of this study is luxury hotels in Hong Kong that monitor eWOM channels to learn about customer feedback. The potential interview participants are any practitioners who are in a supervisory position or above of the major functional areas of a luxury hotel (e.g., front office, housekeeping, food and beverage, and general management). The job of these personnel is to handle and/or respond to eWOM. They have to hold that particular job position for at least one year to ensure that they have sufficient knowledge about the research topic and can provide detailed information. Convenience sampling was used as the sampling method by which the sample was chosen based on the ease of access (Ritchie, Lewis, & Elam, 2003). An e-mail was sent, followed by a phone call, to invite the haphazardly selected hotels to participate in the research project until the researchers had recruited a sufficient number of interview participants.

Issues of validity and reliability were seriously dealt throughout the research process. Besides carefully formulating questions, the validity of this study was ensured by respondent validation and triangulation methods. After the interviews were transcribed verbatim, the transcripts were sent to the corresponding participants for their review to ensure the accuracy of the content. This approach is also called “member checking,” which helps enhance both the internal and external validities of the collected data (Lincoln & Guba, 1985). *Triangulation* has two main purposes in this study. This strategy not only examines whether the conclusion is supported by the data collected by different sources, but also helps supplement more information to examine the phenomena from various aspects. The data generated from the in-depth interviews were verified by the secondary data recorded on eWOM channels (e.g., the management responses posted on TripAdvisor and OpenRice).

To attain reliability by independence judgments, a doctoral student in hospitality and tourism was asked to reclassify a group of codes. The judge was provided with the initial categories of codes developed by the researcher and was asked to re-categorize

them. The percentage of agreement (i.e., dividing the number of times two coders agreed by the instances of coding) was then calculated to measure the interrater/rater-expert reliability. This study achieved a score of 82%, which was considered reliable (Boyatzis, 1998).

3 Findings and Discussions

In this study, 13 interviews were conducted. The average duration of interviews was approximately 50 minutes. Half of these 13 properties were four-star hotels and the other half are five-star hotels. The number of respondents was almost equally spread in the four functional areas of a hotel, namely, general management, sales and marketing, rooms division, and food and beverage division. The analysis from the interviews identified three eWOM response approaches. The majority of the hotel managers openly addressed positive and negative eWOM. A few managers privately contacted the negative eWOM generators. Only one manager regularly monitored and collected eWOM from different channels but did not make any response.

3.1 Publicly address positive and negative eWOM

Openly addressing eWOM was the most prevalent response approach in this study. The respondents who adopted this approach made a management response to all comments posted on TripAdvisor and other eWOM channels that allowed them to reply. In responding to positive eWOM, the hotel managers wrote a thank-you note to acknowledge the receipt of customer compliments and expressed their appreciation. More importantly, such management response was deliberately used by four respondents to advertise products and services. They believed that echoing the views of customers and emphasizing these good selling points in a management response could create a great marketing effect.

Apart from the goal of service recovery, a management response to negative eWOM served three crucial functions: (1) addressing the matter raised by the affected customer and providing a chance to justify problems or untrue comments, (2) “educating” future customers and managing their expectations, and (3) showing that the hotel cared about guests and their feedback. First, addressing the issue was the major function emphasized by all nine respondents who adopted the open approach. A respondent expressed that some claims made by customers were not true, and some accusations simply resulted from misunderstanding. Under such unfavorable circumstances, the management response allowed hotels to explain and clear the confusion/doubt of customers, and it also helped potential customers know the story from another perspective.

In addition, a management response provided a good platform where hotels can educate future customers and manage their expectations. Three respondents believed that the messages drafted to address customer concerns helped decrease the possibilities of reoccurring similar problems. Third, the respondents agreed that handling negative eWOM effectively assisted in increasing the level of customer satisfaction and the possibility of re-patronage. Making mistakes is inevitable in the service industry. They believed a genuine management response coupled with remedial actions to service failure might change the negative influence of complaints

into positive ones and help win customers back.

3.2 Privately contact the complainers

A few respondents believed that privately contacting the eWOM generators worked better. There were five reasons driving them to choose a private approach: (1) avoiding idea copying by dishonest customers, (2) keeping customer information confidential, (3) being uncertain about the effect created by a reply, (4) preventing the perception of a standardized reply, and (5) emphasizing personal touch. The first reason crucially drives three respondents to adopt the private approach. These managers were highly concerned that openly responding to negative eWOM might disclose the information of how hotels usually handled different types of customer complaints because of the prevailing culture of complaint in Hong Kong. Dishonest customers could replicate ideas to cheat and obtain personal benefits, such as making a fuss over a trifling matter for a free lunch or complimentary room upgrade. Moreover, complaint is a “personal matter” of the affected customer. Two respondents said that an open reply to customer complaints inevitably disclosed the privacy of the affected customers (e.g., their personal details or booking information). Another concern was uncertainty about the effect created by a management response. Compared with the other four reasons, this one seemed to be less influential because only one respondent briefly mentioned it.

Being attentive to the needs of guests and offering customized services were important for any luxury hotels. In general, respondents who preferred the private approach believed that an open reply lacked the crucial element of personalization. A respondent was concerned that when management responses were published online, review readers might perceive that hotels deal with complaint cases in a similar manner because in most cases, the handling principles were more or less the same. Lastly, personal touch was one of the crucial elements of effective complaint handling. A respondent emphasized its importance and illustrated that a private approach allowed hotel managers to communicate with the affected customers in person and to get close to them to know their feelings, identify the goal of their complaints, and make a better response that met their expectations.

3.3 No response

Only one of the 13 respondents employed a no-response approach in handling customer comments posted on all types of eWOM channels. The priority of complaint handling was to satisfy the affected customer. This respondent commented that the best way to achieve this goal was to communicate directly with complainers and fix the problems before they left the hotel. Any communicative correspondences afterward did not help much in restoring customer satisfaction. She was also concerned that posting a wrong response in an online environment may escalate the severity of the issue.

4 Conclusions

The previous literature indicated that a vast majority of hotels observed the trend in commentary development. The present study discovers that, nowadays, more hotels adopt an active approach in responding to eWOM. To conclude, three corporate

response approaches are employed by the sample hotels in Hong Kong: (1) publicly respond to both positive and negative eWOM, (2) privately contact complainers, and (3) take no action to any eWOM. Openly addressing all customer comments is the most prevailing approach. Hotels that adopt such an approach tend to take a more active control in influencing and shaping the perception of customers by expressing their voice in management response. They will provide an explanation to clarify and justify issues, especially when misunderstanding and untrue claims are made by customers. In this regard, allowing future customers to exercise fair judgment by listening to the sides of service providers and previous customers is the major reason that drives hotels to make a management response in an open environment. In response to positive comments, these properties are wise to capitalize on the eWOM bandwagon and promote their products and services through the testimonials of existing customers.

Some hotels prefer the second corporate response approach because of two important considerations. The upmost reason is that managers intend to protect the organization from abuse and opportunistic customers. They also value the merit and significant effect of personal touch and attentiveness in complaint handling. The last corporate response approach is to take no overt action to deal with any eWOM. This approach is relatively more conservative and is used by only one hotel in this study because of the uncertainty of the sequential consequence brought by a management response.

The sample size of this study is small because of the design of qualitative research. Although the limited number of study participants sets limitations on the generalizability of the research findings, its primary benefit is to allow an in-depth investigation into the contextual variables associated with handling eWOM in an online environment.

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