UNDERSTANDING THE EFFECT OF USER-GENERATED CONTENT ON HOTEL PERFORMANCE IN AUCKLAND

MING YE

A DISSERTATION SUBMITTED TO:

AUCKLAND UNIVERSITY OF TECHNOLOGY

IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR

THE DEGREE

OF

MASTER OF INTERNATIONAL TOURISM MANAGEMENT

2018

School of Hospitality and Tourism

Primary Supervisor: Dr. Bart Neuts

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LIST OF ABBREVIATIONS

ANOVA: Analysis of Variance

B&B: Bed and Breakfast

CBD: Central Business District

DEA: Data Envelopment Analysis

DMU: Decision Making Units

EDT: Expectancy Disconfirmation Theory

eWOM: Electronic Word-of-Mouth

F&B: Food and Beverage

GDP: Gross Domestic Product

ICTs: Information and Communication Technologies

LISREL: Linear Structural Relations

REVPAR: Revenue Per Available Room

RV: Recreational Vehicle

SPSS: Statistical Package for the Social Sciences

UGC: User-generated Content

VIT: Visual Inference Tools

WOM: Word-of-Mouth

WTO: World Trade Organization

ATTESTATION OF AUTHORSHIP

"I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), no material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or their institution of higher learning."

Signature of

Candidate:……………………………………………………………………

ACKNOWLEDGEMENTS

I would like to take this opportunity to express my gratitude to the people who supporting me while I was completing my master's degree at Auckland University of Technology (AUT).

Firstly, I would like to thank the School of Hospitality and Tourism, Faculty of Culture and Society, Auckland University of Technology for giving me the chance to complete a master's degree dissertation. Thanks to this opportunity, I could continue my research on international tourism management and have made much more progress both in the academic domain and with practical skills, which has given me self-confidence and a lot of guidance for my future career development. I have acquired greater knowledge of the travel and tourism industry and will be well-prepared for career planning and career selection in the future.

Secondly, I would like to thank my dissertation supervisor, Dr. Bart Neuts for his wholehearted support in the process of finishing my master's degree. When I encountered difficulties while completing my dissertation, he always made time to answer the questions I asked and provided me with his critical suggestions to improve the dissertation throughout the entire process. Particularly for the methodology, whenever I had trouble with data analysis, he always tried his best to provide me with as much constructive advice on the analysis process as possible, and motivated me to complete the mixed methods research analysis. Without his patience and dedication, I could not have completed the dissertation successfully.

Next, I would also like to voice my sincere appreciation to the program leader of the School of Hospitality and Tourism, Dr. Heike Schänzel, who provided me with much guidance and advice on my postgraduate study and answered many questions regarding the dissertation with patience. And special thanks to Catriona Carruthers for proofreading my written dissertation.

Finally, I would like to give my warm thanks to my parents, friends and classmates who have assisted me with completing this dissertation. Many of them not only offered me critical suggestions regarding the academic work, but also

gave me psychological support in continuing the dissertation. Without their encouragement, I could not have finished the dissertation as easily.

ABSTRACT

With the increasing use of Web 2.0 applications, user-generated content (UGC) has gained importance in the development of the tourism and hospitality industry. UGC, as part of many travel review sites, provides information regarding not just the tourism-related products in question, but also aspects of the individual post-consumption experience. Hence, the UGCs provided by purchasers have become a main source of information on product quality for both the tourism industry and its consumers. An increasing number of contemporary consumers consult UGC, including online reviews, before making purchasing decisions, therefore playing an important role in their decision making processes. The accommodation sector, particularly, has a central place within the travel industry and is an important contributor to the tourism economy. At the same time, the traditional hospitality sector operates in a competitive environment and is now becoming vulnerable due to a growth in the number of hotel room reservations being made via the internet and recent disruptive alternative accommodation types. Furthermore, the accommodation decision process is increasingly influenced by online comments of hotel guests' experiences in a particular hotel facility. Therefore, as for the hotel performance, UGC is rapidly gaining traction as part of the hotel room purchase decision making process.

The aim of this study was to analyse the effect of UGC on the hospitality industry, specifically with regard to hotel room sales, while also attempting to understand the accommodation attributes influencing customer satisfaction. By adopting secondary data from Booking.com in the form of review scores and qualitative comments, this dissertation attempted to understand the importance of different service attributes towards hotel performance in Auckland, New Zealand. Specifically, the influential factors of hotel service were studied in order to understand the influential elements of customer satisfaction, their contribution to a general hotel satisfaction score and its effect on hotel performance.

By utilising post-positivism as the research paradigm, this study adopted a mixed-method approach. A quantitative methodology was combined with a thematic analysis to analyse the significance between hotel performance and UGC in the form of hotel ratings and qualitative comments. A sample of 89 star-rated hotels within Auckland's central business district (CBD) was selected and both

independent and dependent variables regarding influential elements of the hotel service were identified and collected in the first quantitative stage. For the second qualitative stage, thematic analysis was employed to study 100 online reviews of 10 purposely selected hotels. The additional amenities that were not considered within the quantitative scores were discovered in order to provide better quality service and improve hotel performance.

The relationship between different hotel attributes and hotel performance were analysed quantitatively and confirmed the significance of value for money and location. The ANOVA test examined the effect of star classification on overall scores and concluded that cleanliness, comfort, facilities, staff service and other measurable variables like free Wi-Fi and location were significantly lower for 2 to 3.5 star hotels when compared to 4 star and above, according to Bonferroni's test. A multivariate regression analysis compared effects on review numbers − as a proxy for room bookings − as well as price levels. Value for money seemed the most significant indicator to positively influence review numbers (specifically so for luxury hotels), as well as negatively correlating with the price per night for a double room. Hotels charging a lower price per night for a double room were found to offer better value for money. Having better levels of cleanliness, comfort and facilities and a good location were more likely to increase the price level for a room. As the finding suggests, higher price level hotels might offer customers accommodation in a prime location and with high levels of cleanliness and facilities, while conversely lower value hotels focus primarily on the price proposition. Cleanliness, comfort and facilities only positively influenced review numbers for budget hotels, possibly indicating that this is a hygiene factor in the luxury segment that is seen as a minimum requirement, and not so much a competitive advantage. A similar observation could be made for Free Wi-Fi. The thematic analysis of the reviews confirmed the general importance of 7 independent hotel attributes. The category of location and room facilities received a relatively great number of positive feedback, whereas significant negative feedback related to the category of value for money, with a significant number of reviews mentioning the over-priced situation of hotel price within Auckland CBD.

Keywords: User-generated Content (UGC); Hotel Performance; Electronic Word-of-Mouth (eWOM); Hotel Marketing; Customer Satisfaction; Star Classification

CHAPTER 1: INTRODUCTION

1.1 The tourism product

As one of the largest industries in the world, tourism has a long history and has a significant effect on the economic and social development of a country or region. Meyer and Meyer (2015) state that tourism is seen as an important regional development tool for assisting in the creation of new economic activities for certain destinations. Similarly, according to Roche (1992), tourism is primarily recognized as an effective vehicle for social and economic development in destination regions. It can also be helpful for increasing local residents' quality of life, preserving archaeological and historic sites (Oviedo-Garcia, Castellanos-Verdugo & Martin-Ruiz, 2008), and have a positive impact on the preservation of residents' identity as well as their cultural pride (Besculides, Lee & McCormick, 2002).

Individual people, as tourists, are the propelling force in the existence and development of tourism. As human beings, people not only need to satisfy their basic needs for food, beverages, shelter and sleep, but also wish to fulfill their spiritual and social needs that, among others, include travel, recreation and leisure (Holjevac, 2003). The new millennium will be marked by constant and significant social, political, technological and demographic change. Most of these changes will make modern society very different from the 20th century. According to Holjevac (2003), as far as many people are concerned, the 21st century generally will bring a higher standard of living, more leisure time and an improved quality of life. People from many countries will have an increasing number of opportunities for both recreational activities and rest. Therefore, it can be observed that an increasing number of visitors from different countries travel for relaxation and fun in their free time. Future global tourism arrivals based on World Tourism Organization statistics will increase dramatically from approximately 670 million travellers in 2000 and about 1 billion in 2010 to 1.6 billion in 2020 (WTO, 1997). Pizam (1999) also believes that, tourism will be by far the world's largest industry by the year 2050, with 2 billion travellers and approximately US$25 trillion in both international and domestic receipts. Such

suggestions will require tourism and hospitality organisations to constantly improve their service to satisfy the needs of tourists.

Destinations usually rely on their unique tourism products as the key pull in attracting travellers to visit them. Xu (2010) says that a tourism product can be defined as a comprehensive experience that fulfils multiple travel needs and offers corresponding benefits. From a marketing perspective, he goes on to say, tourism product marketers and developers need to be aware that what is usually involved in tourism products, includes both intangible and tangible elements. Smith (1994) emphasizes the multiple components of a tourism product and breaks them down into five elements, respectively: the physical environment (including weather and natural features), hospitality, service, involvement and freedom of choice. Danaher and Arweiler (1996), on the other hand, identify three primary components of a tourism destination: accommodation, transportation and tourist attractions. Similarly, Lew and McKercher (2006) state that a physical tourism destination should offer tourism products including support services (e.g. transportation, accommodation) and tourist attractions.

It can be seen that accommodation, transportation and activity attractions are the most significant tourism products. All travellers should have successfully experienced these tourism products to a lesser or greater extent during their individual journeys. Based on the study from Xu (2010), in any industry, a product is always being developed to satisfy the needs of potential consumers. That is to say, the growth of the tourism industry has triggered further development of tourism products. As for the perspective of tourists themselves, tourism products, including accommodation, transportation and tourist attractions, are fundamental experiences, the experience of which is considered a key factor to tourist choice and satisfaction (Smith, 1994).

With the rapid development of a global tourism industry, transportation has become one of the fundamental factors for the success of a tourism destination. According to Nelson and Wall (1986), all tourism is related to travel, and the role of transportation in its operation is thereby essential. Sorupia (2005) also concludes that it is mostly due to the constant improvement of transportation that tourism has successfully expanded. Therefore, transportation can be considered as an integral part of the travel industry. Today, the advent of mass transportation

has successfully shrunk the distance, in terms of time, between countries and effectively eased travel. The duration of a regular direct air flight from Shanghai to Auckland is now about 11 hours. Also, various kinds of motor vehicle have made land travel to almost everywhere possible. It can be concluded that the accessibility of tourism destinations varies depending on the efficiency and effectiveness of the public transportation system. An advanced transportation system has a positive influence on the travel experience which explains why tourists select different types of destination, holiday and modes of transportation as well as how visitors travel (Page & Lumsdon, 2004). The constant improvement in transportation in tourism and lower transportation costs has effectively enhanced the accessibility of tourist destinations and, therefore, has resulted in the economic development of tourism destinations (Sorupia, 2005).

Tourism attractions at a tourist destination play an important role. Without tourist attractions there would be no tourism (Gunn, 1980), indicating their fundamental significance to tourism. Tourist attractions normally contain activities to participate in, landscapes to observe and unique experiences to remember. At a tourism destination, accommodation (e.g., hotels or resorts), transportation (e.g., train or cruise liners) may themselves take on the attributes of a tourist attraction such as the Gritti Palace in Venice. Lew (1987) concludes that these tourism products effectively complicate the distinction between different segments of the travel industry. In addition, it is crucial to realize that tourist attractions are the ones that lend the most memorable and strongest identity to a destination (Danaher & Arweiler, 1996). Tourist attractions are possibly what draw travellers to the destination, assigning them more importance in travellers' minds.

Accommodation is an important tourism product for travellers to consider during their trip planning to a new destination. Shaw (1999) identifies accommodation as one of the fundamental elements of the tourism product and is it the most ubiquitous and largest subsector within the travel economy. Further detail regarding accommodation in the tourism industry will follow.

1.2 Accommodation in the contemporary tourism industry

Accommodation is considered a fundamental element of the global tourism product. It is suggested that the type, nature and extent of accommodation significantly determines both the value and volume of tourism that can be possible at any tourism destination (Nuntsu, Tassiopoulos & Haydam, 2004). To understand the concept of accommodation, Gunasekaran and Anandkumar (2012) define tourist accommodation as traditional hotels within several categories, and their study also includes alternative accommodation such as commercial home rentals, serviced apartments and guest houses that supply travellers with paid lodging on a short-term basis. These latter types can differ from the traditional types of hotel in terms of personalisation and number of services provided, offering a more localized and authentic touch to travellers. Goss-Turner (1996) proposes that accommodation is a vital ingredient of the travel experience, and this suggests that the development of the accommodation sector at a tourism destination needs to be an integral and fundamental element of the entire process of destination planning. Sharpley (2000) concludes that it is reasonable to assume that controls and plans need to be in place to guarantee that the supply of accommodation contributes and reflects broader travel development objectives and plans.

Accommodation plays a significant role in the contemporary tourism industry. It effectively helps the economic development of tourism destinations. Sharpley (2000) shows that the physical tourism location, quality of accommodation, as well as the extent to which it is balanced with a wider growth of tourism-related infrastructure and facilities, can be one of the essential elements in the attraction or overall tone of tourism destinations. Many researchers have shown the significant impact of accommodation in the economic development of the tourism industry in a variety of countries. Becken, Frampton and Simmons (2001) studied accommodation expenditure in the New Zealand tourism industry. Their research indicates that the direct contribution of tourism to GDP (Gross Domestic Product) amounted to 3.4% in 1995 and the accommodation sub-sector in particular contributed approximately 11% to the total expenditure of international and domestic travellers, representing the second largest individual contributor after transportation (26.5%). Similarly, Goss-Turner (1996) states that accommodation is one of the largest and most ubiquitous subsectors in the travel economy because

it typically accounts for approximately one-third of all travel expenditure. Therefore, it is observed that the development of accommodation might be able to directly influence the economic outcome of certain tourism destinations. According to Sharpley (2000), the development and growth of the accommodation sector particularly has a close relationship to the overall development and success of travel destinations. Tosun (2000) also proposes that the development of the tourism accommodation sector needs to be a fundamental element in the overall planning process in tourism destinations. Overall, it can be seen that the accommodation sector in tourism constitutes a vital part of the tourism product and will play an essential role in achieving tourism business success. The success of tourism destinations can be particularly dependent upon the suitable development of the accommodation sector.

1.3 History of the accommodation sector

Over the last few decades, the form of accommodation facilities has been changing to meet the development of the tourism industry and satisfy different travellers' needs. Many studies available in hospitality and tourism emphasise the development and role of mainstream and traditional accommodation facilities, including star-rated hotels, destination resorts, motor hotels, motels, recreational vehicle (RV) parks and campgrounds (Morrison, Pearce, Moscardo, Nadkarni & O'Leary, 1996). These types of traditional accommodation facilities are generally of a medium to large size (usually more than 20 to 40 units) and provide services to a variety of diversified target markets such as business and pleasure tourists and travellers. Sharpley (2000) states that the choice of accommodation reflects the expectations and needs of the travellers and consequently, both the qualitative and quantitative characteristics of the supply of accommodation services have a direct impact on the type of travellers attracted to tourism destinations. As for the recent rapid development of global tourism, a greater attention has been given to the non-traditional types of accommodation that concentrate on the requirements of special-interest or more specialized markets and almost exclusively serve pleasure vacation tourists and travellers. It can be seen, therefore, that a variety of forms of accommodation these days has been created to satisfy these groups of consumers.

Bed and breakfast (B&B) and guesthouse accommodation have become extraordinarily popular since the end of the 20th century. As a type of commercial residence, B&B accommodation refers to the form of establishment as well as the form of boarding rate being presented. The concept of B&B can be defined as an establishment, normally a private home, offering overnight accommodation as well as breakfast to the members of the general public, where the evening meal may be available only upon request (Lynch, 1994). Ingram (1996) studied the characteristics of guesthouses in the United Kingdom, showing that guesthouses are similar to B&B accommodation, but differ in terms of size as commercial rates are legally required once homes receive more than six visitors at one time at which point the guesthouse needs to comply with hotel fire legislation. Many European scholars in Europe who examine the establishments of B&B accommodation have indicated the significance of definitional issues in understanding the specificity of this type of specialist accommodation.

Traditional accommodation is increasingly challenged by advances in information and communication technologies (ICTs) that empower the rapid development of non-traditional accommodation. With the explosion of Web 2.0 technologies, online network-sharing resources such as CouchSurfing.com can be easily accessed by travellers to facilitate face-to-face encounters and generate a sense of belonging as well as trust to a community. These online networking resources not only provide a strong platform to exchange information, advice and culture, but also help members locate accommodation while travelling, by staying in the homes of other members. It can be observed that an increasing number of travellers are using these network-sharing sites to find free places to stay while travelling, especially younger travellers and backpackers. Other disruptive innovations in accommodation sites, including Airbnb, have developed rapidly and book millions of overnight accommodation stays for travellers around the globe based on the strong growth in Web 2.0 technologies. As part of the sharing economy, these digital accommodation sites can be identified as online peer-to-peer platforms enabling ordinary property owners to rent out their homes or apartments as accommodation for travellers. They are disruptive innovations within the hospitality and tourism industry based on the innovative internet-based company model and its exclusive appeal to tourists (Guttentag, 2015). The rise of these network-sharing accommodation sites may be of serious significance to the

traditional tourism accommodation sector. It has been observed that there are a growing number of traditional accommodation providers being listed on these network-sharing platforms such as Airbnb. Intense competition between the online accommodation marketplace and the traditional hotel industry can be seen in tourism arrival numbers.

1.4 Web 2.0 and UGC in the tourism and hospitality industry

Today, the increasing use of Web 2.0 technologies has successfully changed the way travellers create, search for, collect and share online information, making this information available to a potential audience of millions of online users. The term Web 2.0 can be defined as the second generation of web-based online services that have acquired enormous popularity by enabling users to share information via the internet in ways previously unheard of (Cox, Burgess, Sellitto & Buultjens, 2009). This allows individuals to post their own opinions, content, audio content, images or videos to websites for others to easily observe and respond to. The increasing use of Web 2.0 applications in the tourism sector has generated a huge amount of online user reviews, and this UGC has a significant influence on consumers when choosing between competing tourism products.

UGC is having a giant impact on both consumers and tourism businesses. UGC can be defined as media content produced or created by the general public, rather than by professional marketers, and is mainly distributed online (Daugherty, Eastin & Bright, 2008). The online information market is increasingly shifting from a publisher-centric towards a user-centric model and away from the conventional types of media. It can easily be observed that the relationship between UGC and the development of business is gradually becoming more significant. With the rise of Web 2.0 technologies since the beginning of the 21st century, the importance of UGC on business performance should not be ignored. In the terms of marketing, UGC sites could be an efficient form of customer to customer e-marketing. UGC generally equates to electronic Word-of-Mouth (eWOM) marketing, whereby someone who has an understanding regarding a specific service or product, shares their individual opinion, experiences and beliefs with others (Ahuja, Michels, Walker, & Weissbuch, 2007). Akehurst (2009) states that social media, or UGC has become the polar opposite of

traditional types of marketing and media, as the content is mostly generated by consumers rather than by marketers.

In the tourism and hospitality industry, there is growing popularity for websites that involve content submitted by global travellers (e.g. Booking.com, TripAdvisor, Trivago as well as social networking sites including Facebook, YouTube and Instagram). As a result, the ways in which tourists investigate and evaluate travel products and other information is changing. Such a development has a significant impact on the development of the tourism and hospitality industry. Sparks and Browning (2011) state that UGC has successfully changed the way travellers exchange and search information, resulting in transformation in the management of tourism commerce, including hospitality facilities. An increasing number of tourism or hotel firms are using UGC sites for brand promotion and reputation establishment in order to attract more customers. Akehurst (2009) suggests that the influence of UGC results in a consumer revolution, which has efficiently transferred huge power from supplier to consumer. Tourism and hospitality organisations, therefore, need to be aware of such changes and employ innovative marketing strategies based on the further expansion and modification of Web 2.0 technology.

From the travellers' perspective, they now often seek authentic advice from other travellers as part of their decision-making process when they plan to visit another city or need to book accommodation, rather than only seeking advice from commercial tourism organisations. As UGC sites are a popular form of eWOM, many travellers now use them to share information about services and products, and both the positive and negative information from these UGC sites is having an enormous influence on consumer purchasing decisions (Coulter & Roggeveen, 2012). The majority of online reviews on UGC sites are made up of two parts: a description of the assessment (the details of the experience) and an overall product assessment (e.g. ratings) (Schlosser, 2011). Travel product booking and online review sites such as Booking.com and TripAdvisor allow consumers to rate their experience by using a 5-star system regarding a hotel's, or other product's overall performance and give detailed comments about the product's service. It is clear that UGC successfully provides customers with a convenient channel to quickly understand the overall performance of different hotels and products, from which

customers can choose ideal hospitality products based on their individual budget and accommodation criteria.

The increasing use of UGC does not only influence travellers' decision-making processes, but also has a significant impact on the operations of hospitality and tourism organisations. Xiang, Woeber and Fesenmaier (2008) state that the travel industry is an information-intense industry, as a result, it is critical to understand consumer behaviour and the transformation in technologies that influence the accessibility and distribution of travel-related information. Therefore, to improve the market competitiveness of hotels, marketers should understand the perspective and requirements of tourists, based on online reviews on UGC sites. A large number of researchers have illustrated that UGC affects consumer behaviour, including product purchasing and intent to purchase (Kim, Lim & Brymer, 2015; Xiang & Gretzel, 2010; Ye, et al., 2011). Kim et al., (2015) have studied the influence of UGC on different customers' pre-purchase evaluations of hotel performance. Their study shows that positive reviews play an important role in customers' overall evaluation of value and service quality. Therefore, it is necessary for marketers to understand the nature of the online hospitality and tourism domain including the composition of online travel-related data available to different tourists, as it offers a significant stepping-stone for the development and operation of successful marketing programs and improves hospitality and tourism information systems (Xiang & Gretzel, 2010).

1.5 Research question and objectives

As was implied in the introduction, the accommodation sector has a central place within the tourism industry and is an important contributor to the tourism economy. At the same time, the traditional hospitality sector operates in a competitive environment and is now becoming vulnerable due to a growth in the number of hotel room reservations being made via the internet and recent disruptive alternative accommodation types. Furthermore, the accommodation decision process is increasingly influenced by online comments of hotel guests' experiences in a particular hotel facility. UGC is rapidly gaining traction as part of the hotel room purchase decision making process, and this could affect hotel business performance.

The aim of this study is therefore, to analyse the performance of traditional accommodation providers within the contemporary context as it is affected by UGC. The main research question of this study is: "How does UGC influence hotel performance and which satisfaction-factors are most important in this relationship?" Recommendations towards the improvement of hotel performance will be provided. In order to achieve this aim, the main objectives of this study are:

1. To discover the most influential hotel attributes to achieve customer satisfaction, and the respective hotel attribute scores within Auckland CBD;

2. To understand the contribution of the different hotel attribute scores on general hotel performance;

3. To examine heterogeneity in hotel expectations and performances based on a hotel's star quality rating;

4. To examine the elements of service consumers most care about when choosing accommodation from an online travel agency offering user-generated reviews (i.e., Booking.com) and the areas in which hotel organisations need to improve in order to enhance overall customer satisfaction.

1.6 Structure of dissertation

This dissertation contains six chapters. The introduction chapter provides the general background to tourism products, and then moves to an overview of tourism accommodation, a brief history of the accommodation sector, a background to Web 2.0 and UGC and a summary of recent changes within the travel industry. The second chapter of the study is a literature review. This chapter analyses the theories and concepts of other scholars regarding hotel products and expected service, customer satisfaction with hotel performance, as well as the impact of UGC on hotel marketing. The third chapter, the methodology chapter, discusses how the research was conducted, which includes decisions regarding the research instrument and the selection of secondary data on Booking.com. Both a quantitative methodology and a qualitative thematic analysis were used to analyse significance between hotel performance and UGC. In Chapter four, the results of the data analysis are presented. The findings of the research will be discussed

from several perspectives in Chapter five. Lastly, the dissertation will end with a chapter that includes the conclusion and the research's implications.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This literature review will focus first on the general hotel product and changes in customer expectations in the contemporary hotel industry and go on to demonstrate the elements that are influential in guest expectation which lead to customer satisfaction. The significant relationship between customer satisfaction and loyalty as well as hotel business performance will also be illustrated. Lastly, the development of contemporary hotel marketing and the rise of UGC in the tourism and hospitality industry will be discussed, together with their relationship to hotel business performance. Figure 2.1 provides a schematic overview of how the different parts of the literature review are connected in terms of the research question of the dissertation.
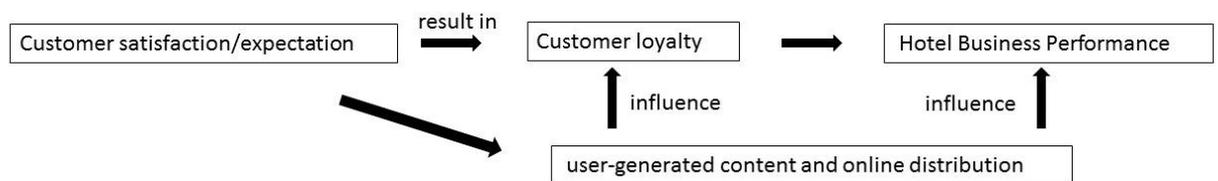
Figure 2.1. Schematic overview of topics

2.2 The hotel product and customer expectations

2.2.1 The hospitality industry and the hotel product

To understand the hospitality industry, Pfeifer (1983) first defines hospitality based from a supply-side economics perspective, "hospitality consists of offering lodging, food and beverage, or, more understandably, of offering the basic needs to the individual who is away from home" (p, 189). Ariffin and Maghzi (2012) describe hospitality as the request of the guest to experience a host being hospitable through generosity, a genuine regard for the customer as an individual, and a desire to please. More specifically, Hemmington (2007) identifies five

individual essential dimensions to hospitality in a commercial setting: generosity, host-guest relationship, safety and security, theatre and performance, as well as lots of little surprises. Based on these studies, it can be said that the study of hospitality as a human behaviour in essence includes a significant relationship between guest and host. It is conferred by a host on the customer, who is away from his/her home, the host providing what is required for the customer's security, physical and psychological comfort. According to Hepple, Kipps and Thomson (1990), hospitality essentially involves interactions between a provider and receiver as well as a blend of tangible and intangible factors.

2.2.2 Customer expectations in the hospitality industry

In today's highly competitive hospitality industry, many luxury hotel chains provide guests with homogenous services and products, whereas independent hotels offer more individualized and personalized service to customers. With so many products on offer, in order to achieve business success, it is suggested that hoteliers should constantly improve and offer competitive outstanding hotel service based on an understanding of customer expectations.

A variety of previous studies on the topic of customer expectations, summarized in Table 2.1, agree on the profound impact various elements of a hotel have on overall hotel performance (Lockyer, 2002; Weaver & Chul Oh, 1993; Wilensky & Buttle, 1988; Wuest, Tas & Emenheiser, 1996). Wilensky and Buttle (1988) suggest that travellers may consider the following attributes when choosing accommodation for themselves: price, location, service quality, security and reputation. Similarly, Wuest et al. (1996) argue the significance of various hotel attributes and facilities deemed necessary for meeting customer expectation. Their study found that hotel attributes such as price, location, cleanliness, security, physical attractiveness, personal service, opportunities for relaxation, reputation, appealing image and standard of service are considered critical determining features in a great number of academic studies. Atkinson (1988) also claims that the cleanliness of accommodation, monetary value, the courtesy and helpfulness of service staff, safety and security, were identified as the main attributes for travellers in accommodation choice selection. In another study, Knutson, Stevens, Wullaert, Patton and Yokoyama (1990) adopted LODGSERV to compare

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customer expectations with the quality of hotel service. The results show that quality assurance and reliability of staff appeared to be the most essential elements required by travellers.

Certain aspects of a basic hotel product are successfully ranked as most significant across many academic studies and cleanliness, particularly, has been often identified as most important (Ananth, DeMicco, Moreo & Howey, 1992; Weaver & Chul Oh, 1993; Wuest et al., 1996). In a more recent study, Wu and Liang (2009) suggested that personnel responsiveness, service quality, value for money, cleanliness and convenience directly influence customer satisfaction with their hotel experience. Research from Weaver and Chul Oh (1993) illustrates that approximately 90% of frequent business travellers considered cleanliness as the most important aspect leading to satisfaction. After cleanliness, their research also shows that other aspects of core accommodation products such as high quality, comfortable hotel facilities (beds, sheets and towels) ranked highly. Kandampully and Suhartanto (2010) show that hotel guests' perceive satisfaction with the cleanliness of their room to be more significant than satisfaction with other elements, while Tsang and Qu (2000) conclude that it is the quality of service rather than value for money that has become the most fundamental element to a hotel's ability to achieve customer satisfaction and differentiate itself from its competitors. Ananth et al. (1992) invited 510 tourists in the United States, to rank the significance of 57 accommodation attributes in their hotel selection decision. Cleanliness and price were rated as the most critical accommodation attributes across all age categories, followed by convenience of location and safety. In addition, other aspects of hotel accommodation that are reported as being significant in hotel selection are; good employee and customer service, transportation, safety and security as well as value-adding extras including cable TV and free newspapers (Lockyer, 2002; Weaver & Chul Oh, 1993).

In regard to the quality of hotel services, it is suggested that hotel guests expect authentic, positive conduct from front line staff. Rafaeli and Sutton (1987) studied the impact of employee emotion on work performance; their study claims that smiles need to be displayed to hotel guests. According to their study, customer-contact employees who can smile genuinely could be more likely to create satisfying guest encounters compared to those who are simply following the company's instruction to smile. Langhorn (2004) proposes that hotel guests can be

less impressed with the conduct of front-line staff who attempt to hide their real emotions during customer service delivery. As a result, Grandey, Fisk, Mattila, Jansen and Sideman (2005) conclude that authentic positive displays can be considered discretionary behaviours that go beyond requirements and improve the overall quality of customer service for hotel guests.

Table 2.1 Review of literature on important hotel attributes

	Cleanliness	Comfort	Facilities	Service of Staff	Monetary Value	Transportation	Location	Safety	Brand Reputation
Wilensky & Buttle, 1988				×	×		×	×	×
Wuest et al., 1996	×	×	×	×	×		×	×	×
Atkinson ,1988	×			×	×			×	
Knutson et al., 1990				×					
Ananth et al., 1992	×				×		×	×	
Weaver & Chul Oh, 1993	×			×		×		×	
Lockyer, 2002	×			×		×		×	
Rafaeli&Sutton,1987				×					
Langhorn,2004				×					
Grandey et al., 2005				×					

The importance of attribute expectations is not devoid of context. It is suggested that hotel guests' expectations correlated with accommodation price. Some scholars have examined how frequent business travellers discriminate between luxury and mid-price hotels. According to Griffin, Shea, and Weaver (1997), business visitors staying at mid-range hotels expected a pre-arranged bill and relatively low-priced family restaurants, whereas pleasure travellers choosing luxury hotels expected a concierge service, a bellman service, a bathrobe, a hair dryer and gourmet restaurants. By the same token, it is suggested that travellers who stay at budget hotels might expect minimal service and products that satisfy their basic wants and needs. Furthermore, some empirical studies show that customer expectation and perception of the quality of hotel services vary considerably for hotel guests from different cultural backgrounds (Mattila, 1999; Shergill & Sun, 2004). In terms of individualistic and collectivist cultures, Liu and McClure's (2001) study on consumer complaint behaviour concluded that

unsatisfied consumers from an individualistic culture are more likely to voice their complaints compared with those from a collectivist culture. Mattila (1999) suggested that hotel guests from Asia might expect more extensive and personalized service, while western customers might consider the luxurious dimension of the consumer experience as more significant. His study suggests that expectation consumers hold of luxury hotels would depend on their cultural backgrounds, whereas the hotel price-quality measure might have to be right for western guests, no matter who pays for their hotel stay. From the point of view of cultural difference, a significant positive relationship can be found between complaint behaviour and nationality. Therefore, it is proposed that cultural factors could be part of the essential features that contribute to the formation of hotel guests' overall expectation and perception process (Shergill & Sun, 2004).

2.2.3 Current trends in hotel customer expectation

Recent studies indicate the number of accommodation units in many tourism destinations and the number of accommodation properties seems to have increased greatly over the past decade (Holjevac, 2003; Hua, Chan & Mao, 2009). It is recognized that the hotel industry is meeting with customer expectations of a higher service standard due to the increasing growth of the service industry and its intense marketplace competition (Choi & Chu, 2001; Hua et al., 2009; Lewis & McCan, 2004). A study from Kandampully and Suhartanto (2000) states that the greatest challenge facing hospitality firms today is the ever-growing volume and the intense level of competition. It is suggested that the hotel industry in many countries is operating in a highly competitive marketplace, with customers having increasing expectations of overall service quality and a tendency to switch between hotel service providers (Lewis & McCan, 2004). In addition, there is also a change with respect to the profile of hotel guests. According to Sargeant and Mohamad (1999), many places in the world are attracting an increasing number of leisure-related travellers and fewer business visitors. Guests' needs and expectations could therefore be different and require specialized customer care strategies. Oh and Jeong (2004) argue that hotel guests who stay for holiday or leisure reasons were reported to require a higher standard of accommodation hospitality compared with guests who were staying for work or business purposes.

Their study also shows that travel purpose (pleasure vs. business) creates different accommodation demands and, therefore, has critical implications for hotel or lodging marketers. Therefore, in the competitive contemporary hospitality industry, it is suggested that satisfying the needs of different customers is essential for substantial and long-term hotel development (Chi & Gursoy, 2009).

Many studies show that the increased competition within the hospitality is also caused by the changing landscape of the industry due to recent technological changes (De Pelsmacker, van Tilburg & Holthof, 2018; Guttentag, 2015; O'Connor, 2008). It can be observed that a number of disruptive innovations within the tourism and hospitality industry have become popular among travellers from many countries (Guttentag, 2015). As one of the most popular disruptive innovations, the rise of Airbnb is of great significance to the traditional tourism accommodation sector (Deck, 2005). Apart from the regular accommodation booking websites (e.g. Expedia and TripAdvisor), Airbnb in essence is an internet platform through which ordinary individuals rent out their private accommodation for travellers. The traditional market for tourist accommodation has travellers renting accommodation from formal businesses, such as resorts and hotels. However, the rapid development of Airbnb is challenging such traditional accommodation market. According to Guttentag (2015), Airbnb has successfully shaken up the traditional market model by providing an online marketplace that effectively permits the large-scale rental of spaces from one ordinary individual to others ('peer-to-peer accommodation'). However, Oskam and Boswijk (2016) argue that disruptive innovations such as Airbnb only appeal to a niche market, the company operating in parallel with the traditional accommodation sector, and the size will never be great enough to influence traditional accommodation providers.

2.3 Customer satisfaction and hotel performance

2.3.1 Customer satisfaction theory

The theory of customer satisfaction and its impact on business outcomes has been studied by a number of scholars (Barsky, 1992; Dietz, 1997; Westbrook & Oliver,

1991). According to Barsky (1992), the concept of customer satisfaction occupies a central position in both business practice and theory. According to Parasuraman, Zeithaml and Berry (1988), customer satisfaction and the quality of service are critical factors for success of any business. On the other hand, some scholars, including Kandampully and Suhartanto (2010), have explored a variety of different perspectives of how meeting customer needs achieves consumer satisfaction. The task of obtaining and maintaining customer satisfaction can be recognized as one of the most important challenges facing business professionals, business policy makers and academics (Barsky, 1992). Dietz (1997) describes customer satisfaction as a judgment that a service or product feature, or the service or product itself, offers consumers pleasant consumption-related fulfilment. Customer satisfaction therefore is conceived of as the fulfilment response employed to evaluate and understand the customer's experience (Dietz, 1997). The expectancy disconfirmation theory suggested by Oliver (1980) is the most widely used theoretical framework to explain satisfaction. It proposes that consumers purchase services and goods with pre-purchase expectations in regard to anticipated performance. Disconfirmation occurs when there are differences between the outcomes and the expectations (Oliver, 1980). Oliver therefore concludes that customer satisfaction is dependent upon positive disconfirmation of consumer expectation, whereas dissatisfaction is caused by negative disconfirmation of customer expectations.

Academic studies on customer expectations of the hospitality industry have pointed out the impact of hotel service on customer satisfaction and their re-purchase intentions (Ariffin & Maghzi, 2012; Choi & Chu, 2001; Cronin Jr & Taylor, 1992; Hemmington, 2007). It has been proved that enhancing customer satisfaction and providing high quality service are essential factors leading to the success of companies in the tourism, hospitality and catering industries (Barsky, 1992; Choi & Chu, 2001). Customer satisfaction is highly dependent upon the extent to which the hotel services or products received by the guests match their expectations of a hotel's performance (Gund, Heide & Olsson, 1996). Wu and Liang (2009) show that satisfied hotel guests become repeat purchasers of services or products and provide friends or family with positive feedback regarding their personal experiences. Similarly, studies of consumer perspective and behaviour also emphasize customer satisfaction as the core of the post

purchase period as it presumably results in favourable word-of-mouth publicity and repeat purchases (Westbrook & Oliver, 1991). According to Fornell (1992), the reason is that customer satisfaction within the hotel industry serves as an important exit barrier, allowing the hotel to retain its customer base. His study concludes that a hotel's profitability proportionally increases with the number of loyal customers, and approximately 60% of hotel room sales to new guests could be attributed to Word-of-Mouth (WOM) referrals. In order to help business marketers deliver appropriate offers that cater to hotel market demand and build customer loyalty, it is crucial to understand the relationship between loyalty and customer satisfaction.

2.3.2 The relationship between customer satisfaction and loyalty

To understand customer loyalty, Bowen and Shoemaker (1998) firstly define loyalty as the likelihood of a consumer to return to a hotel organisation and his or her willingness to act as the partner to that organisation. Kandampully and Suhartanto (2000) argue that a loyal customer is a consumer who repurchases from the same service or product supplier whenever possible, and who continues to recommend as well as preserve a positive attitude towards the service or product supplier. According to their study, customer loyalty can be divided into two respective dimensions; behavioural and attitudinal elements. The behaviour dimension can be identified as the behaviour of a consumer in repeat purchasing, indicating a preference for a service or a brand over time (Bowen & Shoemaker, 1998). On the other hand, Getty and Thompson (1994) define the attitudinal dimension as the intention of consumers to recommend and repurchase, which can be seen as good indicators of a loyal consumer. Their study concludes that a consumer who develops the intention to recommend and repurchase is very likely to remain a customer of the organisation.

Many studies have identified the significant relationship between customer satisfaction and loyalty (Choi & Chu, 2001; Cronin Jr & Taylor, 1992; Getty & Thompson, 1994; Wilkins, Merrilees & Herington, 2007). Sim, Mak and Jones (2008) studied customer retention using LISREL confirmatory factor analysis to identify the relationship between customer satisfaction and retention within the hospitality industry. Their study shows customer retention as a latent variable

measured through intention to switch supplier or remain loyal to it. Customer satisfaction, on the other hand, is a latent variable measured through perception of hospitality services and ambience. As a result, their study suggests that better hospitality and ambience may lead to better customer satisfaction, which in turn leads to better customer retention. It is commonly recognized that the quality of hotel services is antecedent to customer satisfaction and that customer satisfaction is significantly antecedent to loyalty (Wilkins et al., 2007). In a hospitality study, Getty and Thompson (1994) investigated the relationships between customer satisfaction, quality of hotel as measured through a combination of hotel attributes, and the resulting influence on consumers' intentions to recommend the hotel to prospective customers. Their findings indicate that the intention of consumers to recommend can be a function of their perception regarding both service quality within the hotel experience and satisfaction. Hence, a conclusion can be drawn that there is a positive relationship between loyalty and customer satisfaction. To surpass competitors and achieve success by attracting both new and loyal customers, Choi and Chu (2001) suggest that hoteliers must provide guests with unmitigated service satisfaction. Hotel guests, when experiencing superior service, are more likely to establish customer loyalty, leading to favourable WOM business and repeat purchases (Cronin Jr & Taylor, 1992).

2.3.3 The relationship between customer satisfaction and hotel business performance

Many researchers have proposed that reaching and maintaining a high level of consumer satisfaction brings business organisations a number of significant benefits including direct income and a lower marketing requirement (Min, Min, & Chung, 2002; Chand, 2010). Chand (2010) proposes that satisfied customers have much potential to become loyal customers, who not only consume services or products again, but also spread positive WOM for the business. Furthermore, he suggests that satisfied consumers can be more tolerant to possible service failures. Overall, these factors eventually result in the organisation's improved financial performance. Similarly, Chi and Gursoy (2009) suggest that the relationship between the hotel's financial performance and customer satisfaction should be positive and the higher the customer satisfaction, the more favourable the hotel's

performance measures would be. A study by Xie, Zhang and Zhang (2014) also puts forward the idea that customer satisfaction in general is positively associated with a hotel's financial performance, profitability, growth rates in room revenues and revenues per guest room. However, while many scholars propose the existence of this positive relationship (Min et al., 2002; Chand, 2010; Chi & Gursoy, 2009; Xie et al., 2014), some studies argue that customer satisfaction is not always reflected in economic profits (Bernhardt, Donthu & Kennett, 2000). According to Bernhardt et al. (2000), a significant positive relationship exists in changes in guest satisfaction and transformation of a hotel's financial performance. However, their study concludes that this significant positive relationship might be obscured by many influential elements in the short term. An example given in the study is that when a business spends a large sum of money to implement measures to increase customer satisfaction, this might temporally result in higher customer satisfaction, but lower profits. However, in the long run, this measure might be significantly positive.

A number of other scholars propose that the relationship between a hotel's financial performance and customer satisfaction might not be positive (Chi & Gursoy, 2009; Schneider, 1991). Gursoy and Swanger (2007) claim that while customer satisfaction is the core of hotel operations, it might not result in better hotel financial performance, as customer satisfaction is identified as the given factor, which is a natural and integral part of a hotel's day-to-day operations. According to their study, when customers patronize any service business, they naturally expect to be satisfied; tourism and hospitality businesses cannot survive without customer satisfaction. On the other hand, Chi and Gursoy (2009) argue, in order to enhance customer satisfaction, a hotel business might spend a great deal of money upgrading hotel facilities and staff training, and this could eventually result in lower profits. Their study suggests that internal cost-cutting measures, including postponing facility upgrades and lowering training costs, might be more profitable to a hotel at any time, even if hotel guests are not more satisfied as a result. However, several studies conclude that customer satisfaction in general is likely to play an important role in the financial success of a hotel business, even though there are a number of actions that can be taken by the company beyond the scope of satisfaction that might also significantly influence the company's profitability (Chi & Gursoy, 2009; Schneider, 1991).

2.4 UGC and hotel marketing

2.4.1 eWOM and UGC

As an important concept in the marketing field, WOM was expanded to apply to internet-based communications in the late 1990s and the reach and strength of WOM further increased with the use of Web 2.0 interfaces (Hennig-Thurau & Walsh, 2003; Litvin, Goldsmith & Pan, 2008). Electronic Word-of-Mouth (eWOM) refers to "all informal communications directed at customers via Internet-based technology related to the characteristics or usage of particular services and goods, or their own sellers" (Leung, Bai & Stahura, 2015). It is proposed that eWOM can be considered both as a marketing tool to increase sales and a marketing outcome to enhance reputation (Hennig-Thurau & Walsh, 2003).

As a new marketing tool, eWOM powerfully influences consumers' product evaluation, attitudes, purchase intentions and customer loyalty (Litvin et al., 2008). Not only is eWOM more influential than conventional marketing tools, it is also identified as one of the key marketing outcomes, which can be as important as customer loyalty (Hennig-Thurau & Walsh, 2003; Leung et al., 2015). Furthermore, Del Chiappa, Lorenzo-Romero, and Alarcón-del-Amo (2015) indicate that eWOM is particularly significant for the travel-related sector because hospitality and tourism services and products are generally difficult to evaluate, being high-involvement products and intangible goods where behaviour patterns during purchase are not routine.

User-generated sites are identified as truly appropriate platforms for eWOM (Erkan & Evans, 2016; Lu & Stepchenkova, 2012). According to Mudambi and Schuff (2010), UGC can be identified as peer-generated product evaluations posted on third-party or company websites, being an effective method of consumer-to-consumer e-marketing. UGC, sometimes known as Web 2.0, often appears as a supplement to online platforms, including social media websites, and might include such content types as blog posts, e-commerce content, video and user comments (Akehurst, 2009). It may also be viewed as a form of eWOM (Lu & Stepchenkova, 2012). It has been proposed that as contributors can share their comments through written texts, videos and pictures, this visually-enriched content makes eWOM more appealing and enjoyable (Erkan & Evans, 2016). As

for UGC within the travel and hospitality industry, this provides information not only about the tourism-related products in question, but also aspects of the contributor's post-consumption experience, including overall evaluation, service, quality and value for money (Li, Ye & Law, 2013). Therefore, UGC provided by purchasers has become a main source of information on product quality for both marketers and consumers. As in contemporary society generally, approximately 70% of consumers now consult UGC, including online reviews, before making purchase decision, and it plays an important role in their decision-making processes (López, Sicilia & Hidalgo-Alcázar, 2016; Ye, Li, Wang & Law, 2014).

2.4.2 UGC in tourism

Research on UGC in connection to travel has been widely conducted by scholars from around the world such as O'Connor (2010), Lu and Stepchenkova (2012). At the beginning of the 21st century, the rapid growth of internet led to an enormous number of travel-related facilities, including accommodation booking sites. In achieving business success, UGC such as online review sites have recently emerged as an important marketing medium in tourism advertising for a large number of tourism organisations (O'Connor, 2008). Information technology influences tourism organisations in terms of competitiveness by aiding consumer's decision making.

As for tourists, research from Law, Leung and Buhalis (2009) shows that travellers frequently post their recommendations on social media review sites dedicated to travel after returning home. These posts can then attract the attention of tourists and potential travellers as a source of information (O'Connor, 2008). Such user-generated information has become part of trip planning, influencing consumers in the decision-making process. With UGC, a large number of tourists can give and receive information about their trips, without geographical limitation or time constraints (Huang, Basu & Hsu, 2010). According to Huang et al. (2010), these activities include accessing tips and suggestions, searching for travel information, maintaining connections finding travel companions, or simply having fun sharing their travel experiences with others. The reason user-generated information has become popular among tourists is that consumers normally put greater trust in reviews by travellers on travel websites and these have a greater

impact on sales than recommendations by travellers found on virtual travel agencies or hotel websites (Lu & Stepchenkova, 2012). Lu and Stepchenkova's study states that almost all respondents to their questionnaire planned to access online comments while arranging their journeys and those reviews were more likely to contain detailed, trustworthy and up-to-date information.

2.4.3 Hotel marketing in the contemporary context

2.4.3.1 The Digital Marketing Framework

As mentioned in the introduction, the changing landscape of accommodation marketing is related to the rise in information technology development and Web 2.0 interfaces. This can have externally-generated consequences on hotel business performance and how well accommodation providers deal with these changes is a critical success factor. With the use of the Web 2.0 features, today innovative marketing models that utilize electronic technology have emerged. Chan and Guillet (2011) identify the e-marketing process as an ongoing activity that involves choosing the correct sources of e-marketing, including people, tools, technologies and techniques. Proposed by Kierzkowski, McQuade, Waitman and Zeisser (1996), the digital marketing framework can be seen as an innovative marketing model created around five individual elements that are fundamental to success in digital marketing, as shown in Figure 2.2.
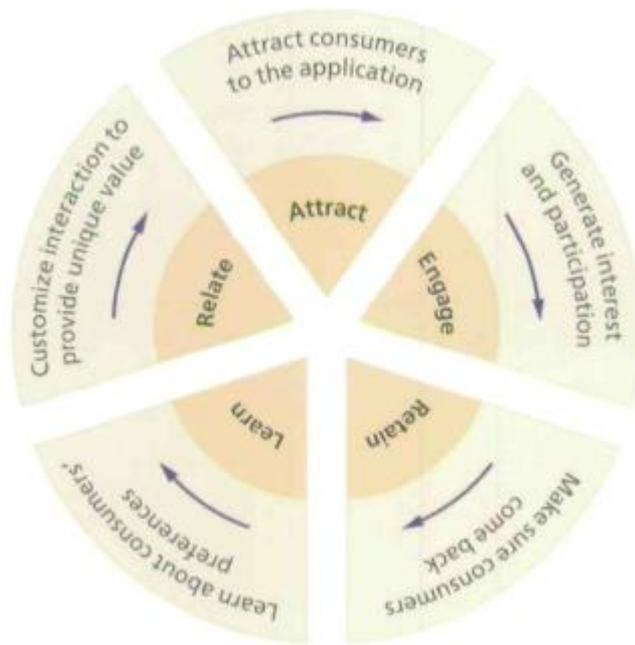
Figure 2.2 Schematic drawings of a new approach to digital marketing

Adapted from Kierzkowski, McQuade, Waitman, & Zeisser (1996).

The first step in implementing digital marketing is to attract guests and prospective customers to voluntarily visit their websites. Secondly, the hotel marketers should engage the customers to stimulate their interest to interact with the firm and other users of the online page. After customers have been engaged, retaining the customers is the next step. Next, the cycle continues with the need to study consumer profiles—who they are, what they like, and how they behave. The final step is to relate to customers. According to Kierzkowski et al. (1996), the marketing effort and personalized interaction is the heart of this step as it is for the entire process; they emphasized the need for hoteliers to maximize the full potential of the interactive media. In addition, many benefits and characteristics of interactive media studied by Kierzkowski et al. (1996) specifically apply to UGC. These involve the capability to communicate with individual consumers, learn from reviews provided by guests, deliver richer messages in a more efficient manner, facilitate interactions between different prospects, and maintain relationship and customer loyalty.

2.4.3.2 The influence of UGC on the hotel industry

To achieve business success in the future, several studies indicate that hotels need to acknowledge that UGC exists and then maximally influence its development to increase the amount of business generated as well as build and maintain loyalty in customers (O'Connor, 2010, Sparks & Browning, 2010). The hotel industry is now particularly vulnerable because of an increase in reservations made via the internet, and specifically also because of reservations made outside of their own distribution channels (e.g. online travel agency). According to research done by Jeong and Jeon (2008), the decision process is significantly influenced by online reviews about the experience of consumers in a specific hotel facility. Statistics from Zheng, Youn and Kincaid (2009) show that approximately 55% of internet users will take online reviews into account when they make accommodation purchases. Also, Ye, Law, Gu and Chen (2011) proposed that online UGC influences more than US$10 billion in online hotel purchases annually and it is thus essential to assess its effect. Therefore, in order to attract new consumers and keep old consumers loyal, it is suggested that hotel managers ought to understand comprehensively both the positive and negative influence of UGC, as it has a significant effect on the very base of hotel operations (O'Connor, 2008). In addition, it will also help managers to understand hotel industry dynamics better (Sparks & Browning, 2010). As for customers of the hotel industry, research from Cox et al., (2009) concludes that the majority of travellers prefer user-generated information from other customers rather than solely trusting in descriptions of hotels provided by the hotel operator itself. According to O'Connor (2008), after tourists have chosen the destination, information gathered from UGC is mainly used for looking for accommodation.

The amount of influence of UGC on hotel business performance has been studied by researchers such as Chu (2009), Ye, Law and Gu (2009). As customers post their individual opinions or recommendations regarding a hotel product or service on UGC sites, they normally attempt to persuade others to understand their point of view and eventually have an impact on potential customers' decision-making process (Chu, 2009). Previous research has demonstrated that there is a statistically positive relationship between the value of online reviews and the performance of hotel product sales. For example, Sparks and Browning (2011)

suggest that the overall value of one series of online reviews influences hotel consumers' trust and evaluations and, as a consequence, booking intentions. Ye, Law and Gu (2009) report that online consumer ratings have a significantly positive relationship to hotel performance. Their research proposes that a ten percent improvement in the rating of reviewers would increase hotel sales by up to five percent. Verma, Stock and McCarthy (2012) indicate customer ratings on online review sites have a strong positive influence on the willingness of customers to book an accommodation. In research on 346 hotels in Italy, Viglia, Furlan and Ladron-de-Guevaran (2014) illustrate that an increase of one point in the online review score can be associated with an increase of 7.5% points in the overall occupancy rate.

Some recent studies have argued that review factors influence consumer purchase and result in a positive impact on future hotel performance. It is suggested that positive review content can increase a hotel's reputation, while negative comments might be able to reduce customer interest in the hotel's services or products, which can significantly influence its profits (De Pelsmacker, van Tilburg & Holthof, 2018). For example, Sun (2012) concludes that the interaction of variation and value of online reviews could be the determinant of product sales and a higher level of deviation in consumer ratings would significantly increase related sales if, and only if, the general consumer rating were low. In addition, Papathanassisand and Knolle, (2011), report that, customers give more weight to negative online reviews than positive ones. Similarly, Erkan and Evans' (2016) study of the influences of eWOM communication on product or service judgments, indicates that negative online reviews tend to be more informative or diagnostic than neutral or positive online reviews with negative elements strongly implying products are of low quality, whereas neutral or positive online reviews are less specific and are associated with products of varied quality (low, medium and high). Papathanassisand and Knolle (2011) show in particular that negative online reviews are more likely to be used for hotel product purchases than positive reviews as their influence can be stronger.

2.5 Summary

Overall, in the highly competitive hotel industry, customer satisfaction can be highly dependent on meeting expectations regarding specific hotel attributes. The significant positive relationship between customer expectation and the attributes of hotel services has been confirmed by a variety of studies. From this literature review, it is proposed that customer satisfaction could successfully lead to higher customer retention and loyalty, which has a positive effect on business outcomes. With the increase in Web 2.0 websites, the variety of UGC accommodation review sites may efficiently spread eWOM and alter customer expectations, thereby strengthening the link between customer expectation and hotel experience. There is evidence that this has both an indirect and a direct effect on hotel business performance. However, with the rapid development and diversification of the tourism and hospitality industry, there are still some unknown factors that deserve further attention. Hoteliers should be aware of the increasing use of UGC on hotel performance in order to achieve a better business outcome in the current market. Hence, the aim of this study is to analyse the business performance of traditional accommodation providers within the contemporary situation as affected by UGC.

CHAPTER 3: METHODOLOGY

3.1 Introduction

In this chapter, the information collection methods and techniques used in this research are introduced in order to show how they align with the research objectives defined in the introduction. According to Gray (2014), methodology is a philosophical system of principles, rules and methods to regulate a given discipline. Sarantakos (2012) explains it as a research strategy that translates the principles of ontology and epistemology into guidelines and shows how the study is to be conducted. Lincoln and Denzin (1994) suggest that ontology can be seen as the nature of realities, whereas epistemology is the relationship between realities and the researchers. In this chapter, details of the research's paradigm and the methods adopted in the research process will be presented. This research employs a mixed-method approach that combines both quantitative and qualitative research strategies in order to ensure the validity of the results. The chapter will further discuss the data collection process and the chosen analysis methods.

3.2 Research paradigm

3.2.1 Post-positivist paradigm

Morgan (2007) describes a paradigm as the researcher's beliefs and practices that influence the considered research questions and chosen methodologies throughout the entire research process. Ponterotto (2005) defines a paradigm as a collection of assumptions on particular themes which are interrelated and provide the study with a philosophical and conceptual framework. Mackenzie and Knipe (2006) suggest that a paradigm influences the way knowledge is studied and it is considered the starting point of the research. The choice of research paradigm depends on its appropriateness for achieving the research objectives (Morgan & Smircich, 1980).

The paradigm adopted in this research is a post-positivist social science paradigm. Post-positivism seeks to explain social concerns and transforms positivism from an originally narrow perspective to a more encompassing view to examine real world problems (Henderson, 2011). Post-positivism asserts that both the context and the researcher's

experience should be taken into consideration (Gray, 2014). Mackenzie and Knipe (2006) outline the nature of the post-positivist paradigm; their study shows that post-positivism enables researchers to acknowledge that every individual connected with the research could be influenced by biases and idiosyncrasies. Hence, due to the paradigm's nature, Veal (2017) asserts that varied methodologies can be employed by those researchers that adopt a post-positivist paradigm.

This research uses secondary data selected from a global user-generated site called Booking.com (URL: www.booking.com), which is one of the largest travel websites in the world and has previously been used in studies as a large database of traveller's reviews (Mellinas, María-Dolores & García, 2015). To ensure consistency and achieve more accurate findings and results, a post-positivist paradigm has been chosen to determine the significance of any cause and effect relationship between service quality and hotel performance based on this UGC site. Azzopardi and Nash (2014) state that post-positivist research concentrates on causal relationships between variables and the explanations for them. It is suggested that the main feature of this approach use statistical techniques to test or verify theories, constructing quantifiable measures for the observations. This study aims to employ both statistical data on hotel scores and customers' online reviews which represent their opinions, against customer satisfaction and hotel experience, thereby measuring the influence of different hotel influential elements on overall performance and allowing for a deeper understanding of the relationship through a further analysis of review content.

3.2.2 Qualitative and quantitative methodology

Post-positivism is most commonly undertaken through the use of both qualitative and quantitative research methods (Giddings, 2006; Henderson, 2011). According to Kachel and Jennings (2010), qualitative research is not only used to uncover trends in opinion and thought, but also helps to dive deeper into the problem area. Researchers could therefore adopt this approach to analyse any type of content to acquire a valid understanding of underlying motivations, reasons and opinions. Quantitative research, on the other hand, is adopted to quantify the question area by way of generating numerical information and other data that can be transformed into valid statistics for further analysis. Creswell (1994) defines quantitative research as the inquiry into human or social problems, based on

examining a theoretical framework composed of variables, measured with numbers or figures, and analysed with statistical procedures, with the purpose of determining whether the theory's predictive generalisations hold true. According to Given (2008), quantitative research can be seen as the systematic empirical investigation of observable phenomena through mathematical, computational or statistical techniques. Quantitative research takes measurable data to formulate and uncover patterns and facts in a research area, allowing researchers to report detailed numbers or scores generated from the chosen data.

Johnson, Onwuegbuzie and Turner (2007) identify mixed methods research as an approach to both theoretical and practical knowledge that attempts to consider multiple perspectives, positions, viewpoints as well as standpoints (always including the standpoints of both quantitative and qualitative research). According to their study, mixed methods research is recognized as the third major research approach and has become increasingly adopted, specifically within social research practice. Within a quantitatively inclined post-positive research, it is suggested that the inclusion of qualitative methods occurs to the extent that it meets the underlying research agenda. However, the aim of combining both qualitative and quantitative methods is to ensure valid and more accurate outcomes, not to explore contradictions and complexities for their own sake (Giddings, 2006). Compared to a single method methodology, mixed methods provide a more comprehensive understanding of the research question, strengthening an independent approach and balancing both qualitative and quantitative methods' individual weaknesses (Jick, 1979).

This research attempts to determine the significance of the cause and effect relationship between service quality and hotel business performance in central Auckland, being based on a social phenomenon in the form of both numerical and content data. Therefore, this study opts to utilise a mixed methods methodology.

The main research question of this study is: "How does UGC influence hotel performance and which satisfaction-factors are most important in this relationship?" In this context, a quantitative research method is used to achieve two research objectives: (1) understand the use and magnitude of user-generated reviews in the hotel sector; and (2) identify the correlation between different elements of customer satisfaction and a hotel's performance score on the UGC site (Booking.com). To achieve these objectives, the overall hotel performance score for each individual hotel, and respective scores for different elements of hotel service will be analysed to understand the relationship between service elements, consumer satisfaction, and overall hotel performance. Next, a qualitative research method is

employed to answer the last two objectives: (3) uncover the main elements of hotel service that contribute to a hotel's general rating score; and (4) identify key performance areas that can help increase a hotel's customer satisfaction level.

3.3 Research population and sampling method

The aim of this study is to investigate the effect of UGC on hotel performance. The factors of hotel services most influential for customer satisfaction will be studied, as will their contribution to a hotel's general satisfaction score and its effect on hotel business performance. The research population in this study covers hotels in Auckland, New Zealand, under the assumption that the unique economic and social fabric of Auckland might not be directly comparable to other, more rural areas, in New Zealand. In other words, the population of this study is the hotel sector within the city of Auckland, which is capable of providing traditional hotel facilities and services to customers.

Based on statistics from the Ministry of Business Innovation and Employment, New Zealand (MBIE, 2017), there were total number of 587 star-rated hotels within New Zealand in 2009, 72 of which were located in Auckland. The hotel population for this study could therefore consist of these 72 commercial accommodation providers. Another statistic from Colliers International (2016) suggests that there is a total of 65 hotels ranked from 3-5 stars in Auckland, there also being a large amount of 1 and 2 star hotels, which have not been included. In addition, the data also shows that more than 72% of Auckland's hotel rooms and properties are located in the central Auckland area with the remainder divided relatively evenly between suburban areas and the airport precinct. Booking.com, on the other hand, being one of the largest travel websites in the world and previously used in studies as a large database of traveller's reviews (Mellinas et al., 2015), shows a total number of 206 star-rated hotels located in the city of Auckland as of January, 2018. It has been observed that Booking.com uses a wider definition of hotel and the information could be more up-to-date. Therefore, the Booking.com data will be used to establish a population size of 206 hotels in this study, further ensuring a definitional link between the population and the sample.

In a methodology, Shield and Twycross (2008) conclude that the sampling selection method is a significant part of the research. Kish (1965) suggests that a good sampling design requires meeting four separate, broad criteria: goal orientation, measurability, practicality

and economy. In this study, two rounds of sampling occurred: a first stage that selected participating hotels for the quantitative analysis, and a second stage that collected a select number of qualitative user-generated reviews from a limited number of the Stage one sample hotels.

In the first stage, a sample of all 174 hotels ranked between 2 to 5 stars within Auckland's central business district (CBD) was selected from the online booking and review site Booking.com on 17 January, 2018. The reason for choosing hotels with a star rating from 2 to 5 stars is that these hotels generally include more comprehensive and professional hotel services and facilities than those hotels with no or low star ratings. Therefore, during sample selection, the researcher excluded hotel apartments and single-bed hostels (which cannot provide all the traditional hotel services such as personal staff service and meals) for a more accurate result. The rationale for choosing hotels within the central Auckland district is because this area includes the greatest density of star-rated hotels in New Zealand, and also registers the highest number of overnight stays in hotels within the country (Friesen, 2009). To ensure the effectiveness of the data and more accurate analysis, hotels with fewer than 10 reviews on Booking.com were also excluded. This left 89 hotels in total for data analysis.

From the 89 hotels selected in Stage 1, a purposive sample (accounting for differences in star ranking, room size, price, and hotel score) of 10 hotels was then selected for the second qualitative stage. For each of these hotels within this sample, a random systematic sample of 10 reviews was drawn, resulting in a total dataset of 100 online customer reviews of hotel performance.

3.4 Data collection procedure

3.4.1 Selected variables for quantitative analysis

This research selects both independent and dependent variables to analyse the impact of various elements of a hotel on overall hotel performance. To better understand what the most important elements are that customers desire when choosing a hotel, Wilensky and Buttle (1988) first suggest that the majority of travellers may consider the following attributes when choosing an accommodation for themselves: price, location, service quality, security and brand reputation. On the other hand, Wuest et al., (1996) argue the significance

of various hotel attributes and facilities deemed necessary to meet customer expectations. Their study found that attributes such as price, location, cleanliness, security, aesthetic appeal, personal service, opportunities for relaxation, reputation, appealing image, and standard of services are considered as critical determining features in a great number of academic studies. Other aspects of the hotel that are reported to be significant for hotel selection include transportation services and the added valued extras such as cable TV and free daily newspapers (Lockyer, 2002). To cover aspects that have an influence on customer satisfaction based on previous literature, quantitative data regarding seven influential factors were selected from Booking.com, covering the role of cleanliness, comfort, facilities, staff service, value for money, free Wi-Fi, and location. Each of these elements is measured on a ratio scale zero to ten by hotel customers on Booking.com. Table 3.1 shows the coverage of attributes considered significant from the literature review (in columns) against the selected Booking.com attributes (in rows). According to the table, it can be seen that the influential hotel elements selected from Booking.com cover the majority of attributes mentioned by scholars. However, as a more subjective and empirical factor, brand reputation is based on a perception of quality, brand awareness and overall customer satisfaction (O'Neill & Mattila, 2004). With regard to security within the hotel sector, Hancer and George (2003) conclude that it might be highly dependent on geographical location and customers' previous experience of crime. Therefore, due to the complex makeup of branding reputation and security, it might be difficult to measure these from a UGC site. From the table, it is clear to observe that the facilities factor was widely discussed by scholars in the form of different types of elements in the literature review including aesthetic appeal, opportunities for relaxation, an appealing image, transportation facilities, cable TV, free newspapers and standard of hotel services. Cleanliness, staff service and location were also mentioned frequently in the literature review.

Table 3.1 Influential factors selected from Booking.com against those from the literature review

	Price	Location	Service Quality	Cleanliness	Security	Physical Attractiveness	Personal Service	Opportunities for Relaxation	Branding Reputation	Appealing Image	Transportation	Cable TV	Free Updated Newspapers	Standard of Hotel Services
Cleanliness				×		×				×				×
Comfort														×
Facilities						×		×		×	×	×	×	×
Staff Service			×				×				×			×
Value for money	×													
Free Wi-Fi														×
Location		×				×		×						

Understanding a hotel's performance is essential, in order to control performance and make incremental improvements in operations. Within the conceptual model of this study, hotel performance is seen as the dependent variable and would ideally be measured by business performance data such as hotel occupancy rates, revenue per available room (REVPAR), and the number of rooms that have been booked within a certain time range. However, such hotel performance figures are treated as commercially sensitive and are not freely available (Phillips, 1999). Due to a lack of business data access, a proxy is therefore used to measure hotel performance, counting the number of reviews on the site within the past two months, with the assumption that for hotels of similar size, reviews should be proportionate to the number of visitors. This method was based on the study of Ye, Law and Gu (2009). To select the proxy variables, the total number of online reviews was counted by the researcher within the time period between 15 November, 2017 and 15 January, 2018. Additionally, the average price level for a one-night stay in a double room was collected from Trivago (URL: www.trivago.co.nz), another well-known online travel website, using the cheapest price available for each hotel as the standard. Furthermore, in order to provide a context to the data and analyse differences between hotel types, data was collected on hotel room size and whether or not the hotels are part of a hotel chain.

3.4.2 Data collection

The majority of data were collected on 17 January, 2018, from the review and booking site Booking.com, collecting the overall score and respective scores for the various elements of hotel service: cleanliness, comfort, location, facilities, staff service, value for money and free Wi-Fi. Star-rating was also collected from this source. All the online customer reviews from Booking.com indicate the basic demographic characteristics of the commenters including name, age, nationality and profile picture but they were not collected for further analysis. The format of guest reviews is normally text but sometimes emojis are used. Additionally, the average price level for a one-night stay in a double room was collected on 3 April 2018 with the selection of a double room for a one-night hotel stay on 16 to 17 July 2018 from another user-generated website named Trivago, using the cheapest price available for each hotel as the standard. During this data collection process, eight accommodation providers did not show a room price for this period and were left out of the analysis. Finally, data on room numbers and management structure were found via the websites of the respective hotels. All the numeral statistics and textural contents were saved in a Microsoft Excel spreadsheet for data input purposes.

3.4.3 Ethical issues

The term "ethical" refers to rules of behaviour, sets of principles or conformity to a code (Kimmel, 1988). When undertaking research, ethical considerations are helpful to ensure that researchers understand the consequences of their actions. In this study ethics approval was not required as only secondary data was used. All data used in this research come from secondary sources and are publicly available as online UGC that is not copyright protected. These users have chosen to make their reviews available to the general public and are not identifiable on a personal or demographic level.

3.5 Data analysis

Data analysis can be defined as a process of examining, transforming, cleaning and modelling data with the aim of discovering useful and valid information, supporting

decision making, and forming conclusions (Seale, 2004). For a clear understanding, the data analysis processes are classified as follows.

3.5.1 The analysis of descriptive statistics and bivariate analysis

In order to achieve valid results, the variables related to different influential elements of hotel service, such as cleanliness, location and comfort will initially be analysed on a univariate basis using frequency tables and descriptive statistics on central tendency and variance to understand the variation for individual hotels among these mean values. Such quantitative data analysis will be conducted using SPSS (Statistical Packages for Social Science) version 22.0, a computer-based statistical analysis programme. It is hypothesized that all of these individual variables will be different, depending on the hotel and such differences will affect the hotel's star ranking and the hotel's overall performance. In a second step, the mean values of the individual variables are then combined with an additional variable, hotel characteristics (star rating and chain/non-chain membership) in order to better understand whether these values vary depending on hotel type. This analysis will use an independent panel t-test in the case of the binomial chain/non-chain variable, and an ANOVA method in the case of the multi-level star rating variable.

3.5.2 Multivariate regression

A multivariate regression is then adopted to identify the central relationship between dependent and independent variables as is suggested in the conceptual model and being central to the main research question. The multivariate analysis will be conducted to understand the effects of different scores on hotel performance. Multivariate regression is widely used and can be appropriate for the data in this study as the variables are zero to ten rating scales. Multivariate regression can help to understand how much variance in hotel performance is caused by the independent variables and which hotel attributes are significant.

3.5.3 Thematic analysis

To analyse the qualitative feedback, a total number of 100 online customer reviews will be studied using thematic analysis. Thematic analysis has been applied successfully to a variety of issues in the social sciences (Manickas & Shea, 1997), it can be defined as a method to specifically identify, analyse, and report themes or patterns within collected data (Braun & Clarke, 2006). It minimally organises and describes the data set in (rich) detail. In order to understand the individual hotel guest's requirements, it is also a frequently used method of analysis of complaints within the hospitality industry (McDonough, 1975). According to Butler-Kisber (2010), the steps in thematic analysis adopted should closely follow an inductive qualitative approach. In thematic analysis, the researcher will look for specific codes within text fragment clusters, with the codes leading to themes. In this study, the online customer comments can be analysed through the use of thematic analysis to determine which particular elements may require more attention in order to increase overall hotel performance. Therefore, thematic analysis is adopted to discover additional amenities that have not been considered before within the commonly aggregated Booking.com quantitative scores.

3.6 Summary

By utilising post-positivism as the research paradigm, this study adopts a mixed-method approach that combines both quantitative and qualitative research strategies. To answer the research question: "How does UGC influence hotel performance and which satisfaction-factors are most important in this relationship?", the convenience sampling method is applied in the first stage to select a total of 89 hotels having a 2 to 5 star ranking within Auckland's CBD from Booking.com. For the first, quantitative stage, the research selects both independent and dependent variables regarding influential elements of hotel service. The variables will firstly be analysed in a univariate manner using frequency tables and descriptive statistics on central tendency and variance to understand the variation of individual hotels among these mean values. Then, a multivariate regression is adopted to identify the central relationship between dependent and independent variables as is suggested in the conceptual model and being central to the main research question. For the second, qualitative stage, thematic analysis is adopted to study 100 online reviews of 10 purposely selected hotels. The additional amenities that have not been considered within the

quantitative scores will be discovered in order to provide better quality service and improve hotel performance.

CHAPTER 4: RESULTS

4.1 Introduction

This study presents results of a quantitative analysis of a total of 89 hotels in the dataset, and also the results of a thematic analysis of 100 reviews (i.e. 10 reviews for 10 selected hotels). Descriptive statistics, bivariate analysis and multivariate linear regression analysis will be adopted first to discuss the sample and regress the different elements of customer satisfaction on hotel performance. Following this, the online customer comments are analysed through the use of thematic analysis to determine which particular elements may require more attention in order for a hotel to increase its overall performance.

4.2 Characteristics of Auckland CBD hotels

4.2.1 Description of the hotel sample

A total of 89 hotels within the region of Auckland's CBD were selected as the sample for this study. Of these 89 hotels, chain hotels, defined as hotels owned by hotel groups, or those operated through a franchise or management agreement (Kothari, Hu & Roehl, 2007), accounted for 63 hotels (70.8%), and the other 26 hotels (29.2%) were considered non-chain hotels. The CBD of Auckland, as a popular tourist destination and an area that has a high tourist population, attracts a large number of international hotel groups (Haynes & Fryer, 2000).

As well as identifying the hotel types in the sample, the star rating of these 89 hotels were obtained from Booking.com. Table 4.1 shows the frequencies of the sample hotels' star ratings. Hotel ratings are often used to classify hotels according to their quality and customers' hotel experience. As Bernstein (1999) indicates, often 4 or 5 star hotels consider themselves luxury hotels, providing an opulent accommodation experience for their guests. Budget hotels, on the other hand, normally acquire a star-rating between 0 to 3 stars, usually providing more economically priced and basic hotel facilities and services (Rhee & Yang, 2015). The result from this sample shows that hotels with a 4 star rating make up the

highest proportion (38.2%), a total number of 34 hotels within the Auckland CBD. A high number of 4.5 and 5 star hotels can also be observed, being the second and third largest categories (about 28% and 12%, respectively). This corresponds with a report from Colliers International (2016) which states there is a high proportion (60%) of luxury hotels rated between 4 and 5 stars in central Auckland, and 84% of new hotels in Auckland would ideally be situated in the 4 to 5 star categories based on current hotel business. From these figures, it seems that the authors expect a growth in demand to primarily take place in the 4 to 5 star hotel segment. The report shows a similar trend in star rating in Auckland and three other main tourist cities in New Zealand: Queenstown, Rotorua and Wellington, with proportions of 4 to 5 star rated hotels of 55%, 52% and 51% respectively.

Table 4.1 Hotel star rating frequency in sample

	Rating	Frequency	Percentage	Cumulative Percentage
Value	2.0	4	4.5	4.5
	2.5	1	1.1	5.6
	3.0	8	9.0	14.6
	3.5	6	6.7	21.3
	4.0	34	38.2	59.6
	4.5	25	28.1	87.6
	5.0	11	12.4	100.0
	Total	89	100.0	

In terms of room numbers, it can be seen from Figure 4.1 that the mean was 136.9 with a standard deviation of 105.387. As seen in the graph, the majority of hotels fell to the left side of the distribution, which shows a higher proportion of hotel room numbers between 0 and 150. Hotels having 50 rooms or less occupied approximately a quarter of the sample, with 21 hotels in total. Regarding the range of room numbers, the smallest hotel within the sample had 11 rooms and the largest has 460 rooms.
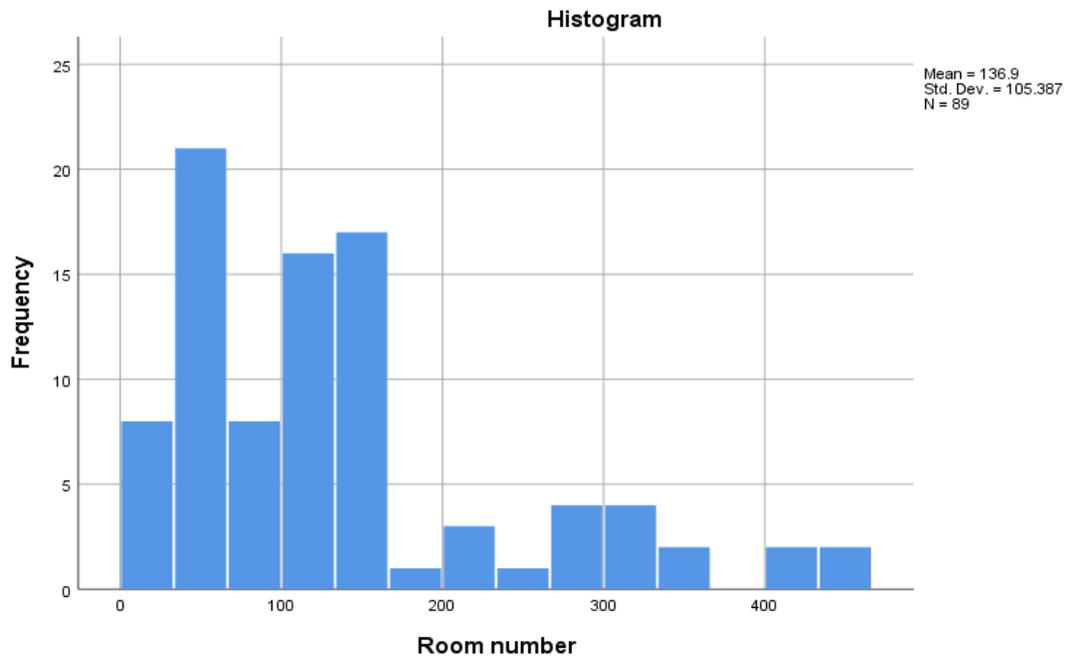
Figure 4.1 Histogram of room number (N=89)

4.2.2 Average hotel attribute scores in the sample

Hotel scores were collected on one general level: overall score, and in terms of 7 more specific topics: cleanliness, comfort, facilities, staff service, value for money, free Wi-Fi, and location. As for the central tendency of the data, it was observed that all scores were on a ratio basis; therefore, the mean can be used as a central value. Table 4.2 shows the descriptive statistics for hotel attributes. Among all attributes, location (8.607), staff service (8.379) and cleanliness (8.315) have the highest mean value. Free Wi-Fi has the highest standard deviation (1.410), with comfort (0.919) and facilities (0.910) ranked second and third in terms of fluctuation of scores. A higher standard deviation indicates that the data points are more likely to spread far from the mean score.

In regard to standardized skewness, free Wi-Fi (-3.855) and staff (-3.380) show the biggest deviation from normality, whereas comfort (-1.423) and facilities (-1.538) gained the most significant result for standardized kurtosis. In terms of normality of the data, according to Field (2009), Standardized Skewness and Kurtosis values above 1.96 are significant at $p < 0.05$. However, it is suggested that in larger samples (above 50) this cut-off point is too conservative, and the upper threshold criterion should be increased to 2.58 or even 3.29. Therefore, the

only variables with skewness problems are staff (-3.380) and free Wi-Fi (-3.855), indicating a slightly right-sided distribution of these variables.

Table 4.2 Descriptive statistics on hotel attributes (N=89)

Attributes	Mean	Std. Deviation	Skewness	Kurtosis	Standardized Skewness	Standardized Kurtosis
Overall score	8.164	0.733	-0.520	-0.406	-2.039	-0.802
Cleanliness	8.315	0.870	-0.742	0.125	-2.910	0.247
Comfort	8.124	0.919	-0.413	-0.720	-1.620	-1.423
Facilities	7.894	0.910	-0.436	-0.778	-1.710	-1.538
Staff service	8.379	0.647	-0.862	0.759	-3.380	1.500
Value for money	7.702	0.634	-0.073	0.398	-0.286	0.787
Free Wi-Fi	7.546	1.410	-0.983	0.420	-3.855	0.830
Location	8.607	0.652	-0.627	0.519	-2.459	1.026

4.2.3 Indicators of hotel performance

Hotel performance was measured as number of reviews that were written between 15 November, 2017 and 15 January, 2018 (a period of 2 months). This proxy-approach to booking numbers followed the methodology described by Ye et al., (2009). A study by Yoo and Gretzel (2008) found that approximately 50% of travel purchasers visit online-communities when making travel purchasing decisions and, of those buyers, 25% acknowledged that they also post online customer reviews after making their purchase. Therefore, the collected review numbers could be considered as a lower bound on reservation numbers. And at the very least, differences in review numbers could indicate comparative differences between hotel occupancy in the sample. The result of this analysis is set out as a frequency graph (see Figure 4.2). The variable had a mean value of 39.49 reviews within a two-month period, with a standard deviation of 37.596, a skewness of 2.301 (standardized skewness = 9.024) and kurtosis of 6.209 (standardized kurtosis = 12.271).
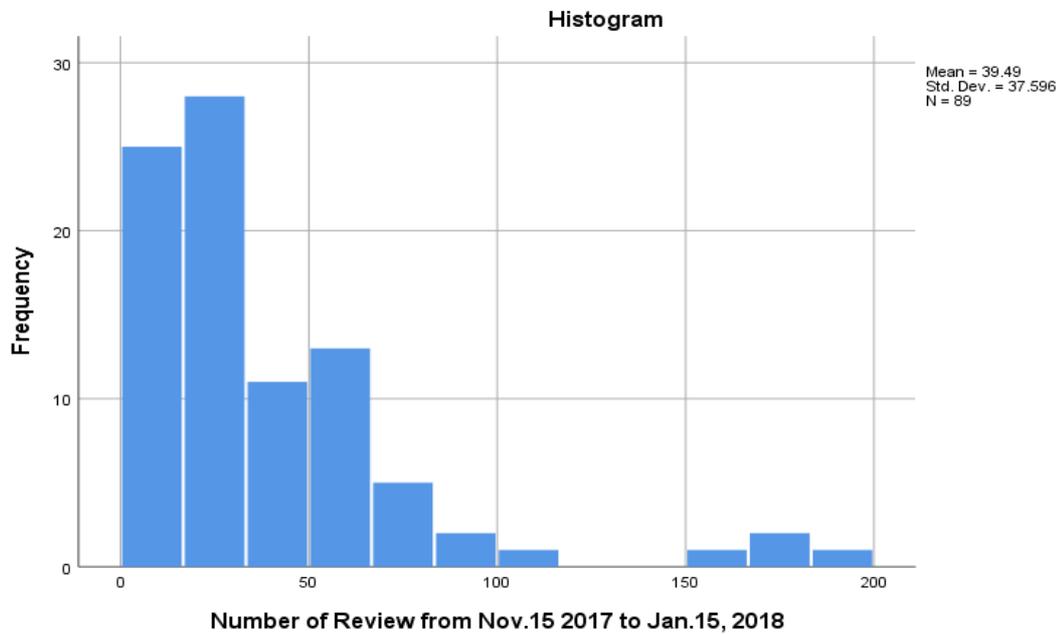
Figure 4.2 Histogram of number of reviews (N=89)

There is a significant gap between hotels with few reviews and a small group of hotels with many reviews, leading to a non-normal data distribution. This could at least partly be related to differences in hotel size as, logically, hotels which are capable of receiving more guests, are consequently more likely to receive more reviews. Therefore, numbers of hotel rooms were used as a correcting factor on the number of reviews by dividing the latter with the former. The new statistic could then loosely be described as reviews per room (Figure 4.3). The mean value then becomes 0.37 with a standard deviation of 0.332. The distribution is still right-tailed but the differences are now much smaller with a range of 2 (minimum = 0 reviews/room, maximum = 2 reviews/room).
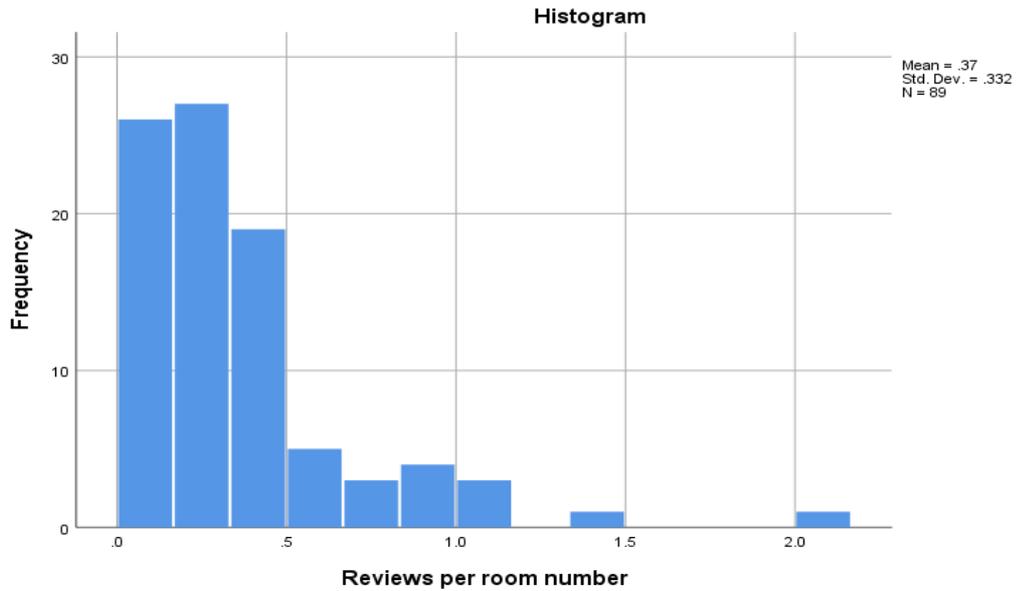
Figure 4.3 Histogram of reviews per room number (N=89)

As a secondary variable in terms of hotel performance, the standard price per room for each of the 89 hotels was analyzed. The relationship between hotel performance and price is bi-directional. On the one hand, hotels with higher ratings on their attributes might be in a competitive position to allow for a higher price setting. On the other hand, a higher price might come with added visitor expectations on services offered. All in all, it is expected that higher priced hotels correlate with better attribute scores. In addition, if hotels are seen to charge widely varying prices for essentially the same services, this could influence satisfaction in terms of value for money (Voss, Parasuraman & Grewal, 1998). Therefore, to better understand the relationship between value for money, additional hotel attributes, and overall hotel performance, it is crucial to find the room price average in Auckland CBD. The analysis of the descriptive statistics shows a mean double room price of NZ\$174.79 with a standard deviation of 56.413 (Figure 4.4).
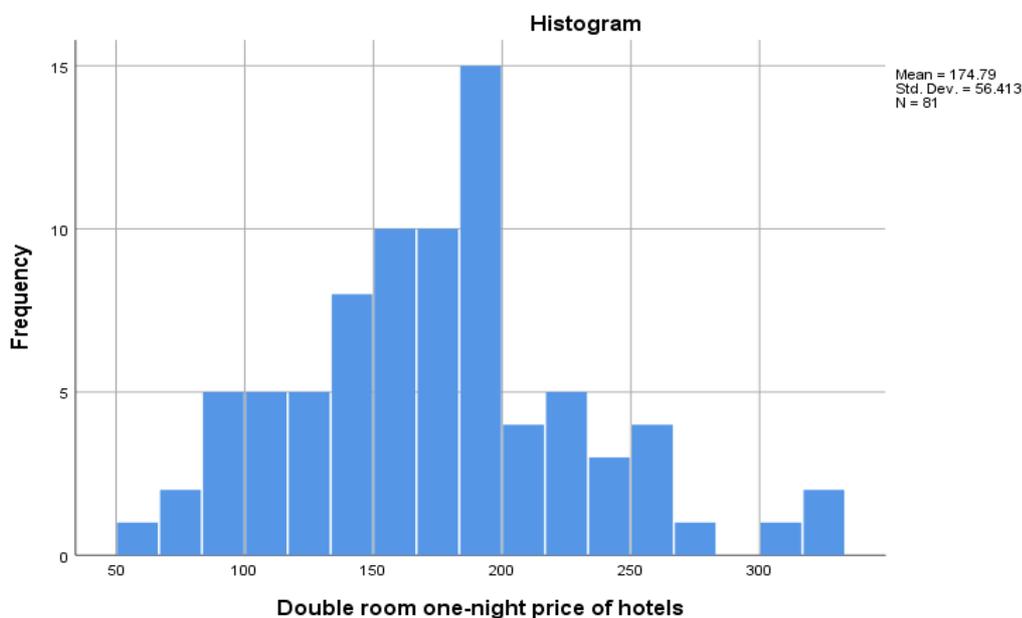
Figure 4.4 Histogram of average room price (N=81)

4.3 Analyzing mean difference between groups

4.3.1 Effect of star rating on hotel attribute scores and hotel performance

As shown in the literature review, guests may have different expectations with regard to the necessity for specific hotel attributes depending on their reasons for travelling and the hotel star rating. Therefore, the effect of star ratings on hotel quality attribute mean values were tested via an ANOVA analysis. In order to ensure sufficient observations per group, the hotels were divided into three groups based on star rating: fewer than 4 stars, 4 stars, and more than 4 stars, respectively.

Levene's test was adopted to examine whether there is a significant difference between the different variances of the variables. The test results show that variances of each variable are not significantly different (the p-value of the all variances is more than 0.05). Next, the ANOVA test examined whether there was a significant difference between the group means of star rated hotels. According to the statistics from the ANOVA test, it can be seen that there are significant differences in overall score, cleanliness, comfort, facilities, service quality of the staff, value for money, location and free Wi-Fi (all the p-values are less than 0.01).

After seeing that there were significant differences in the rating of the hotels based on star classification, the Bonferroni post-hoc test was applied to discover the relationship by multiple comparison (i.e. the relationship between each group of star-rated hotels and the attributes). The results of the test show that the effect of star classification on overall score, cleanliness, comfort, facilities and service quality and other measurable variables such as free Wi-Fi and location was not significant between four star and more than 4 star hotels. While on the other hand, when investigating 2 to 3.5 star hotels, Bonferroni's test indicated significant differences in mean values. For all attributes, including value for money, hotels within this category scored lower on average. Therefore, it is concluded that hotel performance regarding facilities and staff service among budgets hotels is generally worse than luxury hotels.

Table 4.3 ANOVA results of attribute scores by star classification

Attributes	ANOVA(F-score)	Bonferroni post hoc		
		Between 2 to 3.5 stars and 4 stars	Between 2 to 3.5 stars and more than 4 stars	Between 4 stars and more than 4 stars
Overall score	24.446***	-.8774***	-1.1643***	-.2869
Cleanliness	22.723***	-1.0580***	-1.3399***	-.2819
Comfort	39.149***	-1.3033***	-1.6640***	-.3608*
Facilities	31.504***	-1.1865***	-1.5589***	-.3724*
Staff service	13.548***	-.5983***	-.8595***	-.2412
Value for money	8.711***	-.6300***	-.6336***	-.0036
Free Wi-Fi	7.871***	-1.1067**	-1.4629***	-.3562
Location	16.172***	-.4639**	-.8927***	-.4288***

Note: ***p-value <0.01, **p-value<0.05, *p-value<0.1

Similarly, the same method is applied to test the effect of star rating on hotel performance (reviews per available room and price) via ANOVA analysis.

Levene's test shows that variances are not significantly different (the p-value of all variances is more than 0.05). According to the result of the ANOVA test, it can be seen that between the star ratings of hotels, there is significant difference in the

double room for one-night price of hotels (all the p-values are less than 0.01). However, the ANOVA analysis shows no significant differences for reviews per room number. This suggests that lower star-rated hotels get significantly lower scores, however, these do not seem to lead to worse business performance, as measured by amount of reviews. As is shown in the literature review, the expectancy disconfirmation theory proposes that consumers purchase services and goods with pre-purchase expectations regarding anticipated performance (Oliver, 1980). Therefore, hotel guests might expect lower quality in lower rated hotels and this does not lead to expectation disconfirmation. When it comes to multiple comparison, a significant difference between star rating and the double room for one-night price of hotels is seen, which means that the higher the star rating, the higher the price for a hotel room. These findings are comparable to a study by Israeli (2002) which found a significant positive relationship between hotel star rating and price. According to his study, a high star rating can be an asset that can consistently generate high business income which is not very sensitive to changes within the competitive hospitality industry.

Table 4.4 ANOVA results of performance scores by star classification

Performance indicator	ANOVA(F-score)	Bonferroni post hoc		
		Between 2 to 3.5 stars and 4 stars	Between 2 to 3.5 stars and more than 4 stars	Between 4 stars and more than 4 stars
Reviews per room number	2.353	.123	.201	.078
Double room price	49.910***	-51.897***	-107.706***	-55.809***

Note: ***p-value <0.01, **p-value<0.05, *p-value<0.1

4.3.2 Effect of chain membership on attributes and performance

A further independent sample t-test was conducted to examine the effect of chain membership on attributes and performance. Firstly, the group statistics show the mean of the different attributes. The mean for the chain hotels is higher than for the non-chain hotels regarding overall scores with a chain hotel mean of 8.313 and a non-chain hotel mean of 7.804. The mean of scores for other attributes between

the chain hotels and the non-chain hotels shows a similar trend: taking cleanliness as an example, with a mean for chain hotels of 8.503, and a mean for non-chain hotels of 7.858. Of all the variables, location has the highest score, with a chain hotel mean of 8.727, and a non-chain mean of 8.315. Statistically, the t-test shows that, apart from staff service and free Wi-Fi, mean differences between chain and non-chain hotels are significant with chain hotels scoring higher on all other attributes than non-chain hotels.

Table 4.5 T-test of hotel attributes by chain hotel (N=63) and non-chain hotel (N=26)

| | Levene's Test for Equality of Variances | | t-test for Equality of Means | | | | | |
	F	Sig.	t	df	Sig. (2-tailed)	Mean (chain hotel)	Mean (non-chain hotel)	Mean Difference
Overall Score	.479	.491	3.123	87	.002	8.313	7.804	.5089
Cleanliness	1.946	.167	3.365	87	.001	8.503	7.858	.6455
Comfort	.457	.501	3.569	87	.001	8.333	7.615	.7179
Facilities	.539	.465	3.653	87	.000	8.106	7.381	.7256
Staff	.032	.858	1.580	87	.118	8.448	8.212	.2361
Value for Money	.326	.569	2.239	87	.028	7.797	7.473	.3237
Free Wi-Fi	.277	.600	.742	87	.460	7.617	7.373	.2444
Location	2.291	.134	2.814	87	.006	8.727	8.315	.4116

In terms of the effect of chain versus non-chain on hotel performance, a different observation can be made. No significant difference was found in terms of room price. However, interestingly, it seems that non-chain hotels have a better chance of getting reviews than chain hotels, although it has to be noted that this relationship is not found on an α-level of 0.05. According to Kandampully and Suhartanto (2000), it is a unique hotel experience rather than conventional facilities and service that have become key in the ability of a hotel to differentiate itself from other competitors. It could be proposed that non-chain hotels might offer a more personal experience to tourists and entice them to write a review.

Table 4.6 Results of independent samples test for the reviews per night and double room one-night price

		Levene's Test for Equality of Variances		t-test for Equality of Means					
		F	Sig.	t	df	Sig. (2-tailed)	Mean (chain hotel)	Mean (non-chain hotel)	Mean Difference
Reviews per room number	Equal variances not assumed	5.318	.023	-1.958	33.175	.059	.32	0.49	-.179
Double room one-night price of hotels	Equal variances assumed	1.852	.177	1.357	79	.179	180.28	161.75	18.531

4.4 Effect of hotel attributes on hotel performance

4.4.1 Introduction to multivariate regression models

Next, multivariate regression models were adopted to answer the main research question: which attributes have a significant effect on hotel performance? Two different models were tested, differentiated by the choice of dependent variable. In both cases, the model was tested with and without interaction effects of whether or not a hotel could be classified as luxury (4 stars or more) or budget (less than 4 stars), based on the results of the previous ANOVA-test:

1) Model 1: Effect of hotel influential attributes on hotel reviews adjusted for number of rooms
2) Model 2: Effect of hotel influential attributes on hotel price level

Prior to running the main regression model, it was observed that the data show an issue with multicollinearity, with cleanliness (VIF = 19.281), comfort (VIF = 33.991) and facilities (VIF = 41.060) all scoring well above the rule of thumb of 10 as a cut-off point. This can also be seen from comparing correlations where there is a close to perfect Pearson correlation of 0.962 between cleanliness and comfort, 0.966 between cleanliness and facilities, as well as 0.983 between comfort and facilities. In order to get rid of the collinearity problem, the variables

50

of cleanliness, comfort and facilities were combined into a single variable by calculating the average of the three scores.

After accounting for the multicollinearity problem, multivariate regression was tested by adding all independent variables within a single step. Tables 4.7 and 4.8 show the results of this analysis. Model 1 shows the correlation between the independent variables: staff service, value for money, free Wi-Fi, location, a combined single variable which includes cleanliness, comfort, and facilities, and the dependent variable: reviews adjusted for number of rooms. According to the results shown in the coefficient table, the model lacks general predictive qualities with just 12.1% of the variance within the dependent variable explained by the independent variables. Furthermore, the F-value (2.277, p-value = 0.054) indicates that the addition of hotel attribute scores does not significantly improve the model as compared to a basic model without independent variables. However, when considering specific attribute scores, there is a correlation between two of the independent variables and the dependent performance variable. As the table shows, value for money (standardized ß = 0.557, p-value = 0.022) is statistically significantly positively correlated with the dependent variable. Similarly, in a study by Matzler, Renzl and Rothenberger (2006), hotel price was identified as the most important selection criteria for potential guests and it was the key determinant of post-purchase behaviour such as WOM and repurchase. By contrast, cleanliness, comfort and facilities of the hotel rooms have a significant negative correlation with the reviews adjusted for number of rooms (standardized ß = -0.669, p-value = 0.010). However, a study by Kandampully and Suhartanto (2000) came to a contradictory result to this finding. According to their study, hotel facilities and cleanliness of rooms were identified as fundamental factors when purchasing accommodation in luxury hotels, and they were found to be significantly influential factors that determine customer satisfaction.

Table 4.7 Results of multivariate regression: Model 1

	No interaction effect		Luxury class as interaction effect	
	Unstd B (Std. Err)	Stand. Beta	Unstd B (Std. Err)	Stand. Beta
Constant	0.040 (0.564)		-1.288(1.051)	
Staff service	0.114 (0.119)	0.221	0.297(0.214)	0.543
Value for money	0.292** (0.125)	0.557**	-1.116*** (0.375)	-2.978***
Free Wi-Fi	0.019 (0.030)	0.082	0.130** (0.059)	0.553
Location	-0.105 (0.087)	-0.206	0.264 (0.163)	0.486
Cleanliness, Comfort & Facilities	-0.260** (0.099)	-0.699**	0.643** (0.285)	1.696**
Luxury (dummy)			1.489 (1.301)	1.810
Staff*Luxury			-0.252 (0.259)	-2.633
Value*Luxury			1.499*** (0.404)	14.449
Wi-Fi*Luxury			-0.122* (0.068)	-1.235
Location*Luxury			-0.446** (0.196)	-4.795
CCF*Luxury			-0.848** (0.330)	-8.792
R^2	0.121		0.284	
F (p-value)	2.277 (0.054)		2.738 (0.005)	

Note: ***p-value <0.01, **p-value<0.05, *p-value<0.1

The statistics indicate that, in terms of reviews, if a hotel is perceived to offer better value for money, they are more likely to receive reviews. But having better levels of cleanliness, comfort and facilities surprisingly decreases the chance of getting a review. While somewhat unexpected, this result might imply that hotel cleanliness and facilities make up a hygiene factor that necessarily has to be provided and is expected as a minimum, so it does not in itself lead to positive referrals, indeed negative experiences are more likely to lead to reviews than positive ones.

The results can be analyzed in more detail when adding luxury-status as an interaction variable. The inclusion of an interaction term adds to the predictive quality of the model, with the R^2 increasing to 28.4%. The results help in clarifying the previous results. Value for money has a negative effect for budget hotels, possibly implying that it is a simple expected criterion for budget hotels, while the interaction effect with the luxury categories (standardized ß = 14.449, p-value = 0.000) turns this into a significant positive predictor for luxury hotels. In this case, value for money becomes a competitive advantage. Other interaction effects reveal similar differences. Free Wi-Fi has a positive effect for budget

hotels, but less so for luxury hotels, where free Wi-Fi is part of the expectations. The cleanliness, comfort and facilities factor is interpreted in the same way: it can positively affect reviews for budget hotels, but is not going to positively influence additional reviews for the luxury segment.

Table 4.8 Results of multivariate regression model: Model 2

	No interaction effect		Luxury class as interaction effect	
	Unstd B (Std. Err)	Stand. Beta	Unstd B (Std. Err)	Stand. Beta
Constant	38.188(70.183)		110.553(108.636)	
Staff service	11.461(15.900)	0.132	9.145 (25.972)	.105
Value for money	-110.821*** (15.609)	-1.199***	-72.767 (48.556)	-.788
Free Wi-Fi	3.136(3.537)	0.076	4.780 (6.412)	.116
Location	26.916** (11.692)	0.288**	20.674 (25.008)	.221
Cleanliness, Comfort & Facilities	78.806*** (11.851)	1.232***	36.037 (37.732)	.564
Luxury (dummy)			-82.903 (155.164)	-.615
Staff*Luxury			7.313 (32.939)	.465
Value*Luxury			-20.025 (53.171)	-1.165
Wi-Fi*Luxury			-6.388 (7.808)	-.385
Location*Luxury			8.642 (29.862)	.561
CCF*Luxury			24.488 (43.693)	1.536
R^2	0.612		0.655	
F (p-value)	23.635 (0.000)		11.908 (0.000)	

Note: ***p-value <0.01, **p-value<0.05, *p-value<0.1

In terms of Model 2, the dependent variable has changed to price per night for a double room. The hypothesis would here be that better performing hotels could charge higher room prices and therefore perform better in terms of financial revenue. It is also possible, however, that more attention to hotel facilities, associated with a higher price, is also reflected in higher operational costs. As such, the interpretation of room price as a performance variable is not without issues. From Table 4.8, it can be seen from the R^2 that this model fits the data better, with an $R^2 = 0.612$. This indicates that over 60% variation of the price of the hotels per night for a double room can be explained by the independent variables shown in the table. The F-statistic (23.635, p-value = 0.000), also

indicates that the model, inclusive of independent variables, is a better approximation of room price. Three relationships were found significant.

From the results in the table, it can be seen that the location of accommodation has a positive correlation with the price per night for a double room (standardized ß = 0.288, p-value = 0.024). However, as can be logically assumed, value for money has a statistically significant negative correlation with the dependent variable: price level per night for a double room (standardized ß = -1.119). As for the significance of the correlation between different independent variables, the cleanliness, comfort and hotel facilities factor is the most significant positive correlation with the price level of a double room for one night (standardized β = 1.232, p-value = 0.000). It can therefore be concluded from the data that, if a hotel has a lower price level per night for a double room, it is perceived to offer better value for money. But having better levels of cleanliness, comfort and facilities and a good location is more likely to increase the price level for a room. As the data suggests, higher price level hotels offer customers accommodation in a prime location along with high levels of cleanliness and better facilities, while conversely, lower value hotels focus primarily on the price proposition. Interestingly, the addition of interaction effects does not significantly improve this second regression model, and instead seems to dilute the results found earlier. This seems to be an indication that, different from the earlier results on room reviews, attribute effects on price level are more stable across the different hotel categories.

4.5. Thematic analysis of customer reviews

4.5.1 Profile of sample hotels for thematic analysis

In order to find out which particular influential elements may require more attention by hotel management, and to explore additional content that may have been left uncovered in the previous quantitative method, thematic analysis was applied to examine a total of 100 online customer comments.

To collect the reviews and ensure the validity of the data, 10 individual luxury hotels were selected from the sample of 89 hotels on Booking.com using

pragmatic sampling (see Table 4.9). As Colliers International (2016) indicates, 84% of new hotels in Auckland would ideally be situated in the 4 to 5 star categories. Therefore, to acquire a meaningful valid result, it is reasonable to select a sample of 10 luxury hotels for thematic analysis within the higher star-rating categories. To further reflect the prevalence of chain hotels, most of the sample was chosen to represent this group. In terms of room number and average price, hotels were then selected that could provide for a broader interpretation of differences. Next, for each of these 10 hotels, a random systematic sample of 10 reviews was drawn, resulting in a total dataset of 100 online customer reviews regarding hotel performance.

Table 4.9 Overview of the 10 individual hotels for thematic analysis

Hotel name	Star rating	Number of rooms	Hotel Type	Average price (NZ$)
Auckland Waterfront Serviced Apartments	4	105	Non-Chain Hotel	155
Cordis Hotel Auckland	5	411	Chain hotel	161
Crowne Plaza Auckland	4.5	460	Chain hotel	164
Grand Millennium Auckland	5	452	Chain hotel	194
Hilton Auckland	5	350	Chain hotel	332
Hotel Grand Windsor MGallery by Sofitel	5	403	Chain hotel	261
M Social Auckland	4.5	190	Chain hotel	251
SKYCITY Grand Hotel Auckland	5	312	Chain hotel	230
Swiss-Belsuites Victoria Park Auckland	4.5	162	Chain hotel	236
VR Auckland City	4.5	110	Chain hotel	195

4.5.2 Overview of themes and categories

The method adopted in this part of the research includes three major steps: sorting textual data into codes, sorting codes into themes, and finally grouping themes into separate categories. First, all 100 reviews were read and summarized by the researcher to establish a wide range of codes. Next, the codes were sorted and generalized into a number of themes. Themes were grouped and sorted into higher level categories at the final step. Seven categories were adopted: location, staff service, room facilities, economic cost-benefits, external influences, hotel facilities, and the operation of safety and security, as Table 4.10 shows.

Table 4.10 Categories and themes from hotel reviews

Categories	Themes
Location	• Location of hotel • Convenience of public transportation access • Benefits of surrounding area
Staff service	• Guest-host interaction • Individual customer responsiveness (e.g., birthday celebration)
Room facilities	• General room amenities • State of bathroom facilities • Specific room facilities that relate to rest, fun and relaxation
Economic cost-benefits	• Value for money • Additional services without charge (e.g., shuttle bus, room-upgrades)
External influences	• Travel parties • Social interaction
Hotel facilities	• Leisure facilities (gym, spa and massage) • Conference rooms and equipment • Food and beverage (F&B) facilities
Operation of safety and security	• Physical well-being and health protection • Personal property and assets protection

4.5.3 Location

Location here refers to the geographical location of the hotel and its surrounding area. This category is of relatively high importance for hotel guests. The reviews that cover the category of location involve a high proportion of positive feedback, which includes city views and other benefits of the hotel's surrounding area such as convenience of public transportation access, and restaurant and shopping choices. Such positive elements result in a relatively high general hotel score. For example, George reporting his experience at the Swiss-Belsuites Victoria Park Auckland said:

"Quiet and convenient location, close by ferry, restaurants and malls.

The hotel room I stay has a big balcony with beautiful sea views."

Unsurprisingly, location was considered a significant positive factor within the sample, as the sample was limited to Auckland's CBD and location would therefore always be rather central. Still, thematic analysis of the reviews confirms the general importance of this hotel attribute.

4.5.4 Staff service

One of the most frequent factors mentioned within customer reviews is the service and assistance provided by hotel staff. Everything relevant to hotel guest - staff interaction was considered as Staff service. The category includes two themes: the types of guest-host interaction and responsiveness to individual customers (e.g. a personalized birthday celebration party). Positive responses within this category included descriptions such as "friendly staff", "very helpful" and "unexpected surprise". One woman mentioned her experience of her daughter's birthday night at the hotel:

"My daughter had a surprised 10th birthday at the hotel. Honestly, I'm so grateful to the manager and her team for their services and the cake on the night."

Conversely, there were a large amount of negative complainants regarding staff service such as "rude and slow response" as well as "not enough staff to be in the frontline", which lead to a significantly lower average score (an average score of 6.3) compared to reviewers who do not mention staff service at all (an average score of 8.7). As Lily described:

"The slow response of customer service needs to be improved constantly. Not enough receptionists at the front desk as I took a long time to check-in and check-out the room!"

4.5.5 Room facilities

Room facilities here can be defined as the equipment and products provided for a particular purpose to hotel guests. From the codes sorted from the 100 reviews, room facilities can be divided into three respective elements, general room

amenities, the state of bathroom facilities, and specific room facilities that are related to rest, fun and relaxation.

4.5.5.1 General room amenities

The majority of codes related to room facilities are about the general room amenities theme. From the customer reviews, a small number of complaints regarding general room amenities appeared, including negative feedback about small room size and the room being too cold or too warm. On the other hand, a great deal of positive reviews talked about good general cleanliness and spacious room size. In particular, these good perspectives of general room amenities lead to a relatively high score (with an average score of 9.2). As stated by a couple from their experience staying at Crowne Plaza Auckland:

"Overall, everything was great - clean and hospitable; spacious and comfortable.

The room looked tidy and just felt like home. We really enjoyed our stay."

It may be somewhat logical that the general room amenities including cleanliness and room size were identified as significant positive factors within the sample, as the sample was limited to Auckland's CBD, and the majority of hotels would therefore be chain, high star rated hotels. Again, thematic analysis of the reviews confirms the general importance of this hotel attribute.

4.5.5.2 Bathroom facilities

Bathroom facilities were widely discussed compared to other facilities in the hotel room. Approximately 70 percent of the reviews were negative when mentioning bathroom facilities. Individuals criticized the bathroom facilities with comments mentioning old and broken bathroom facilities, including a damaged toilet flush button and shower head. Two reviews mentioned the lack of bathroom facilities, including toilet paper and warm shower water in one hotel, which led to relatively lower review scores of 7.5 and 5 respectively (compared with the general scores of 8.6 for this hotel). Therefore, it is suggested that bathroom facilities could be

relatively important in determining customer satisfaction levels. For example, one woman mentioned her experience staying at the Hilton Auckland. She said:

"The bathroom was a little cramped and the warm water pressure was terrible.

The shower head seemed to be broken as it fell down every time I used it.

...the hotel experience was not very exceptional."

4.5.5.3 Specific room facilities

Specific facilities here refer to any functional products or facilities in the hotel room that can be beneficial to rest, business, fun and relaxation. From the reviews, hotel customers mentioned specific facilities, which include sleeping comfort (beds, mattresses and pillows), the speed of free Wi-Fi and other functional hardware such as air conditioning. The reviews that included specific room facilities generally have a higher score than those reviews that did not mention them. As stated by one businessman from his experience staying at M Social Auckland (giving a relatively high score of 9.7):

"The hotel room looks brand-new with a comfortable king-size bed. Bed mattress was very soft. High-speed Wi-Fi enables me to have a smooth video meeting"

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4.5.6 Value for money

Value for money here refers to the purchase of a hotel stay that is well worth the money spent on it. Approximately 65% of the reviews that mentioned value for money described the hotels as being over-priced, creating a negative view of many hotels within this area. Among the 10 selected hotels, the cheapest average price was $155 (Auckland Waterfront Serviced Apartments), which received five positive comments on value for money. Whereas the most expensive average room price was $332 (Hilton Auckland), which received four reviews that suggested it was over-priced. The reviews that mentioned an over-priced hotel stay received a relatively low score of 7.0. As a domestic traveller Lucy said:

"Not worth for the value, I didn't feel especial for the hotel experience, the only benefit is the city location, but almost twice expensive than hotels in rural area…

…also there's additional 2% charge if pay by credit card."

Unsurprisingly, value for money was considered as a relatively negative factor within the sample, the sample was limited to Auckland's CBD and the occupancy rate would be higher than other regions in Auckland while running costs and business expenses might also be higher for these hotels. In addition, special deals on hotel stays could be hard to find most of the year as the occupancy rate is normally high. The thematic analysis of the reviews confirms the general importance of this hotel attribute.

There were also few positive reviews regarding value for money. They mainly discussed premium quality hotel facilities such as big bathtubs, comfortable beds and the luxury hotel experience. For example, James, reporting his experience staying at the Grand Millennium Auckland, said:

"It was good value for money, the bed was super comfortable, so much so I'm thinking of buying one!"

4.5.7 External influences

Rather than the products and services offered by the hotel itself, external influences can be identified as elements of hotel performance that are created by other hotel guests unrelated to actual hotel products. Some reviews mentioned the positive impact of other travel parties and social interactions to the overall hotel performance. It is suggested that these specific themes might have a significant positive relationship on hotel performance, even though they are non-relevant to the quality of hotel services and products. In this way the review score can sometimes be quite independent from actual hotel performance for people travelling for social reasons or business. As described by one woman from her experience staying at VR Auckland City:

"Enjoyable night with friends, had great company, so accommodation was not the NO.1 priority."

4.5.8 Additional hotel facilities

Except for the hotel room facilities, additional hotel facilities can be identified as leisure facilities (gym, spa and massage), conference rooms and equipment as well as food and beverage (F&B) facilities. Among the selected customer reviews, more than half of them mentioned a positive response to hotel facilities. According to those reviews, it can be seen that a great proportion of hotels within Auckland CBD come fully furnished with different types of facilities in order to improve competitiveness. A significant relationship between descriptions of additional hotel facilities and high hotel performance scores was confirmed by the reviews. As stated by an Australian couple from their experience staying at the Cordis Hotel (giving a score of 9.2):

"This is a quality hotel which we got at a great price. We loved the hotel facilities, including the gym, the spa and the pool…the buffet at Eight Restaurant was incredible, we would definitely come back and recommend to others."

4.5.9 Safety and security

Even though safety and security are seen as important factors in guests' selection of a hotel, there are fewer comments about this category. Part of the reason for this might be that Auckland, and New Zealand in general, is a comparatively safe destination anyway, making this aspect less distinctive and important. From the reviews selected, approximately 4% of them mentioned safety, including protection from threats that are most often in the forms of crime, health and manmade hazards. It is suggested that safety is beneficial to hotel guests' physical well-being and cater to hotel guests' physical, mental, emotional and spiritual needs. Additionally, a few reviews described experiences that related to hotel security, involving personal property and asset protection. It can be assumed that as 60% of the hotels within the Auckland CBD are chain hotels, the hotels' safety and security facilities and relevant staff training were most likely provided up to a professional standard. Customers therefore have fewer comments to make about this category.

4.6 Summary

The results firstly summarize the selected hotel sample's characteristics in terms of number of rooms, star rating, reviews received from customers during a fixed period and reviews per number of rooms.

The second part of the results applies descriptive statistics to the analysis of hotel attributes and hotel performance via frequency analysis, mean and standard deviation to demonstrate the quality of the general hotel environment within Auckland CBD, as observed within the sample. The analysis related to cleanliness, staff service, free Wi-Fi, location, facilities on overall performance, while also giving an overview of the sample hotels' performance from the perspective of total reviews, reviews per number of rooms and the double-room one-night price of the sample hotels.

Next, the ANOVA test examined the effect of star ratings on hotel quality attributes and on hotel performance by reviews per available room and price. The result of the test shows that the effect of star classification on overall scores, cleanliness, comfort, facilities and service quality and other measurable variables, such as free Wi-Fi and location, has no significant relationship between the 4 star and more than 4 star hotels. In contrast, when it comes to the 2 to 3.5 star hotels, Bonferroni's test indicated significant differences in mean values. On all attributes, hotels within this category scored lower on average. Therefore, it can be suggested that budgets hotels would be wise to improve facilities and services to enhance overall hotel performance.

A further multivariate regression analysis was adopted to explore the effect of hotel attributes on hotel reviews adjusted for number of rooms and the effect of hotel attributes on hotel price levels. It can be concluded from the multivariate regression that if a hotel has a lower price level per night for a double room it is more likely to offer better value for money. But having better levels of cleanliness, comfort and facilities and a good location is more likely to increase the price level for a room. As the data suggests, higher price level hotels offer customers accommodation in a prime location and with high levels of cleanliness and facilities, while conversely, lower priced hotels focus primarily on the price proposition. The analysis including interaction effects also suggested differences

in experiences sought by tourists, with free Wi-Fi, and cleanliness, comfort and facilities being factors that can increase competitiveness for budget hotels, while luxury hotels are likely to receive more reviews when they offer good value for money, something which is the baseline expectation for budget hotels.

Thematic analysis was applied in the final section to explore additional contents that had not been uncovered in the previous quantitative method. The thematic analysis of 100 reviews confirmed the general importance of the seven independent hotel attributes. The categories location and room facilities received a relatively high number of positive feedback responses, whereas significant negative feedback was seen in the category of value for money, which garnered a large quantity of responses regarding hotels in the Auckland CBD being over-priced.

CHAPTER 5: DISCUSSION

5.1 Introduction

The discussion chapter will first discuss general characteristics of the hotel sector in Auckland and then focus on the factors that were found to be influential for hotel performance based on the main research findings presented in Chapter 4. The similarities and differences between the results and the previous studies will be discussed subsequently.

5.2 Overview of the hotel sector in Auckland

As a country that is famous for tourism, New Zealand's travel and tourism industry is predicted to grow both domestically and internationally in terms of visitor expenditure (Brien, 2004). Based on the statistics from the MBIE (2018), international arrivals are expected to reach more than 4.5 million by 2022 (from 3.1 million in the year of 2015). A growing number of travellers come to New Zealand for business and pleasure, and a significant amount of these travellers are predicted to stay in a hotel while travelling. In comparison with other cities, most of New Zealand's hospitality work is in Auckland. According to the MBIE (2018), in 2015, 38% of New Zealand's hotel sales were in Auckland. The hotel industry, therefore, is highly important in the development of Auckland's tourism sector.

However, as the hospitality industry continues to grow, hotel competition has gradually become fiercer. As a popular tourist destination, the Auckland CBD has a high tourist population, attracting a large number of international hotel groups, resulting in a high proportion of chain hotels. This bears a similarity to research by Israeli (2002) showing a high proportion of chain hotels in Jerusalem, a city that attracts a lot of religious tourism. Her study explains that 84% of the 5 star hotels in that city are identified as chain-affiliated hotels, while 62% of the four-star hotels are chain affiliated. In Auckland, hotels with a rating of more than 4 stars are of a relatively high proportion, with also a high percentage of medium sized hotels (hotel size between 50 and 150 rooms).

As for hotel competitiveness, it was observed that competition between luxury hotel properties in the central Auckland region is higher than between budget hotels (with a star-rating of 2 to 3.5 stars), as the proportion of luxury hotel is higher. Similarly, Yang, Luo and Law (2014) show that a city's CBD is more likely to attract luxury hotels. Their study shows that luxury hotels are more likely to be constructed in old downtown areas and the city's CBD, resulting in intense business competition in such areas. In order to increase a hotel's competitiveness in the current market, it is proposed here that an understanding of hotel guests' expectations could be essential. Hence, as an efficient way to study the influence customer expectation has on hotel performance (Ye et al., 2009), this study employs review scores and comments from Booking.com to answer the main research question: How does UGC influence hotel performance and which satisfaction-factors are most important in this relationship?

5.3 Identifying different influential factors of hotel services

In order to achieve the first aim of this study, which is the evaluation of different influential factors of hotel services selected from Booking.com, this section focuses on discussing seven separate hotel attributes that have been analysed in the study. The main influential hotel service factors include cleanliness, comfort, facilities, staff service, value for money, free Wi-Fi, and location. As the literature review indicates, these factors have also been widely discussing by many scholars in previous studies (Atkinson, 1988; Lockyer, 2002; Wilensky & Buttle, 1998; Wuest et al., 1996).

The ANOVA analysis undertaken in this research revealed significant differences in mean scores across all attributes, when comparing 2 to 3.5 star (budget hotels) with 4 star and above establishments (luxury hotels). As one of the most valued attributes for travellers when making a choice of hotel, the element of hygiene and cleanliness has been studied by many scholars (Hua et al., 2009; Ren, Qiu, Wang & Lin, 2016). Hua et al. (2009) study customer expectation in the Chinese budget hotel sector, their study showing that hygiene and cleanliness was an influential element considered to be a competitive edge luxury hotels have over a much traditional low-class accommodation. Similar results were found within the

sample of Auckland hotels, with cleanliness being a strength in Auckland luxury hotels that significantly outperform budget hotels here. The most significant difference between budget hotels and luxury hotels were found for staff service and facilities. It was observed that luxury hotels received relatively high scores and a great deal of positive feedback relevant to hotel facilities and services, whereas hotel facilities and services of budget hotels acquired a low score on average and might require improvement in order to increase hotel competitiveness.

The ANOVA test also showed that location received a high score on average for both luxury and budget hotels, although luxury hotels are still more likely to hold prime locations within the city. The sample was selected from one of the most conveniently situated areas within Auckland city, therefore location in general received a high rating. Rivers, Toh and Alaoui (1991) examining travellers' hotel selection decisions, show that convenience of location and staff service received the highest ratings among all hotel attributes. Similarly, Shoval et al., (2011) investigate the impact of hotel location on subsequent tourist stays, their research indicating the significance of location in hotel site selection, especially in urban destinations. A study by Öğüt and Onur Taş (2012) also proposes that location is an important determinant of hotel room prices and customer's decision making while choosing a hotel in an urban area.

Given the fact that luxury hotels offer a better location, with more extensive staff services and facilities, and more comfortable rooms, it is logical to expect higher room rates in these establishments. According to Israeli and Uriely (2000), since the star rating of hotels is highly determined by various factors including the size of room, furniture, air-conditioning systems, public areas, swimming pool and other recreational facilities and services, a hotel's quality, therefore, could be important in determining room price and ultimately, the hotel firm's survival. This was indeed validated in the ANOVA test on room prices. Interestingly, though, in general, luxury hotels also scored higher on the value for money attribute than budget hotels. This seems to suggest that a lower price is not a competitive advantage for budget hotels, where this would be a main expectation. On the other hand, in luxury hotels, exceptional facilities and services can give travellers the experience that the higher price is not only warranted but, in fact, a bargain.

As for the thematic analysis of the 100 hotel reviews, a lot of attention was given to the categories of location and room facilities. Location and room facilities received a relatively high number of positive feedback responses, whereas significant negative feedback came in the category of value for money. Two new attributes were extracted from the reviews, influence factors external to the hotel itself, and safety and security. As a disrupting influence on hotel performance, external influences can be created by other hotel guests. The positive impact of travel parties and social interaction might significantly enhance perceived hotel performance, even though it is unrelated to the hotel's products and services (O'Neill & Mattila, 2004). As for safety and security, Chan and Lam (2013) conclude that this can be an important attribute in both business and leisure travellers' selection of a hotel. However, Auckland, and New Zealand in general, is considered as the comparatively safe destinations, therefore making this aspect less distinctive and important to the majority of customers.

In conclusion, even though budget hotels these days are popular to meet the needs of a more demanding market, the rapid development of peer-to-peer platforms such as CouchSurfing.com and Airbnb could primarily be a threat to the development and operations of budget hotels and motels (Guttentag & Smith, 2017), which seem to offer less of a competitive advantage when judging the review scores. From the thematic analysis, it could be concluded that hotel prices are considered relatively high within the central Auckland area. Given the fact that the price level of budget hotels is less likely to be seen as good value for money, a price-quality dichotomy might lower the competitiveness of budget hotels as compared to peer-to-peer accommodation networks. Choi and Chu (2001) studying tourist behaviour within the Hong Kong hotel industry, showed that travellers are likely to place emphasis on room quality, service quality and value for money, which may have a direct impact on their likelihood of returning to the same hotel and the overall satisfaction level.

5.4 The relationship between different hotel attributes and business performance

According to Chakravarthy (1986), hotel performance monitoring and performance improvement is at the heart of hotel firm strategy. This study proposed the use of online consumer-generated review scores within a multiple regression analysis in order to establish relationships between hotel attributes and the hotel performance, measured as reviews per room number and price per room.

Results of the multivariate regression analysis on reviews per room number and price per room show value for money as having the most significant relationship with hotel performance (positive in terms of number of reviews and negative in relation to room price). This means that hotels which are perceived to offer a higher value for money are more likely to achieve a larger number of reviews, which was in turn considered as a proxy of actual hotel bookings. Furthermore, by including luxury hotels as interaction effect, value for money receives even more positive significance. So while value for money can drive reviews in general, this is particularly true for luxury hotels. Many studies also show that high value for money is one of the important factors to determine hotel satisfaction and hotel choice (Choi & Chu, 2001; Israeli & Uriely, 2000). It is clear to observe that customers are inclined to choose the cheaper hotels among hotels with similar service levels, since these are perceived to offer higher value for money. Logically, from the second regression, it is clear that, other things being equal, a lower price level per night for a double room is more likely to offer better value for money and can therefore potentially increase room bookings. Value for money here is viewed through comparing the sacrifices and benefits as well as representing monetary value (Nasution & Mavondo, 2008).

According to the quantitative results of sample hotels, it is observed that cleanliness, comfort and facilities of the hotel seemingly has a significant negative relationship with the overall hotel performance, which is somewhat counterintuitive since a number of studies show that the hotels with higher level of cleanliness, comfort and facilities can be more likely to win a higher customer rating (Limberger et al., 2014; Shergill & Sun, 2004). Furthermore, in the thematic analysis of 100 reviews, cleanliness and facilities were the two most discussed factors among all hotel attributes. However, cleanliness, comfort and

facilities might not create significant additional hotel demand. Some studies state that general comfort of rooms and hotel facilities seem to have no significant influence on the overall hotel performance as these attributes are the basic hotel elements for every hotel (Lockyer, 2003; Phillips, 1999). Also, of the many studies undertaken, a strong indication can be concluded that cleanliness is a compulsory important factor, but not the most essential attribute in the selection of hotels (Grandey et al., 2005; Lockyer, 2003; Weaver & Oh, 1993). This seem to be confirmed by the findings in this study when the interaction effect of star rating is included in the regression. In this case, the general effect of cleanliness, comfort and facilities becomes significantly positive, but for hotels in the luxury segment, this relationship becomes negative. It could lead to the conclusion that these particular hotel attributes are basic expectations for luxury hotels, while budget hotels can pleasantly surprise travellers with high performance in cleanliness, comfort and facilities and use it as a competitive advantage. The link between luxury hotels and cleanliness, comfort and facilities can also be seen from the significant positive correlation with price level, indicating that this factor is strongly linked to average room price. This relationship can go both ways with more expensive hotels likely to offer better and cleaner facilities, or, alternatively, with hotels scoring higher on the facilities offered being able to increase room price.

The distinction between expectations of service levels in budget and luxury hotels also goes some way to explain the effect of free Wi-Fi on the hotel performance. By including interaction effects, it was found that free Wi-Fi is a positive factor driving hotel reviews, and therefore potentially bookings, in budget hotels, but does no longer have this significant positive effect in luxury hotels, where free Wi-Fi could be seen as a necessary requirement and not an additional component. Bulchand-Gidumal, Melián-González and González López-Valcárcel (2011) study guest satisfaction on hotel information and communication technologies (ICTs) through the ratings in social media. Their study reveals that hotel guests that offered high-speed free Wi-Fi can be more satisfied than those not, resulting in the increase of a hotel's online rating. Therefore, according to their study, it is proposed that free Wi-Fi should be considered as an investment in customer satisfaction more than an unavoidable cost. Sirirak, Islam and Ba Khang (2011) study the influence of ICTs on three-star hotels in Thailand. Their study finds that

free Wi-Fi influence operational productivity more strongly, whereas it is less significant for the improvement of customer satisfaction.

On the basis of multivariate regression analysis, it is seen that there is no significant relationship between staff service, and general hotel performance, whether measured as customer reviews or as room rate. However, since one of the most frequent factors from customer reviews is the staff service, thematic analysis confirms the general importance of this hotel attribute. Quality of staff service has a positive relationship to the loyalty of the guests, which leads to the success of hospitality sector (Al-Rousan & Abuamoud, 2013). Dalal (2015) also concludes that overall hotel performance is directly related to service quality improvement. Location in general was considered as a significant positive factor within the sample and linked directly with average room price, with better locations increasing the price level. Since the sample was limited to Auckland CBD and location would therefore always be rather central. The relationship between location and hotel performance has been argued by some scholars (Choi & Chu, 2001; Shoval et al., 2011; Yang, Mao & Tang, 2018). According to Xiang and Krawczyk (2016), most travellers have a preference for staying in hotels close to major attractions; an ideal location therefore could be associated with larger accommodation demand and a lower failure rate, leading to a better guest satisfaction and firm performance. Whereas, Aksoy and Ozbuk (2017) argue that tourist attraction can be a more important factor than urban development (e.g., shopping malls) and inner-city accessibility (e.g., metro station) during customers' hotel selection process. It is suggested that many tourists travel to different tourism destinations for seeking the authenticity of travel experience and the sense of belonging. Thus, the central location of accommodation might not be the priority. Additionally, the rapid development of public transportation provides access and mobility within a wide destination area and enables tourists to get access to anywhere easily (Albalate & Bel, 2010).
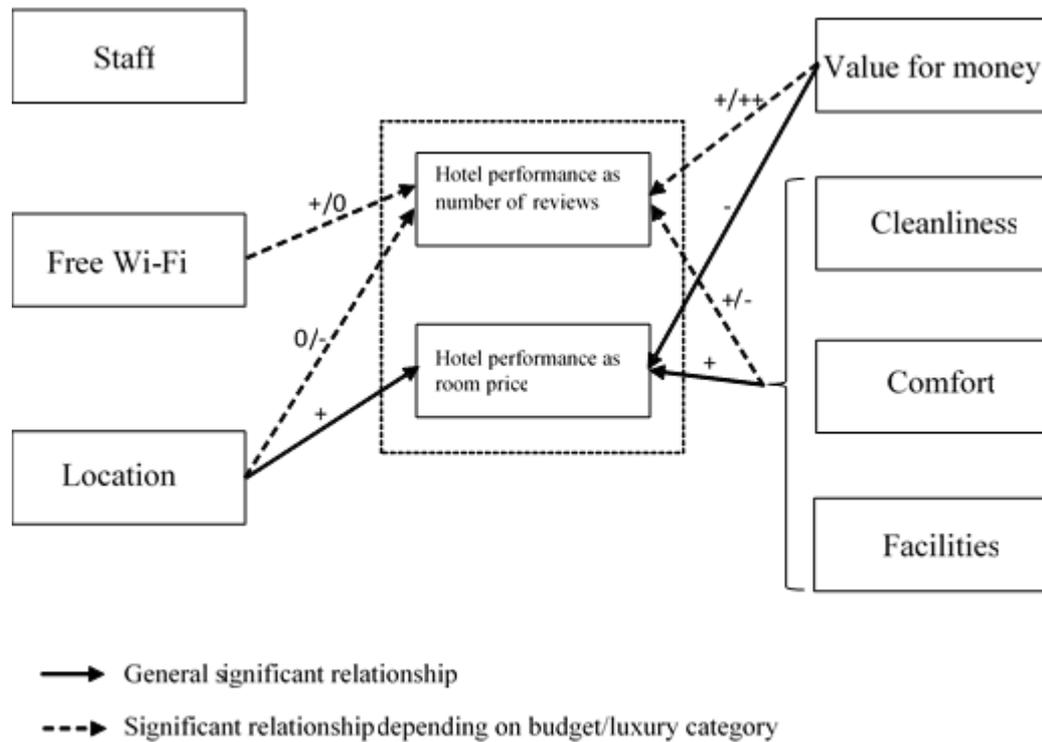
Figure 5.1 The relationship between different hotel attributes
and hotel performance

5.5 Hotel performance, user-generated review scores and EDT model

The expectancy disconfirmation theory (EDT) suggested by Oliver (1980) is the most widely used theoretical framework to explain satisfaction (as shown in Figure 5.2). EDT describes that there are two key stages in the purchase decision of consumers' pre-stage that relate to expectations, whereas post-stage covers disconfirmation and perceived usefulness. In other words, consumers purchase services and goods with pre-purchase expectations regarding anticipated performance. Disconfirmation usually occurs when there are differences between outcomes and expectations (Elkhani & Bakri, 2012; Oliver, 1980). According to Qazi, Tamjidyamcholo, Raj, Hardaker and Standing (2017), after the expectancy disconfirmation paradigm successfully emerged as the most frequently cited framework, EDT was adopted by scholars in different fields to understand the expectations from different consumers as well as the requirements concerning their satisfaction, in order to achieve repurchase behaviour and retention.
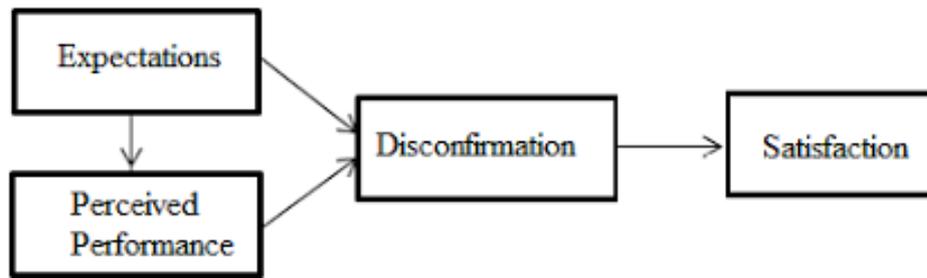
Figure 5.2 The expectancy disconfirmation theory (EDT) model

Adapted from Elkhani & Bakri (2012)

Within this study, it could be expected that user-generated review scores on Booking.com are a reflection of the final stage of the EDT model, measuring the state of customer satisfaction. The results of ANOVA analysis in this study indicated that budget hotels received significantly lower scores on the various selected hotel attributes. This would further suggest that these hotels can be outperformed by the luxury segment in terms of future bookings, measured as recent reviews by room. However, the link between lower attribute scores and hotel performance of budget hotels was not supported. It is proposed that hotel guests can give lower scores which not necessarily reflect expectancy disconfirmation, but rather an objective comparison of hotel standards. Travellers might objectively value that the services provided by budget hostels can be lower than from the luxury hotels, reflected in lower scores, without this having an effect on business performance since a less qualitative hotel experience is expected here. In this sense, online review scores might directly link to expectations, rather than satisfaction, and serve to help create a realistic hotel experience. Rishi and Joshi (2016) study customer expectations in Indian budget hotel industry. Their study finds that hotel guests who choose budget hotels as the accommodation acquire low expectation on the quality of hotel services.

If lower scores of influential hotel attributes might not relate directly to negative overall business performance, the evaluation of such scores in terms of management implications becomes more complicated. Here, the results of the regression analysis with interactions could offer support. Within the EDT, it is important to identify the attribute levels that are expected for different hotel types. For instance, a high score on free Wi-Fi will not influence the business goals of a luxury hotel, since a high score is within the expectations here. Conversely, for a budget hotel, a high score on free Wi-Fi reflects expectancy disconfirmation in a

positive sense, positively influencing reviews (and potential bookings). Similarly, cleanliness, comfort, and facilities are baseline expectations within luxury segments, while budget hotels offering above-average services here can generate additional business.

It is therefore proposed that expectations regarding hotel typology need to be uncovered and that this can likely better be done from qualitative reviews than from pure review scores. Additionally, it is of further importance to identify differences in customers. From the thematic analysis of 100 customer reviews, which were written by online reviewers from different countries, various kinds of opinions regarding the experience of hotel services can be identified. It is suggested that hotel guests from different nationalities and cultural backgrounds might not arrive with similar baseline levels of expectations. Some past research also confirms that tourist perceptions of hospitality businesses may vary depending on countries of origin, since hotel guests from different nationalities exhibit different behavioural characteristics (Armstrong, Mok, Go, & Chan, 1997; Li, 2014). A change in tourist markets therefore might result in different expectations of local hotel quality and would need to be monitored accordingly. Choi & Chu (2000) identify differences in factors determining the overall satisfaction levels of Western and Asian hotel guests. According to their study, nationality might have a significant impact on consumer behaviour. Such differences in behaviour and attitudes therefore focus on the importance of hotel management in discovering the special features of each guest group, segmenting hotel markets and launching new marketing strategies which could be suitable for each market.

5.6 Summary

This chapter discussed the significance of different hotel influential attributes and their individual impact on the overall performance based on the main research findings and outcomes presented in the results chapter. The discussion chapter firstly provides an overview of the hotel sector in Auckland based on the quantitative analysis of hotel sample. Next, this chapter focuses on discussing seven hotel attributes that have been analysed both quantitatively and qualitatively

in the study. The main influential factors of hotel services include cleanliness, comfort, facilities, service of staff, value for money, free Wi-Fi, and location. The significance of these individual hotel attributes on the overall performance is discussed.

CHAPTER 6: CONCLUSION AND STUDY IMPLICATIONS

6.1 Introduction

The impact of online user-generated reviews in the travel-related industry is gradually becoming more and more important in the contemporary society, especially in influencing consumers' decision-making processes (O'Connor, 2008). This study analyses the hotel performance of traditional accommodation providers within the contemporary situation of being affected by UGC. The study firstly demonstrated the objectives and background of the research. A literature review of previous studies was provided in the second chapter. As for the research methodology, this study was based on a mixed-method approach and the sample data of Auckland hotels was selected from Booking.com, which has been used in studies as a large database of traveller's reviews (Mellinas et al., 2015). For the quantitative analysis of the selected 89 hotels between 2 to 5 stars, the research selected both independent and dependent variables regarding different influential attributes of the hotel service. Additionally, 100 qualitative online reviews were studied by using thematic analysis to find out additional amenities that have not been considered within the quantitative scores. The results show the selected hotel sample characteristics and the significance of different hotel attributes on overall hotel performance, depending on hotel star ratings.

This chapter will provide concluding statements and reflect on the study implications of this research. Limitations and future research recommendations will be mentioned subsequently.

6.2 Implications of the study

6.2.1 Implications for the hospitality and tourism industry

In the current market, UGC can be a useful marketing tool and sales platform with low barriers to entry, and can be available to various kinds of business. It is in the interest of hospitality organisations, tourism promotional firms, tourism industry associations and others, to follow up on user-generated reviews for better

understanding the critical suggestions and recommendations from the consumers, and also to effectively maximize the strength of eWOM as a marketing tool, for promoting their products and services. This will help the managers to understand the industry's dynamics and benefit the growth of many traditional businesses, which are vital cogs in the heart of the New Zealand hospitality and tourism industry.

Tourism is an experiential product and the specific characteristics of tourism and hospitality as being consumed on-site, allows for little prior quality evaluation by prospective customers. The arrival of Web 2.0 has changed this landscape somewhat and allows travellers to not just rely on close friends and relatives for referrals, but to be informed by a wide network of strangers. This can be both a strength and a danger, because the marketing message becomes decentralized. Even though the results of this study prove only limited links between customer scores and performance indicators, customer scores do seem to help travellers to create more realistic expectations and to set baseline standards which have to be minimally met. Therefore, to achieve business success in the future, travel-related organizations in general need to maximally adopt user-generated reviews to understand the constant change of customer expectations, particularly with regard to changing market segments. As the core of business success, hospitality and tourism organizations need to continually concentrate on enhancing the level of customer satisfaction, as it not only results in favourable WOM publicity and repeat purchases, but also helps to build and maintain loyalty in customers.

6.2.2 Implications for Auckland hotel operators

The continuous growth of New Zealand's tourism industry coincides with an ever growing demand, and the hotel industry does not look to be slowing down in following the trend. This growth also causes a competitive landscape within the main tourist areas of New Zealand, of which Auckland is a prime example. In order to remain competitive, hotel operators should continue to proactively collect, analyze and act upon customers' feedbacks. This review should go beyond purely collecting the quantitative attribute scores, but ought to delve deeper into the qualitative comments. As was found in this study, high review scores in itself, while obviously favourable, do not necessarily translate into

business success and have to be related to the baseline expectations of hotel guests concerning the specific hotel type. Such sources of feedback might not only be limited to online reviews sites and guest surveys, but also contain input from hotel employees. Hotel staff normally directly take care of the guests' needs, therefore employees are more closely familiar with the consumers' expectations and could be able to provide critical suggestions for meeting hotel guests' desires (Crick & Spencer, 2011). The feedback might need to facilitate continual improvement and a culture of hotel guest centricity in delivering superior customer experiences according to the understanding of the unmet wants and needs of different segments.

As the previous discussion and literature review further indicated, value for money is a significant influential hotel attribute, particularly so for luxury hotels. While a low price is expected for budget hotels, and they are therefore less likely to be able to further compete on price, increasing the facility and comfort levels can have significant effects on business returns. Conversely, for luxury hotels, a high level of facilities, comfort and cleanliness is already expected, so value for money is more directly related to the hotel room price. In both cases, a higher value for money would be essential to improve customers' satisfaction level (Ananth et al., 1992; Atkinson, 1988; Wilensky & buttle, 1988; Wuest et al, 1996). In general, hoteliers should constantly improve the quality of hotel services and ideally provide extra benefits to loyal customer including hotel vouchers and free room-upgrades.

Changes in customer expectations might significantly affect the substantial development of Auckland's hospitality industry. A growing number of independent tourists are arriving from the new tourist markets (e.g., the Chinese tourist market). These tourists are said to be motivated by authentic local experiences. As uniqueness and authenticity (Guttentag, 2016) continue to be important for the future hotel business development, hotel organizations should develop their own products and services to deliver a more authentic and unique hotel experience to the tourists, such as providing traditional New Zealand style meals and symbolic gifts (e.g., koru necklaces), but also helping the hotel guests to establish personalized activities by offering tourist brochures and serving as a discount point, in order to deliver hotel guests with local authenticity and a memorable experience.

6.3 Limitations

Firstly, there are no publicly-available indicators for a hotel's business performance. Hotel performance is considered as a business secret to many hotel firms and therefore it is difficult to get data from the selected hotels. UGC scores of available indicators relate to hotel performance in terms of the consumer experience. These scores are, however, not necessarily reflective of business performance, which is based on occupancy rates, REVPAR, and general financial indicators.

Secondly, the consumer reviews selected from Booking.com might not represent the entire spectrum of customer satisfaction. For one, Booking.com might not own the largest market share in many countries. Research into the leading accommodation and destinations sites in terms of page rank for the United Kingdom, reveals that Booking.com (3.11%) only had the fourth largest market share in 2008 (Hopkins, 2008). In addition, Booking.com, as an online tourism product booking and review site, might mainly attract the young generations who are confident in booking through online accommodation channels, as well as travellers from specific market countries (especially European and Asian countries). Hence, the review scores and customer comments might not represent all the age group and people from different nationalities and culture backgrounds.

Finally, the study was not capable of capturing reviewers' prior expectations. According to Oliver (1980), the perceived discrepancy between prior expectation and perceived performance after consumption could significantly affect the overall satisfaction level. However, prior expectation in this study might depend on the experience of hotel guests and other demographic factors such as nationality, cultural background and personal income. It is impossible to identify the reviewers' prior expectations without primary data collection methods.

6.4 Further research

Given the aim of using UGC via online reviews in order to predict future hotel performance, further research would benefit from adopting different hotel performance indicators. This would require primary data collection among hotels

in order to get access to corporate data that is not freely available. Furthermore, it is suggested that a greater time frame for the review collection (in this study a time frame of two months) and a wider geographical sampling for selecting hotels can be used to increase the stability of results.

Moreover, another interesting area for future study related to the possibility to conduct a competitive comparison of hotels via Data Envelopment Analysis (DEA), which serves to compare the best performing hotels and worse performing hotels. DEA can be seen as an important "data oriented" approach for evaluating the performance of a set of peer entities called Decision Making Units (DMU), which efficiently converts multiple inputs into multiple outputs (Cooper, Seiford & Zhu, 2004). Tourism and hospitality researchers have discovered DEA for examining efficiency in their industries and it has become gradually more popular for measuring and evaluating business performance (Wöber, 2007). Through the evaluation, the research might be able to identify the uniqueness of hotel products and services, the best-performing hotels within a certain sample, and therefore understand the significance of different influential hotel attributes on customer satisfaction in order to better serve the target market.

To acquire a more accurate result of hotel customers' satisfaction, the final suggestion for further research is to apply a bottom-up qualitative research method. This study adopts a mixed methodology, which helps for increasing validity in the findings, informing the collection of the second data source, and assisting with knowledge creation (Hurmerinta-Peltomäki & Nummela, 2006). However, a qualitative research method focusing on guest expectations, experiences, and the role UGC played in the decision-making could also be applied in order to better understand the context or setting in which data is collected. The qualitative category is divided into quality, visibility, flexibility innovativeness and trust, which would serve to get a deeper understanding of customer expectations, experiences and the ultimate influence UGC has on a traveller's decision-making. For instance, O'Connor (2010) collected a data sample for 100 luxury hotels in the United Kingdom from TripAdvisor and adopted a qualitative approach to identify the common reasons among different travellers for posting positive and negative online reviews. Whereas Zheng, Youn and Kincaid (2009) conducted qualitative research to study approximately 500 negative online comments by using content analysis, categorizing the primary

types of negative customer reviews. By adopting this type of research method based on human experiences and observations, the subject data can be evaluated with greater detail regarding customer expectations.

6.5 Summary

Theoretically, this study achieves its original research purpose. The influential factors of hotel services were studied in order to understand the elements of customer satisfaction, their contribution to a general hotel satisfaction score and its effect on hotel performance. Among all the influential attributes, hotels which are perceived to offer a higher value for money are more likely to achieve a larger number of reviews, which was in turn considered as a proxy of actual hotel bookings. So while value for money can drive reviews in general, this is particularly true for luxury hotels. The basic hotel attributes including cleanliness, comfort and facilities in general are fundamental expectations for luxury hotels, while budget hotels can pleasantly surprise travellers with high performance in these attributes and use them as the competitive advantages. Current results offer no suggestion that budget hotels are outperformed by the luxury segment in terms of future bookings, if measured by recent reviews by room.

One aspect that was observed in this study is that attribute scores on UGC-sites should not necessarily be interpreted as measures of (dis)satisfaction. Lower scores not necessarily reflect expectancy disconfirmation, but rather an objective comparison of hotel standards. As such, lower scores received in budget hotels vis-à-vis luxury hotels do not directly imply that the latter have more satisfied customers. Practically, this study suggests that hospitality and tourism organizations should continually study user-generated consumer reviews, particularly benchmarking themselves against establishments of comparable status, and make further efforts in enhancing customer expectation, increasing value for money of products and providing a unique and authentic hotel experience. Limitations and future research mainly suggest using different available indicators of hotel performance, a data envelopment analysis and a qualitative research method in order to investigate the stability of results.

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