

Severity of a One-Star Review: Observable Effects on SMEs and Large Hotels in Atlanta's Visitor Market

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Abstract

This following is a proposal for analysis into the field of online reviews and their effects on sales. The objective of this study is to reveal the true effects of a one-star review on SMEs and large scale enterprises. Using Atlanta, Ga as a sample, we gain a better understanding of a service-based, business-to-business economy and how online reviews affect sales, business practices, and entire regional markets. Using our sample set, sales reports, interviews and overall findings, we discuss specific methods to adopt by SMEs and why these methods will be effective for other businesses in the future as online consumer interaction becomes a focal marketing indicator. Overall, these findings have proved to be vital to understanding the 21st century consumer.

1. Introduction

In the current service-based sector of the economy, online reviews and consumer generated content have become increasingly influential in the overall decision process of consumers across industries (*Keller and Kostromitina, 2020*). More specifically, third party platforms such as Tripadvisor - a consumer based review and booking website - play an ever-increasing role in both a consumer's decision to accept a service and a service provider's general business practices. Some of the most pervasive influence on digital tourism discourse can be found on platforms like Tripadvisor and other social media platforms (*Cenni and*

Goethals, 2020). Given the availability of these reviews, there is still limited understanding in previous literature on the influence of online reviews and the related indicators affecting this social influence (*Li, Meng, and Zhang, 2019*).

Restaurant markets have similar trends in the increase in online presence awareness. Even a half-star increase in rating, specifically on a Yelp review scale, can cause restaurants to reach reservation capacity during peak hours 19 % more often (*Anderson and Magruder, 2012*). In our study, we strive to bridge the gap between the effects of a one-star review on hospitality firms of opposing sizes. Some studies go beyond simple description and offer guidance but do not consider the objectivity of their sample or the validity of their results at different star-ratings (*Keller and Kostromitina, 2020*). To remedy this lapse in research, we will observe the hospitality and tourism sector, a heavily service-based industry, and the severity of a one-star review on small and medium sized enterprises (SME) compared to multinational corporations. In the sections below, we will review the previous studies performed on the topic of digital tourism discourse. Each study discussed provides multiple variables to measure, thus, we will itemize our study's indicators to better understand the previous data collected.

Following our research review, we will cover the methods of measurement. Using Tripadvisor as a model will provide results on the rankings of firms in their portal. Timing of the review posted, online presence of the firms, and overall review platform ranking will be the subject variables of discussion in the beginning of this section. We will continue to analyze an SME with heavy online presence, ATL-Cruzers, a small tour company, compared to large scale hotels in the same city, Atlanta, GA. Brand awareness becomes apparent when discussing the severity of these reviews.

The sample data will be outlined further in this section with content dating back to the year 2018. Other SMEs in Atlanta do not offer sample sizes large enough to analyze nor do the majority manage their own review profiles. ATL-Cruzers is an SME, but offers a strong online presence, a process for managing their reviews, and the ability to provide data on the matter.

We decided to draw from analytics prior to the SARS COVID-19 outbreak and during the 2020 pandemic to prove that, indeed, timelines are essential to understand the effects of a one-star review. After our methodology breakdown, we will discuss our observational qualitative results and develop implications from the study. Finally, the strategies to tackle such a review will be outlined to give SME managers a blueprint for the future handlings of such a low review, warranted or not.

2. Literature Review

2.1 Satisfaction

When observing the reviews of a company, it is safe for consumers to make certain assumptions. General satisfaction can be one of those assumptions given the ratio between good and poor reviews. It is necessary for companies to constitute what makes a review worthwhile and positive for advertising, yet, decipher and learn from the negative reviews. Studies indicate that a visitor's overall satisfaction leads to their likelihood of revisiting a destination, sharing his/her experience and recommending a destination or product (*Sotiriadis and van Zyl, 2013*). Due to the high volume of conventions, conferences, and other business travel, hotels and other travel reliant enterprises in Atlanta, GA require consistent revisitation and future planning. Loyalty is essential to the economy of a city like Atlanta, relying heavily on business travel. One of the main challenges for tourism destinations and businesses is the rise of Social Media and digital tourism discourse, allowing individuals and tourists to interact sharing their views and experiences with potentially unrestricted virtual communities (*Sotiriadis and van Zyl, 2013*). This suggests the first hypothesis in our study:

H1: Negative reviews affect consumer perception, therefore companies should measure and mitigate for such reviews.

2.2 Responding to Reviews and a One-star Review

How are these reviews perceived in the online platform on the producers side? Through the online platform Tripadvisor, companies can respond to reviews under the subheadings of each comment. Many companies will take the liberty of exercising such an action to help mitigate the effect of a bad review and/or amplify the aspects of a good review. If left to their own devices, consumers will often take the word of their fellow consumer. Some studies have shown that not all content can be trusted. The problem of fake reviews has surfaced in recent years. Unlike authentic reviews that describe post-purchase experiences, fake reviews contain figments of imagination (*Banerjee and Chua, 2020*). If a customer has a poor experience, are they more or less inclined to write a review on their experience compared to having a positive experience. Further, do customers develop vendettas and seek to malign the service provider online? The answer, unfortunately, is yes.

Fake reviews impair users' purchase decisions, distort the business's reputation, and [deciphering] an authentic review from a fake one is difficult for users and is particularly compounded when users are not epistemologically alert (*Banerjee and Chua, 2020*). Future studies must be performed to unearth the motivations behind such actions. Even if the experience was poor, does it justify dishonesty? Regardless, the threatening measures of "calling corporate" may have a more severe effect in certain industries and on certain companies depending on location and size. Multinational hotels like Marriott or Hilton will encounter more consumers on average thus, leaving the door open for the possibility of more negative reviews. But does this affect large hotels at a more severe rate than that of an SME in

the same industry with the same clientele? This leads our study to the following additional hypothesis:

H2: Small and Midsize Enterprises (SME) are more severely affected by a one-star review compared to their larger industry counterparts.

Researchers have shown that people may reverse their preferences when the same options are described differently, when options are presented with or without some extraneous options in the choice set, and when different methods are used to measure preferences (*Liu and Karahanna, 2020*). Because of this, SME managers must be aware there are measures to be taken when responding to reviews online whether they be positive or negative. Previous studies indicate that a review's language and content matter. It is safe to assume when a manager's response is displayed on the same platform in the same location, i.e. Tripadvisor, the content of the response matters as well. Since information presentation is extremely flexible in the online environment and many information-processing aids are readily available, much attention has been given to the information presentation factors and ease-of-processing effects (*Liu and Karahanna, 2020*). Many consumers will filter their review research straight to the one-star reviews of a company. This brings our study to a final hypothesis regarding the responses to reviews:

H3: SMEs must respond appropriately and timely to all reviews on the same platform of which the reviews are displayed.

The questions of how to handle a poor review stem from their effect on demand. The relationship of reviews on sales has not been clearly identified: Many studies claim that the relationship is only correlation, not causation (*Huang and Pape, 2020*). From a service

standpoint, there has not been substantial research in the field of severity of detriment. In our study, we argue that a one-star review has severe effects on the demand of a service, accurate or not, fair or unfair.

Online platforms hosting user-generated reviews have multiplied and every kind of product or experience can potentially be reviewed (*Cenni and Goethals 2020*). More specifically, SMEs have become more emboldened to market themselves and even sell products and services on online platforms. When an SME decides to become more present online, it has the ability to increase market share through positive feedback but also it opens itself up to scrutiny. Our study suggests that an ill-timed one-star review can pose a threat to the service demand and overall health of an SME.

3. Sample and Data Collection

Our study incorporates mostly qualitative variables to account for quantitative outcomes. Previous studies have failed to bridge this gap and develop a model or scale to account for variables such as Tripadvisor ranking and one-star reviews. We argue the positivity or negativity of a review can shift the course of demand for an SME much faster than its multinational counterpart. To measure these effects, we take reviews and reports from Tripadvisor, AtICruzers LLC, and the ACVB (Atlanta Convention and Visitors Bureau) to formulate sample data to analyze.

3.1 AtICruzers, LLC

TripAdvisor hosts more than 850 million reviews and claims around 460 million monthly visitors, which makes it currently the most popular travel platform (*Cenni and Goethals 2020*). Our study observes AtICruzers, an SME-sized tour company, due to its high volume of overall

reviews on Tripadvisor (4,479) and long tenure on the platform (11 years). After winning the ACVB member of the year in 2017, AtICruzers has solidified its stronghold on Tripadvisor in Atlanta, ranking #1 amongst all tour companies in the city of Atlanta.

Our study takes into account the review trends of AtICruzers dating back to 2018, annual sales reports from the company, and interviews from the management staff. Measuring this data will consist of matrices that coincide with one another. For example, Tripadvisor ranking and sales figures will overlap, creating observable trends. As ranking increases, so too do sales figures? To analyze the sales data further, we will use FareHarbor, a ticket sales platform, to observe monthly reports of AtICruzers dating back to the year 2018. This is an Excel-based application that will give our study more concrete data trends to observe compared to qualitative Tripadvisor reviews.

Finally, we will use interviews with staff to understand the methods, practices, and lack thereof to point other SMEs in the right direction for the future mitigation of one-star reviews. Best practices, tools used to address reviews, and situational anecdotes to attribute to either the success or failure of a review's handling. The interview questions will cover all review scale measurements (from five to one-star) and what differences arise when, for example, comparing management responses to a three star review versus a five, a one, etc. Challenges arise when dealing with fair criticism. What if a one-star review is warranted? This question should be answered within the interview portion of our study and can be solidified when sales figures either align or show no trend with such a review. Which practices performed by AtICruzer management can be adopted as a standard for other SMEs and in which areas do they need to improve on? Such questions, once answered, will give the study purpose and validity.

3.2 ACVB - Atlanta Convention and Visitors Bureau

The ACVB collects data on hotels in the surrounding Atlanta area. Our study aims to incorporate their annual reports and analysis of these hotels to compare the effects of a poor review on hotel sales performance. Given the size of these samples, we will only use the same time period as that of AtlCruzers, during peak seasons (during conventions). By analyzing similar data variables during the same time period, our study will distinguish the volatility of sales figures between large corporations and SMEs in response to poor reviews. For example, the Downtown Atlanta Sheraton Hotel underwent massive sales declines after the outbreak of legionnaires in their AC units back in 2019. Have these sales effects been snuffed out after the fact? Hotel sales numbers having decreased is obvious due to the closure of the hotel. But do the lasting effects linger because of the online reviews posted about the outbreak? What can the Sheraton Hotel do to mitigate these reviews and erase the stain off of their financial reports? Our study strives to answer these questions.

4. Discussion and Implications

Some studies have developed online review helpfulness prediction methods to build more accurate models (*Akbarabadi and Hosseini, 2020*). Our study will prove that measures can be taken and a blueprint formed for SMEs to address a one-star review and improve sales performance. If a one-star review lands at a time shortly before a spike in demand, say just before a planned convention, it is essential for companies of all sizes to have strategies in place to alleviate the effects, but especially for SMEs. Small businesses have lower sales volume and will reap the detrimental effects of a one-star review at a more costly and unrecoverable rate. Hotels that are established and acquire higher sales volume possess the convenience of time and brand awareness to shield their financial reports from a sales hit from poor reviews. Our

study results in a blueprint for companies to adopt to measure, address, and prevent poor reviews.

4.1 Measuring the One-Star Review

Sales volumes will fluctuate if consumers are aware of a service's lack of consistency or are deterred for other factors. The resulting dip in sales can be measured from the time of the one-star review posting up until the review is either taken down or responded to. Algorithms will still play a role in consumer decision making because many potential patrons will not read the reviews themselves, but will only observe the rankings. Even if an SME (or large hotel for that matter) can respond to a one-star review in a timely manner, the response itself may go unnoticed to many consumers. Further studies need to be performed to better understand review platforms' willingness to leave poor reviews on their websites or why they have created detrimental algorithms that allow fake, unfair, and unwarranted reviews.

4.2 Addressing the One-Star Review

SMEs are in a better position and are more inclined to seek the removal of poor reviews from online platforms. For example, Tripadvisor has a policy regarding tour operators that states reviewers are prohibited from posting a review for a tour they did not take. Such policies are not a fix-all for SMEs. Mistakes are made and should be accounted for, but an eventual correction of these mistakes should not result in the further decline in sales in the future. SMEs must not only follow up with the reviewer, but seek forgiveness in a business sense. To address the poor review, our study will form steps to be taken by the SME beginning with a response to the original review and ending in the possible removal of the review. The ultimate goal entails a

failsafe procedure for all SMEs to adopt when handling poor reviews to alleviate the effect such reviews have on sales.

4.3 Preventing the One-Star Review

Some poor reviews are inevitable but the best way to ensure the lowest volatility of sales is to prevent them outright. This study will provide measures and practices SMEs can adopt to avoid one-star reviews. Such practices may include situational awareness, comment boxes over online reviews, and email campaigns to push reviews to social media sites rather than third party review platforms. In order for such measures to be exercised, the former steps must be understood and taken into account. These reviews do matter and the worse they are, the more they matter.

5. Conclusion

Our findings from preliminary research and gaps in previous studies have warranted the presentation of information we have compiled. Atlanta is a prime market and model for analysis in the service-based sector, more specifically, hospitality and tourism. We believe our findings warrant not only current attention but future analysis in similar fields. Online reviews have become commonplace in the consumer market, but not enough research has been conducted on the true effects of negative reviews and feedback.

5.1 Limitations and Future Analysis

This study does not account for the algorithmic design set up by third party platforms. Future studies into how and why these algorithms operate in their respective ways is essential to understand the tendencies of consumers to focus on negative reviews compared to positive.

This study falls short into the analysis of why customers leave reviews in the first place. Although previous studies have covered the psychology of consumer decision making, not enough has been performed on the relationship of consumer review tendencies and service-based businesses. To conclude, this study is a substantial step into the correct direction of understanding the online review marketplace, but it will be determined as to why such a step was necessary upon the review of our findings.

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