

Managerial Response Strategy to Online Customer Compliments: a Comparative Analysis of Indigenous-owned and International Brand Hotels in China

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Abstract

This study examined the managerial response to customer compliments on the user-generated website, Ctrip. Content analysis was used to analyse 360 reviews and responses from 30 hotels in China, including 15 indigenous-owned hotels and 15 international brands. Aspects that guests applaud most and response strategies are identified, and differences between indigenous-owned and international brands are elaborated. Promotion is a special strategy learned from daily operation, which is highly recommended and practical. Expressions of courtesy influenced by Chinese culture were also explored through the research process. A specific and specialised response to a compliment, in a sincere and personalised way is expected and suggested for the hotels in China.

Keywords: online compliments; response; indigenous hotels; international brands; China.

1 Introduction

With the rapid growth of the Internet, online review websites facilitate customers' decision-making in the hospitality industry (Litvin, Goldsmith & Pan, 2008). Both negative and positive Internet reviews are equally important for guests and organizations. Khoo-Lattimore and Ekiz (2014) analysed online compliments for luxury hotels in Malaysia: rooms, staff, variety of food, added-value services and location are the top five categories that customers really appreciated online. Benefitting from blossoming tourism, China's hotel industry has achieved satisfactory performance in recent years and attracts many international investors. Influenced by culture, the strategies of indigenous-owned and foreign hotels differ in China (Okoroafo, 2009). Indigenous hotels are deficient in management style, human capital management and marketing strategies (Tang, Xi, Chen & Wang, 2006). However, with government support and favourable business, indigenous hotels once developed rapidly in China. In comparison, international brand hotels in China boast more mature management systems, consistent service standards and credibility through long-term reputation. It is believed that the international hotels will behave differently in terms of management response.

Management response to customer feedback is an interactive approach not only in solving problems or addressing issues, but also to maintain successful customer relationships and to preserve a reputation. Compared to compliments, complaints attract more attention from the hospitality industry. However, compliments on the Internet can also intensify customers' booking intentions and consumer trust (Sparks & Browning, 2010a). Holmes' (1986) classification system is the most widely

accepted framework, condensing 12 types of compliment responses into three broad categories: acceptance, deflection/evasion, and rejection. Yuan (2002) created a further two new categories: invitation and suggestion. Zhu (2012) devised three types of responses, which can only be understood by native Chinese speakers. Reason acceptance (which is a kind of acceptance) provides reasons why the compliment is deserved. Praise downgrade refers to a traditional modesty with self-deprecation. False question is another approach to acceptance, but with modesty.

Responding online is different to handling feedback face to face. Dealing with online customers may be fraught with danger and the responses need to be open, honest and authentic (Brown, Broderick & Lee, 2007). As individuals can express opinions freely online (Sparks & Browning, 2010b), managerial response becomes more sensitive and difficult, due to the black and white form. Gu and Ye (2014) discovered that although a managerial response increased the level of customer satisfaction, people would feel dissatisfaction and a sense of unfairness when their comments did not receive a response from the hotel but others' did. These may also be the hidden reasons why many hotels refuse to reply to online comments even though they realise the importance.

The aim of this paper is to understand how hotel managers respond to online compliments and to ascertain if there is a significant managerial difference between indigenous-owned hotels and international brands in mainland China. The findings are expected to fill the gap of online compliment response strategies in China and provide a comprehensive perception of how to approach customers in a professional manner through the online platform.

2 Methodology

Content analysis was adopted and secondary data collected from Ctrip, the Chinese customer-generated review website. To identify an effective online management response, a total of thirty upscale hotels were selected in Beijing, Shanghai and Guangzhou. Comments and responses were chosen, spread over the past twelve months. To reduce the effects of seasonality, one positive comment with a response is selected within each month, for each hotel. A total of 360 reliable and valid management responses have been collected and analysed.

3 Findings & Discussion

Six categories are identified, including service, location, room, environment, food & beverage and others, based on the frequency of appraising aspects. Compared with international brands, indigenous hotels are more appreciated in location (55% vs. 45%) and environment sectors (64% vs. 36%).

3.1 Response Strategies

Compared with Holmes' classification on compliment response, acceptance is the dominating strategy that hotels adopted (Table 1). Three major response strategies for compliments are identified: acceptance, reinforcement and promotion. Acceptance is the general response strategy regarding customer online comments, referring to a series of fixed patterns: recognising the existence, appreciating customer sharing and

information, and encouraging the revisit. Reinforcement strategy is a managerial response that restates or emphasises that which the hotel performed well, especially referring to the superior aspect that guests previously mentioned. Some organisations make use of the platform to promote their product, service and event, defined as a promotion strategy. Compared to general comments, specific reviews are more likely to receive a reinforcement response. 55% of reviews on a hotel environment received reinforcement strategy, achieving the first position among different domains. Hotels will always emphasise the pleasant and comfortable environment they can provide, but seldom reiterate how fabulous their rooms are.

Although promotion is a response strategy currently adopted by some hotels, it is a fairly new and valuable category worth further discussion. Some hotels combine a reinforcement strategy with promotion to strengthen marketing effects. Food and beverage outlets, a social media account and event promotion are the key elements that hotels promote on the Internet.

Table 1. Specific aspects of compliments & response strategies

Response Strategy	Comment Areas						
	Location	Service	Room	Environment	F&B	Others	General
Total	65	62	52	42	14	2	202
Acceptance	100%	100%	100%	100%	100%	100%	100%
Reinforcement	46%	45%	29%	55%	36%	50%	24%
Promotion	14%	5%	6%	7%	7%	0	6%

As shown in Table 2, there are 77 positive reviews associated only with a single aspect, while 81 have multi-aspects. Single-aspect comments received more diversified responses, such as reinforcement and promotion strategies, while compliments with more than one aspect are likely to be dealt with similarly to the general response. This may be caused by the complexity and time-consuming task of referring back to every aspect in the customer's words. However, Wei, Miao and Huang (2013) found that customers expect a more specific response, conveying more sincerity and honesty than a generic response. This suggests that managers should also reply in a specific way, even for the multi-aspect comments.

Table 2. Comment characteristics & compliment response strategies

Comment Characteristic	Response Strategies				Characteristic Apostles*
	Total	Acknowledgement	Reinforcement	Promotion	
Single	77	100%	68%	10%	14%
Multi	81	100%	31%	7%	23%
General	202	100%	24%	6%	11%
Apostle*	52	100%	44%	12%	

*Apostle is the magnitude category, which is different to others.

In this study, guests who express willing to come back are regarded as apostles. Apostles are the most valuable customer group for a company and are more likely to express satisfaction on multiple aspects. A promotion strategy is normally adopted to respond to the apostles: however, not every apostle received one in this study, and this situation needs to improve in future practice. Reinforcement strategy is not widely implemented since some apostles did not specify the compliments in order for hotels to create an echo effect.

3.2 Indigenous Hotels vs. International Brands

Comparing the response strategies between indigenous-owned hotels and international brand hotels in mainland China (Table 3), it is apparent that indigenous-owned hotels respond in a more complex way and use longer phrases. Greetings, acceptance, reinforcement, even promotion are all involved in one response. They are more like to write festive wishes to the guest, such as “Wish you all the best! Merry Christmas!” at the end of a response to reduce the distance between customers and hotels. International hotels tend to use a standardised format on the website. Only responses from international brand hotels will embrace the identification and position of the respondents at the end of the content. They leave a signature, in the same way as at the end of a formal letter, to express their respects. This can be elaborated by two different organisational cultures. Indigenous-owned hotels are fully immersed in local culture, whereas international brands tend to behave in a western way, though they are still under the national culture’s influence.

Table 3. Indigenous hotels vs. international brands

	Reinforcement	Promotion	Identification	Wishes
Indigenous Hotels	62%	72%	0%	65%
International Brands	38%	28%	100%	35%

As shown in Table 4, 53% of indigenous hotels will respond to customers within three days, which is much more prompt than the international brands (27%). Nearly half of the international hotels will take action 4 to 7 days afterwards and 20% react two weeks later. Another significant find is that some indigenous hotels do respond to every comment online (that they can access), including compliments and complaints. However, surprisingly, international brands do not perform in the same way. This might be because indigenous hotels have more free time and flexibility to respond to online customers attentively and roundly.

Table 4. Responding time

Hotel Categories	Responding time (Day)			
	0-3	4-7	7-15	15+
Indigenous Hotel	8	3	2	2
%	53%	20%	13%	13%
International Brands	4	7	1	3
%	27%	47%	7%	20%

4 Conclusions

This study provides a general guideline for responding to a compliment on a customer-generated platform in China. Hotel managers should adopt a proper strategy to reply in a polite, comprehensive and specific way. Reinforcement is a basic strategy to response. Promotion is highly recommended to be employed properly, especially for apostles. Cross-selling products and services, such as food festivals and other packages, will achieve marketing effects in a cheaper way. Influenced by the organisational culture, indigenous-owned and international brand hotels in China behave in different ways to show geniality and respect. Leaving a holiday message or a signature at the end of the response can be implemented. In acknowledgement of the fact that some indigenous-owned hotels respond to every single comment from customers, organisations are strongly advised to designate personnel to take care of all comments online, to demonstrate fairness. In addition, international organisations should respond more promptly to maintain good relations. In general, this study will contribute to establishing a professional and effective response plan for hotels in China. However, this study is limited to the size of the sample and the type of methodology undertaken. Rigorous research needs to be created and conducted in the near future.

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