

THESIS

**PREDICTING ONLINE REVIEWS ON HOTEL
BOOKING INTENTION AT ADIWANA RESORT
JEMBAWAN IN UBUD: THE MODERATING ROLE
OF BRAND IMAGE, STAR RATING, AND PRICE**



POLITEKNIK NEGERI BALI

I WAYAN EKA GINASTRA

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BADUNG

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I hereby declare that my thesis titled “Predicting Online Reviews on Hotel Booking Intention at Adiwana Resort Jembawan: The Moderating Role of Brand Image, Star Rating, and Price”, is original and has been produced without any form of plagiarism. I assure you that the content and ideas presented in this work are the result of my own intellectual efforts and have not been copied from any other sources, including published works, online materials, or the work of other individuals.

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Badung, July 2023

The undersigned,



THESIS

**Prepared as one of the requirements to obtain the Master
of Applied Tourism (M.Tr.Par) degree in the Tourism
Planning Study Program, the Applied Master's Program
at the Department of Tourism, Bali State Polytechnic**



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TESIS

PREDICTING ONLINE REVIEWS ON HOTEL BOOKING INTENTION AT ADIWANA RESORT JEMBAWAN IN UBUD: THE MODERATING ROLE OF BRAND IMAGE, STAR RATING, AND PRICE

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PREFACE

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Badung, 27 July 2023

I Wayan Eka Ginastra



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PREDICTING ONLINE REVIEWS ON HOTEL BOOKING INTENTION AT ADIWANA RESORT JEMBAWAN IN UBUD: THE MODERATING ROLE OF BRAND IMAGE, STAR RATING, AND RATE

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ABSTRACT

This thesis predicts the impact of customer online reviews on hotel booking intention at Adiwana Resort Jembawan, a local brand boutique resort in Ubud. The moderating effect of brand image, star category, and price on this relationship was tested to see what the impact they cause. The moderators were applied as they have never been considered as the factors for customers to book the hotel room online. The mixed method research has been used by collecting primary data including interviews and observations followed by collecting questionnaires from a convenience sample of 100 customers who have previous experienced with online booking and stayed at the hotel. Results of the research revealed that reviews with negative valence do not affect booking intention, while reviews with positive valence have a strong impact. Additionally, it was found that all moderators made this impact severe. Price demonstrated a significant effect due to the factor's inherent subjective nature. A moderating effect was also observed for both price importance and star category on the relationship. In conclusion, this study emphasizes the need for hotel management to address online customer reviews, and specifically positive ones and consider the influence of the moderators to get more customers.

Keywords: Online Customer Review (OCR), Positive Review Valence (PRV), Negative Review Valence (NRV), Price Importance (PI), Brand Image (BI), Star Rating (SR)

**MEMPREDIKSI ULASAN ONLINE TERHADAP NIAT
PEMESANAN HOTEL DI ADIWANA RESORT JEMBAWAN
DI UBUD: PERAN PENGARAHAN CITRA MEREK,
PENILAIAN BINTANG, DAN TARIF.**

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ABSTRAK

Tesis ini memprediksi dampak ulasan online terhadap niat pemesanan hotel di Adiwana Resort Jembawan, sebuah resor butik merek lokal di Ubud. Pengaruh moderator merek, kategori bintang, dan harga terhadap hubungan ini diuji untuk melihat dampak yang mereka timbulkan. Para moderator ini diaplikasikan karena sebelumnya belum pernah dijadikan pertimbangan sebagai faktor-faktor yang mendorong pelanggan untuk memesan kamar hotel secara online. Penelitian menggunakan metode campuran dengan mengumpulkan data primer melalui wawancara dan observasi, diikuti dengan pengumpulan kuesioner dari sampel kenyamanan sebanyak 100 pelanggan yang memiliki pengalaman sebelumnya dalam pemesanan online dan pernah menginap di hotel tersebut. Hasil penelitian menunjukkan bahwa ulasan dengan valensi negatif tidak memengaruhi niat pemesanan, sementara ulasan dengan valensi positif memiliki dampak yang kuat. Selain itu, ditemukan bahwa beberapa pengaruh membuat dampak ini menjadi lebih berat. Harga menunjukkan efek moderator yang penting karena sifat subjektifnya yang melekat. Efek moderator juga diamati baik untuk pentingnya harga maupun kategori bintang terhadap hubungan tersebut. Kesimpulannya, studi ini menekankan perlunya manajemen hotel untuk memperhatikan ulasan pelanggan secara daring, terutama yang positif, dan mempertimbangkan pengaruh dari para moderator untuk mendapatkan lebih banyak pelanggan.

Kata kunci: Ulasan Pelanggan Online (OCR), Valensi Ulasan Positif (PRV), Valensi Ulasan Negatif (NRV), Pentingnya Harga (PI), Citra Merek (BI), Penilaian Bintang (SR).

CHAPTER I

INTRODUCTION

1.1 Background

E-commerce is a business activity centered on information network technology and centered on commodity exchange. It is the electronic, network, and informatization of all aspects of traditional business activities. With the continuous development of the Internet technology, the e-commerce model with changes will continue to impact on the original business model, form a partial change, and at the same time have an impact on the consumer's consumer behavior, but also in the commercial activities. This process is a cycle. Finally, it forms a stable business model. With the expansion of the scale of Internet users and the diversification of business models for online travel services, research on consumers' online booking behavior as the results of existing Online Customer Reviews (OCR) has gradually become a hot topic in the research field.

The emergence of the digital era has given rise to a novel type of informal communication referred to as Electronic Word-Of-Mouth (E-WOM) or Online Customer Reviews (OCR). The significance of E-WOM, encompassing online reviews, star ratings, and related forms, has grown notably in influencing consumer conduct and purchase choices, especially within the hotel sector. Considerable research has delved into the impact of OCR on the consumer decision-making process, consumer behavior, and business performance, revealing its noteworthy effects. Consumers, aiming to mitigate uncertainties in their buying decisions,

frequently turn to the shared experiences of past patrons. Given the intangible nature inherent to the hotel industry, the influence of digital word-of-mouth through OCR assumes a pivotal role.

While certain exceptions exist, compelling evidence underscores the substantial influence of OCR on consumer behavior, the purchasing process, and the success of commercial ventures. The distinct sensitivity of the hotel sector to this digital expression of word-of-mouth has been observed, as customers seek to navigate purchasing complexities by drawing insights from previous clientele experiences. Noteworthy scholarly contributions on this topic include studies by Bashar (2000), Cantallops (2013), Floh et.al., (2013), Yang (2013), Saw et al.,(2015), Emir et al., (2016), Hilbrink (2017), Aznar et.al., (2018), Bhatnagar (2018), and Castro, et al.,(2018).

Indeed, it has been found that the occupancy rate (Bhatnagar, 2018), perceived reliability (S. Y. Kim et al., 2017), and overall performance of a hotel (Phillip et al., 2017) are all affected by OCR, underscoring the need to equip hotel managers with more comprehensive knowledge on the impacts of OCR along with a collection of appropriate actions and responses.

Given the desperate need for practical information, it is in this industry that this research seeks to contribute. Without a doubt, it can be appreciated that the body of literature focusing on OCR is growing quite sizable, and a definite trend is becoming noticeable. However, most previous studies have concentrated on the direct effects of electronic word-of-mouth, such as the orientation of reviews as positive or negative, known as Review Valence (RV), and its impact on purchase

intention and sales. Yet, little investigation has been conducted to determine the function of moderators in this relationship.

Little work exists to understand how other factors, relating either to the consumer or to the product and service provider, reduce or increase the impact that RV has on customer purchase intentions. For illustration, some experimenters have anatomized the characteristics of the review pens themselves by exploring their demographic nature, personality, responsibility, character, and moxie. In discrepancy, other experimenters have delved the characteristics of the review itself, fastening on rudiments similar as the punctuality, helpfulness, quality, volume, length, and valence. To attune these differing aspects, some experimenters have indeed compared the aspects of both reviews and review pens against one another, yet there remains much debate as to which factors display the most influence on consumer behavior. Hu et al., (2008), Browning et al., (2013), Zhong et al., (2014), Zhao et al., (2015), Chan et al., (2017), Hilbrink (2017), Somohardjo (2017), Vranceanu (2017), Fong et al., (2018), Pelsmacker (2018), Ukpabi & Karjaluoto (2018).

Research from former studies suggest that these forenamed factors alter the degree with which OCR impact hotel room deals, and as similar, presume on the eventuality of multitudinous other factors that could similarly impact the impact of OCR. In this way, it is entirely possible that factors, unrelated to the characteristics or composition of the review, but stemming from the hotels position in the market could augment or diminish the impacts of OCR. Without further efforts to better understand this phenomenon, hotel managers will be unable to effectively exploit

the positions of their hotels or correct performance hindering issues, given their lack of awareness of the additional factors, beyond RV, that could affect hotel booking intention. As there is firm knowledge of the direct impacts of RV on hotel booking intention, but a lack of information on the moderating factors that could dampen or enhance this effect, this research approaches the subject of OCR from a novel perspective.

This research has been designed to address this fundamental issue and remedy the crucial gap in knowledge that weakens hotel performance and general understanding of consumer behavior. From the consumer's behavior stage, the online booking process of Chinese travel website users is mainly divided into online information search, purchase behavior, online order submission, online/offline payment, and the basic implementation of the booking process (summary of research and the researchers are available at Table 2.1 and 2.2 below). Instead of focusing on the direct impacts of RV, the researcher has chosen to observe how Brand Image (BI), Hotel Star Category (SR), and Price Importance (PI) are moderated by several factors that are somewhat in the control of the Property Manager.

With the above references, the researcher is eager to explore how these moderating roles will predict the customers' behaviors that effects their booking intentions at Adiwana Resort Jembawan in Ubud. Adiwana Resort Jembawan is one of hotels under the Management of Jeevawasa group, a leading local chained hotel based in Ubud, Bali, Indonesia and has established itself as the flagship of the hotel group for 5 years ago. Jeevawasa Group has 3 brands to represent its values:

Adiwana Hotels & Resorts, Inara, Amatara Hotels & Resorts. It currently operates 14 hotels in Ubud, Nusa Penida, Nusa Lembongan and Natuna Island.

The Management of Jeevawasa group who manages Adiwana Resort Jembawan has emphasized the importance of Guest Reviews and consider it as one of Key Performance Index for its leadership performance appraisal and as one of the exit strategies to win the competition. It mandated its hotel leadership to use TripAdvisor and Booking.com as the benchmark on how to measure their guests' satisfaction and/or get the feedback to improve its facilities and services. Adiguna Kusuma, the CEO of Jeevawasa group, confirmed that as a local chained Hotel Management, they should have a benchmark tool to improve its quality, and, as TripAdvisor has been regarded as the most viewed Guest Reviews, the Management chose TripAdvisor as one of the benchmarks. Guest Reviews (Pulse) from Booking.com is also used as another benchmark tool, as at the Jeevawasa properties, Booking.com produced a minimum of 55% share of its total room nights, year-to-date 2022.

The metrics used by the Management to measure its scores in TripAdvisor is Rank (what rank is a property in Ubud area), and number of reviews given by the guests. Each month, the Management set a target of number of reviews they should get in a month. As in Booking.com, the measurements they use are number of reviews collected and amongst the reviews, how many of them have 5 bubbles (5 bubble is the best score and 1 bubble is the worst). Additionally, they also consider Score as one of the measurements (from 1-10 with 10 as the best score) experienced by the guests who made their reservation through Booking.com. The Management

of Adiwana Resort Jembawan must report every week their Guest Reviews performance on both TripAdvisor and Booking.com. Below is an example report of Guest Reviews performance in Adiwana Resort Jembawan.

Table 1.1 Sample of TripAdvisor and Booking.com Weekly Report

D.1 KPI VS Actual Review Performance

No.	Online Review	KPI (Rank/Score)	Actual (Rank/Score)	GM Comments
1	TripAdvisor	8 (Q2)	10	
2	Booking.com	9,4 till Dec 2023	9	

D.2 Month to Date TripAdvisor Generated Reviews on March

TRIPADVISOR		
Bubbles	DOT	Actual Total Review Achievement
5 Bubbles	5	50
4 Bubbles	4	1
3 Bubbles	3	2
2 Bubbles	2	
1 Bubble	1	

D.3 Month to Date Booking.com Generated Reviews on March

BOOKING.COM		
Category	Range Score	Actual Total Review Achievement
Exceptional	10	19
Good	9	13
Average	8	8
Poor	< 7	3

Source: Weekly Report Adiwana Resort Jembawan

Despite of gaining more positive reviews rather than negative ones both from TripAdvisor and Booking.com reviews, however, there has been no research or analysis ever done to explore for what reasons a guest to selecting Adiwana Resort Jembawan or any other Jeevawasa properties. In the Management Meeting attended by the researcher and discussions with the hotel's stakeholders, the Management only thinks that rank and scores of the review are the only factors that matter most.

During the research at the hotel, the researcher observed the process of the management of the Guest Reviews (eWOM) started from the data collection to

writing the responses to the Reviews by the hotel's Resident Manager. The researcher also observed that limited knowledge on the guest's intention and behaviors on selecting may lead to a lack of understanding the impact of other important factors that could affect a guest's decision to book a hotel room. The hotel has no record or whatsoever on why a guest decided to book Adiwana Resort Jembawan. Based on interviews with some guests, guests cited that they knew hotel's quality from TripAdvisor or other Reputation Management System, but this is difficult to prove. It may also lead to a bias in guest reviews as they may not always provide a true representation of the hotel's overall performance. Further, the collected reviews have not been treated as a source of information for Reservation. Relying only on guest reviews could limit a hotel's ability to benchmark against competitors on factors such as Brand Image (BI), Price Importance (PI) and Star Rating (SR), which are important factors that could influence a guest's decision to book a hotel room. In other words, the Management has not yet figured out the importance Positive Review Valence (PRV) and Negative Review Valence (NRV) on Hotel Booking Intention (HBI), the interaction between PRV and NRV and Brand Image (BI), the interaction between PRV and NRV and Price Importance (PI), and the interaction between PRV and NRV and Star Rating (SR) that may also impact the Hotel Booking Intention. Overall, the absence of those variables may cause the Management unable to set the right strategy to win the competition.

Based on the phenomena explained above, the researcher decided to explore more about the consumers' booking intention in an online review (OCR) on booking intention using the Brand Image (BI), Star Rating (SR), and Rate or the

importance of Price (PI) as the moderators at Adiwana Resort Jembawan in Ubud. The researcher's focus of exploration is to find facts that enable to predict the behaviors based on the moderating roles and how they are going to provide benefits to the Management if they take these roles as the exit strategy to win the competition.

1.2 Problems Statement

From the above phenomenon, the researcher formulated the problems statement as follows:

1. How does the incorporation of Online Customer Review (OCR) with Positive Review Valence (PRV) and Negative Review Valence (NRV) influence customers' intention (Hotel Booking Intention/HBI) to book a hotel room online?
2. How can we predict customers' Hotel Booking Intention (HBI) based on Positive Review Valence (PRV) and Negative Review Valence (NRV), considering three moderating factors: Price Importance (PI), Brand Image (BI), and Star Rating (SR)?
3. What model can be used to predict customers' Hotel Booking Intention (HBI) based on Positive Review Valence (PRV) and Negative Review Valence (NRV), considering three moderating factors: Price Importance (PI), Brand Image (BI), and Star Rating (SR)?

1.3 Objectives

The main objective of this study is to test the direct influence of online reviews on hotel booking intention as well as to study the impact of three

moderators (BI, SR, and PI) on this relationship at Adiwana Resort Jembawan. For these purposes an empirical approach to data collection through the distribution of questionnaires will be adopted.

As such, the objectives of this Thesis are:

1. To identify how the incorporation of Online Customer Review (OCR) with Positive Review Valence (PRV) and Negative Review Valence (NRV) influence customers' intention (Hotel Booking Intention/HBI) to book a hotel room online.
2. To explore how customers' Hotel Booking Intention (HBI) can be predicted. The prediction is based on three main factors: Positive Review Valence (PRV), Negative Review Valence (NRV), and three moderating factors: Price Importance (PI), Brand Image (BI), and Star Rating (SR).
3. To identify and determine an appropriate predictive model that can be used to predict customers' Hotel Booking Intention (HBI) based on Positive Review Valence (PRV) and Negative Review Valence (NRV), considering three moderating factors: Price Importance (PI), Brand Image (BI), and Star Rating (SR).

1.4 Significant of Research

Research such as this becomes ever more critical as social media, Online Travel Agents (OTA), and review websites or applications gain popularity. As such platforms are beyond the control of hotel managers, a lack of knowledge about OCR will lead to ineffective decisions and responses, hindering the performance of hotel

properties and brands. With better understanding of the impact of OCR and the unique factors that will affect hotel bookings, hotel properties will have:

1. Theoretical aspect: The ability to better position themselves in the market, leverage OCR and customer comments to their advantages, and exploit unknown existing qualities. Accordingly, this thesis aims to, not only add to the existing body of literature concerning OCR, but to further provide the hotel industry with practical insights which can be used to enhance commercial efficiency when addressing OCR and the intermediary factors that can affect demand for hotel services. This is achieved by building on the work of other researchers who have strived to understand the dynamics of RV on hotel bookings, and by determining the degree with which moderators affect this impact.
2. Practical aspect: The Management of Adiwana Resort Jembawan can apply the three moderators as the base to predict, prepare and execute the exit strategies to win the competition and the guest's reservations.

CHAPTER VI

CONCLUSION AND SUGGESTION

6.1 Conclusion

Adiwana Resort Jembawan is a wellness boutique resort that has a good reputation in the market as proven by the Guest Reviews on TripAdvisor and Booking.com. Since its opening in 2018, the hotel has been gradually known for its superb facilities and services, not only from the in-house guests but also the outsiders. The Management and staff of Adiwana Resort Jembawan take Guest Reviews seriously. The Guest Reviews handling procedure is well-maintained and supervised by the Management extensively. The hotel leadership will be rewarded for the great scores an award and the employees whose/her names are frequently mentioned by the guest is rewarded an amount of money.

Based on the results and discussion, the researcher concluded:

1. Though booking intentions appear to be quite complex, being affected and impacted by a variety of different factors, this thesis has demonstrated how PRV and NRV have a significant impact to the customers booking intention at Adiwana Resort Jembawan.
2. The customer' booking intention (HBI) based on PRV and NRV using the three moderators of Price Importance (PI), Brand Image (BI), and Star Rating (SR) affects the guests in choosing Adiwana Resort Jembawan directly and indirectly.

3. The model that can be developed from the analysis shows that there has been changes in the pattern of relationship between PRV to BHI and PRV with Price as the moderator. Yet, the three moderators still have the impact to HBI.

6.2 Suggestion

Though there are still some spaces for improvement, however, the hotel has gained lots of Positive Reviews Valence (PRV) and very few Negative Reviews Valence (NRV). The number of positive reviews has been used by the guests to choose their potential hotels to book. During the internship, the researcher learned that the Management and staff realize that Guest Reviews are very important to win the guests' choice and competition. They also understand that many guests chose the hotel mostly due to the positive experiences the guests had. Hence, the Jeevawasa Corporate Office and the Management of Adiwana Resort Jembawan have set these Guest Reviews as their prime objective in their daily operation.

1. The Management of Adiwana Resort Jembawan should consider the influence Positive Review Valence (PRV) on Price Importance (PI) to Hotel Booking Intention (HBI) as it is proven that this is one of the key factors that the customers consider their choices.
2. The Management of Adiwana Resort Jembawan need to dedicate the necessary resources and attention towards reacting and exploiting OCR, treating it as a vehicle for improving customer relationship and attracting new guests.

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