

Bed bugs, bad service begone, thanks to online reviews

August 2 2013, by Mira Oberman



Employees of the online review site Yelp work in New York City on October 26, 2011. Bed bugs, bad service and terrible food used to be inevitable risks when traveling, but a host of online review sites such as Yelp and TripAdvisor are helping savvy consumers pick the best hotels and eat like locals.

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The power of good [reviews](#) quickly shows up in the [cash register](#), producing a virtuous circle in which business owners bend over backwards to keep them coming.

But bad write-ups can take a big bite out of a business—and give frustrated customers a taste of revenge served cold.

Small businesses who cannot afford advertising seem to be the biggest beneficiaries as review sites allow them to compete with well-known, and well-funded, brands.

"It is absolutely phenomenal how it has worked for us," said Adele Gutman, vice president of [sales and marketing](#) for the Library Hotel Collection, which runs four boutique hotels in New York.

Gutman first noticed the impact of positive reviews in 2004, when one of the hotels got ranked seventh among those in the Big Apple on TripAdvisor and bookings jumped through the roof.

"We decided this is going to be our primary focus—we're going to sparkle sunshine on all our guests, find out what pleases them, and look in our reviews for any problems and fix them," Gutman said.

The chain's most recent reviews are peppered with praise for the friendly staff and free amenities such as breakfast, cheese and wine happy hours, snacks and wifi.

All four of their hotels are currently ranked among the top eight in New York, and the Casablanca—which is consistently in the top spot—gets between 100,000 and 180,000 views a month on TripAdvisor.

"When you have that kind of [viewership](#), you don't need anything else to drive business to your hotel," Gutman said, noting that the collection has

annual occupancy rates of 89 to 94 percent.

It is not only clued-in hotels that are benefiting—a Harvard University study found that independent restaurants in Seattle saw revenues increase by five to nine percent when their Yelp ratings increased by a star.

Another research paper—from the University of California, Berkeley—found the chance of a San Francisco restaurant filling all its tables increased by about 20 percentage points for every additional half-star on Yelp.



Two young ladies enter the Casablanca Hotel on July 19, 2013 in Times Square in New York. The Casablanca gets between 100,000 and 180,000 views a month on TripAdvisor. "When you have that kind of viewership, you don't need anything else to drive business to your hotel," said Adele Gutman, vice president of sales and marketing for the Library Hotel Collection.

The impact of negative reviews was harder to measure, but the results can be scathing.

"I am sure in the homeless kitchens they cook tastier meals and are more happy to serve their lice-ridden 'customers,'" a Texas tourist who goes by Aldo D. wrote on Yelp about one of the worst-rated restaurants in downtown Chicago.

"Poor tourists, they are probably the reason why this dump remains open," added a local who goes by Daniela H.

Both studies found that reviews had no impact on large, better-known chain eateries.

"There are a lot of chain restaurants in the United States and I think a lot of people don't think they're particularly good but what they are is consistent," said economist Michael Anderson, who authored the Berkeley study.

"That's one of the reasons chains are so successful."

Advice you can trust

Online reviews, however, help the less adventurous feel comfortable trying something new and also spread the word about places they might not otherwise find.

"The next wave is that smaller and smaller businesses are starting to benefit from this as well," said Harvard economist Michael Luca, who has written several studies about Yelp.

"Within hotels we're also starting to see this shift towards (private rentals like) Airbnb and (room) sharing, which is enabled by the fact that you

can quickly build a reputation."

The key is to have enough reviews so people can trust they are accurate.



A bedroom at the Casablanca Hotel on July 19, 2013 in Times Square in New York. Small businesses who cannot afford advertising seem to be the biggest beneficiaries as review sites allow them to compete with well-known, and well-funded, brands.

TripAdvisor—which has more than 100 million reviews of 2.5 million hotels, restaurants and attractions in 30 countries—encourages users to keep posting by sending them e-mails announcing how many people have read their review.

Those e-mails—along with people's desire to have their voices heard and feel like they're helping other travelers—add up to about 70 new reviews

every minute, said Adam Medros, vice president of global products for TripAdvisor.

The sheer volume helps stop businesses from skewing ratings with fake reviews.

TripAdvisor also employs complex algorithms—and a content integrity team staffed with people who have worked in military intelligence and credit card fraud detection—to weed out fake reviews.

"Nothing is more important to us than content integrity," Medros said. "If you don't trust our content you're not going to come back and use us as a tool."

Yelp—which aims to go beyond mere reviews and be an interactive social media site—is even more aggressive at culling questionable content and also filters out reviews that aren't "helpful."

It rewards good writers who engage with other reviews by awarding them 'elite' status and lets users send compliments to each other and rate reviews as useful, cool, and funny.

While some may think review sites are filled with people who want to gripe, it seems the majority of reviews are positive by people eager to share good experiences and send a shout-out to owners.

"They're talking about the amazing eco-friendly dry cleaner that gets the mustard stain off their shirt, or the pet groomer that was able to calm their poodle," said Miriam Warren, vice president of new markets for Yelp.

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