Host
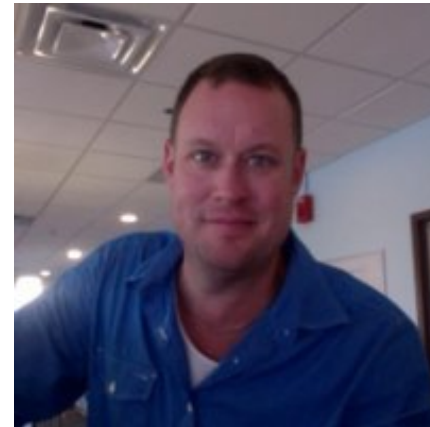

Chris Wofford
Video Content Manager
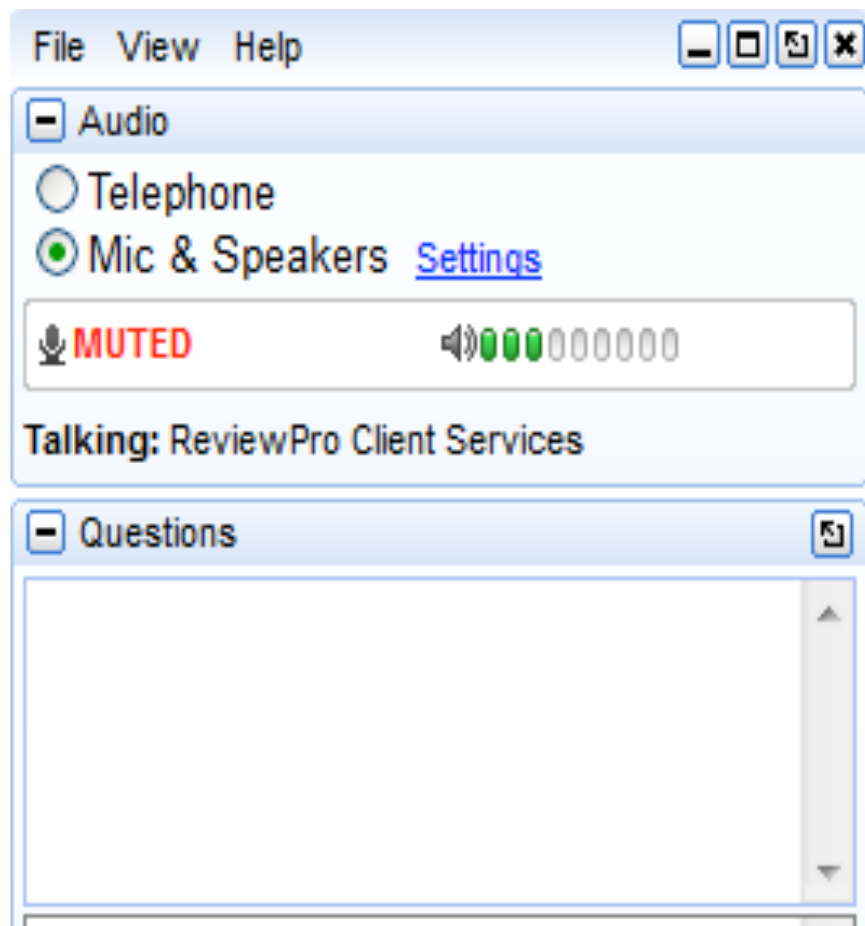
Today's Flow

1. Presentation & poll questions

2. Your questions for Chris and RJ

Questions and Comments

File   View   Help

Audio

○ Telephone
◉ Mic & Speakers   Settings

MUTED

Talking: ReviewPro Client Services

Questions

Tweet your comments & favorite tips using @ecornell_online @reviewPro

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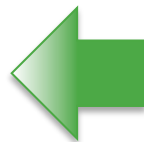
ReviewPro

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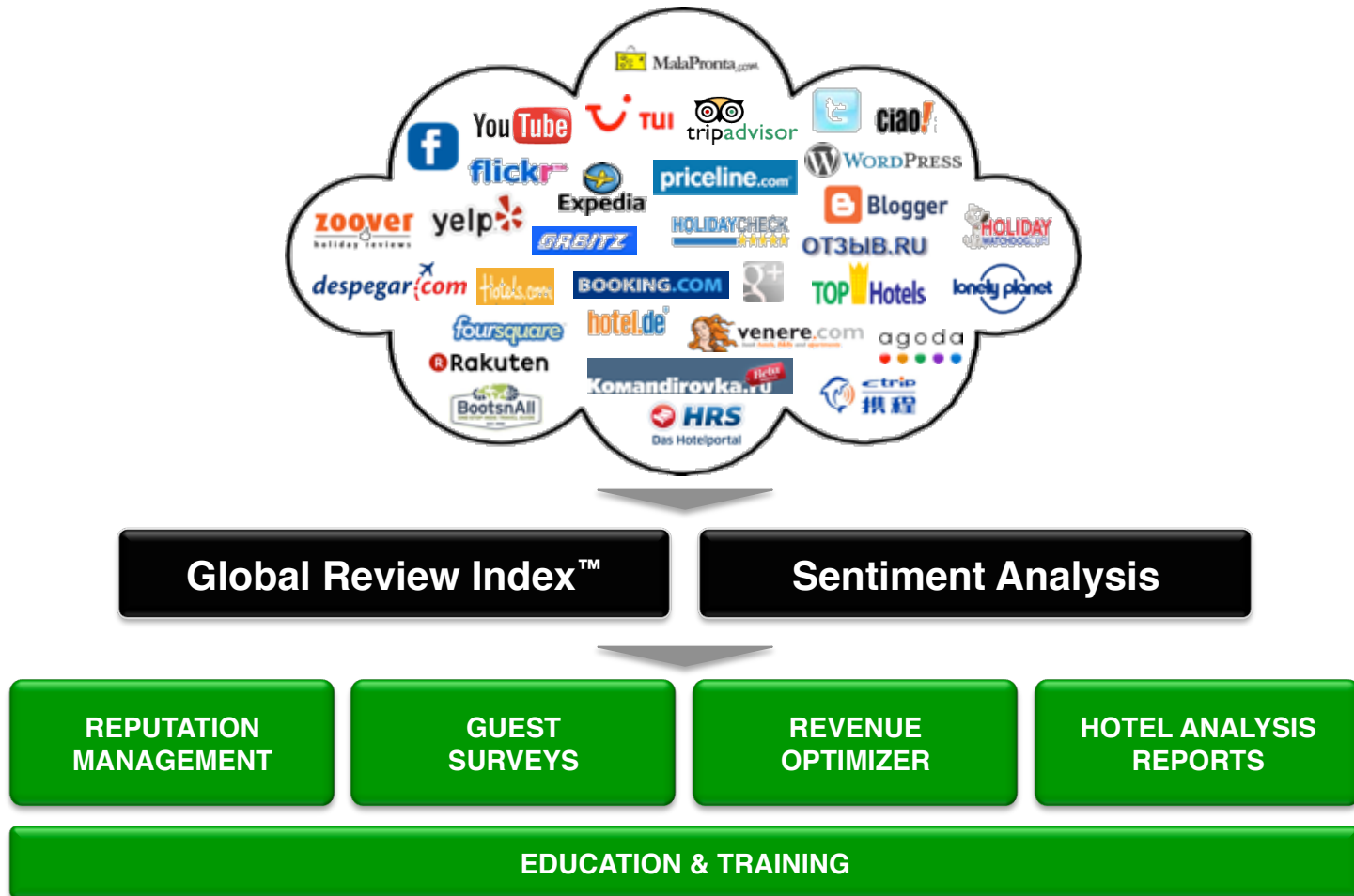**RJ Friedlander**
Founder & CEO
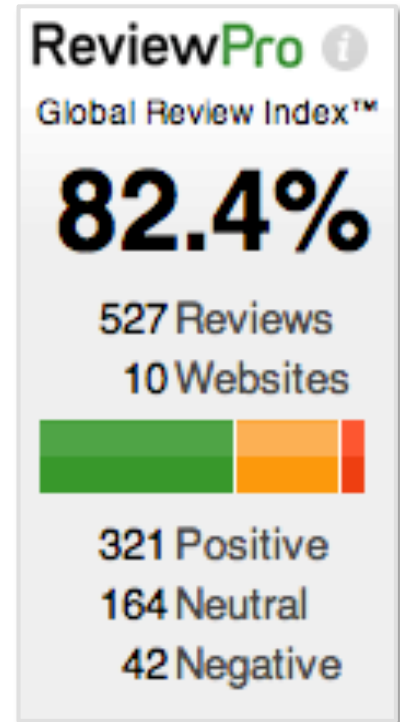Twitter: @rjfriedlander

Agenda

- **Intro to ReviewPro & the Global Review IndexTM (GRI)**

- The impact of Social Media/UGC on revenue performance

- How savvy hoteliers leverage this opportunity to increase ADR, occupancy & RevPAR

- Online Reputation & REIT Performance

- How ReviewPro helps publicly traded companies & financial institutions to profit from the social web

- Key Takeaways

- Q & A

What We Do

Global Review Index™   **Sentiment Analysis**

REPUTATION MANAGEMENT	GUEST SURVEYS	REVENUE OPTIMIZER	HOTEL ANALYSIS REPORTS

EDUCATION & TRAINING

eCornell   ReviewPro

Global Review Index™

- General online guest satisfaction score for an individual hotel, group or chain

- Based upon a proprietary algorithm based on quantitative analysis of data from all major OTAs and review sites

- Can be viewed for any time period (day, week, year, etc) and used to track internal & competitive performance

- The industry standard online guest satisfaction benchmark

ReviewPro ⓘ
Global Review Index™

82.4%

527 Reviews
10 Websites

321 Positive
164 Neutral
42 Negative

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ReviewPro

Leading Independent Hotels & Brands Depend On ReviewPro

- Nearly 10,000 clients in 83 countries leverage ReviewPro to improve guest satisfaction and increase revenue

Clients & Partners

Cornell Research
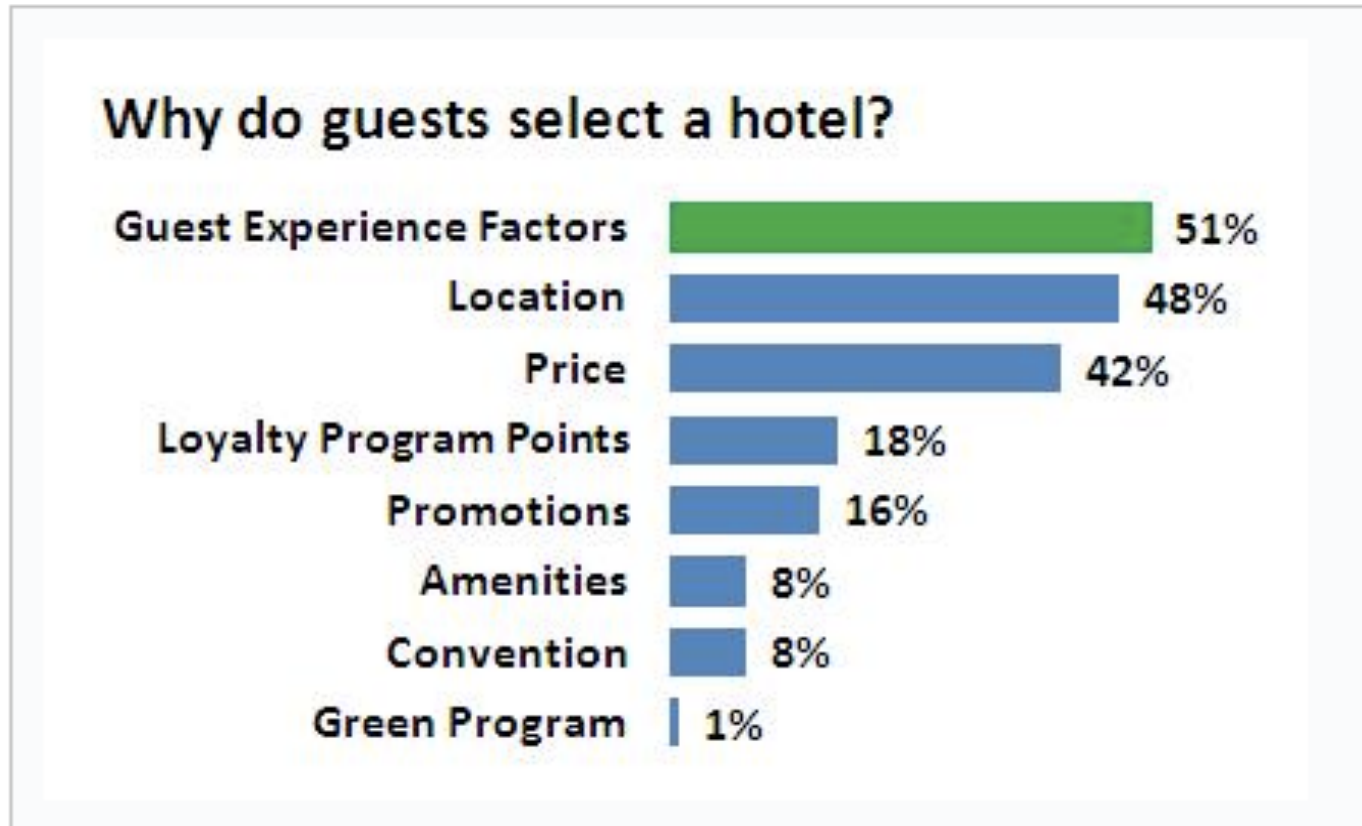

**Cornell University
School of Hotel Administration**

Chris Anderson
Associate Professor

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Social Media/UGC Impact on Hotel Performance

Why do guests select a hotel?

Guest Experience Factors	51%
Location	48%
Price	42%
Loyalty Program Points	18%
Promotions	16%
Amenities	8%
Convention	8%
Green Program	1%

2010 Market Metrix

Social Media/UGC Impact on Hotel Performance

- Triangulate the impact of UGC on hotel pricing/performance
  - comScore online consumer panel
    - ✓ Do people visit UGC sites

  - Transactional data Travelocity
    - ✓ Impact of reviews on purchase decision

  - Matched performance data from Smith Travel Research and ReviewPro
    - ✓ Impact of online reputation upon performance (Occupancy, ADR, RevPAR)

Online Consumer Behavior

- Online consumer panel (~2 million)
  - All domain level internet traffic
  - 2 months during each of 08,09 and 10

- All upstream traffic of supplier.com bookings
  - Search @ Google, Bing, Yahoo
  - Travel site – OTA, Meta Search ….
  - 60 days prior to booking

- FOCUS – TripAdvisor visitation prior to supplier direct online reservation

TripAdvisor Opportunities

Year	% Brand.con visiting OTA	Visits per reservation	Pages/visit	Time/visit (minutes)
2008	26	3.7	6.9	4.5
2009	28	3.8	6.2	4.3
2010	36	4.7	5.5	3.4
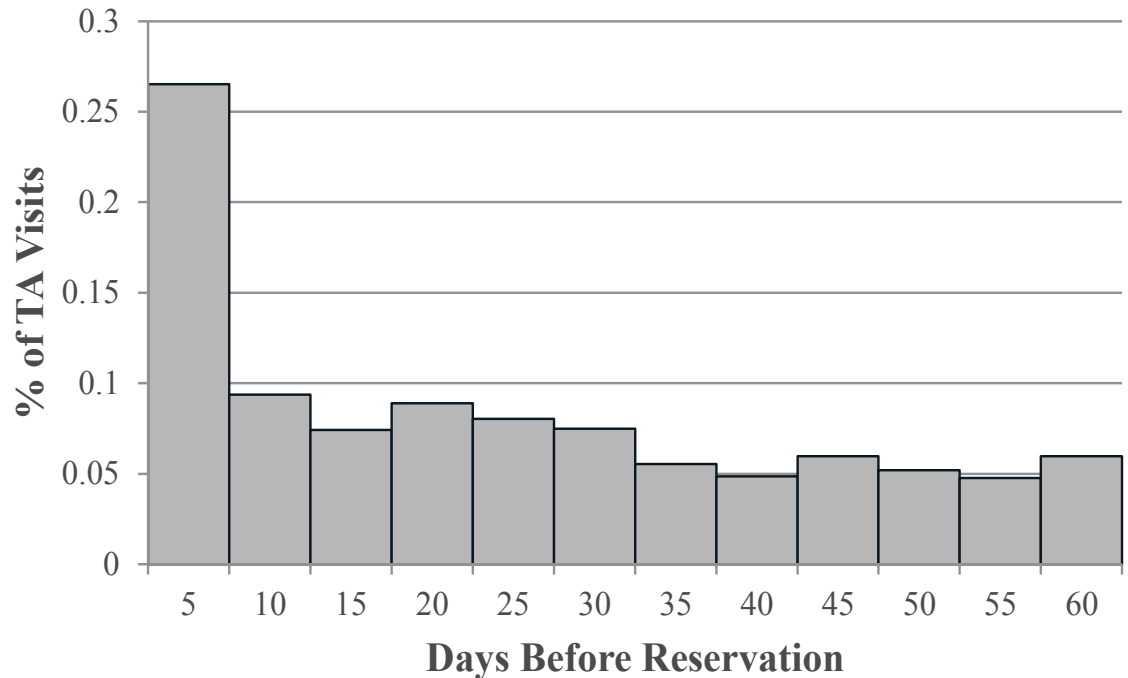
UGC – Impact at Point of Purchase

- 9 cities

- Property level information of purchased & not purchased hotels

- Estimate Logistic Regression models to access attribute impacts upon purchase decision
  - e.g. Price, Star, Location, Screen placement, User Reviews

Descriptives

	Review Score (5 point scale)	Price
Booked	3.90	$129
Not Booked	3.89	$155

Number of Reviews	Star Level									
	1	1.5	2	2.5	3	3.5	4	4.5	5	All
Booked	11.9	17.4	39.7	24.0	36.4	62.2	66.5	39.4	39.8	47.6
Not Booked	10.2	12.9	22.9	18.2	29.6	45.8	52.5	38.0	18.1	34.2
All	10.2	13.0	23.6	18.4	29.9	46.6	53.2	38.1	18.6	34.8

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Probability of Purchase

	PHX	LAX	MIA	ORL	CHI	BOS	NYC	DFW	HOU	ALL
Position	0.892	0.873	0.902	0.904	0.89	0.849	0.874	0.923	0.932	0.893
Score	1.238	1.164	1.134	1.095	1.084	1.112	1.112	1.11	1.11	1.135
#Reviews	1.005	1.004	1.003	1.002	1.003	1.002	1.001	1.005	1.006	1.003
Price	0.096	0.135	0.134	0.136	0.095	0.107	0.05	0.163	0.121	0.115

- Increase in review score by 1 point (say 3.8 to 4.8)
  - increases the odds of being booked by 13.5%
  - can increase price by 8% and maintain probability of purchase/market share

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Hotel Performance

- 2 ½ years monthly hotel performance (ADR, Occupancy and RevPAR) from STR matched online reputation scores (ReviewPro's GRI) by hotel and (STR) competitive set

- 3 regression models to estimate impact of reputation upon
  - Demand (Fair Share or Occupancy Index)
  - Pricing Power (ADR Index)
  - Performance (RevPAR Index)

Elasticity

% change in performance / % change in review score

	Pricing Power (ADR)	Demand (Occupancy)	Performance (RevPAR)
All	0.80	0.20	0.96
Luxury	0.44	0.09	0.49
Upper Upscale	0.57	0.30	0.74
Upscale	0.67	0.19	0.83
Upper MidScale	0.74	0.42	1.13
MidScale	0.89	0.54	1.42

UGC Impacts

- User generated content/review scores an important part of research process

- Three separate data sources confirm the increasing importance and impact of UGC

- Substantive impact at time of purchase

- Impact translated into pricing power, demand and overall performance

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Turning the Cornell Study into a Product: Revenue Optimizer

- Benchmark ADR, occupancy, RevPar & reputation performance compared to direct competitive set to identify areas for action to maximize revenue

Quadrant Classification

Revenue Opportunity	**Optimized**
Problematic	**Revenue Risk**

CQI™ axis: 80, 90, 100, 110, 120

RevPAR/RGI axis: 60, 70, 80, 90, 100, 110, 120, 130, 140

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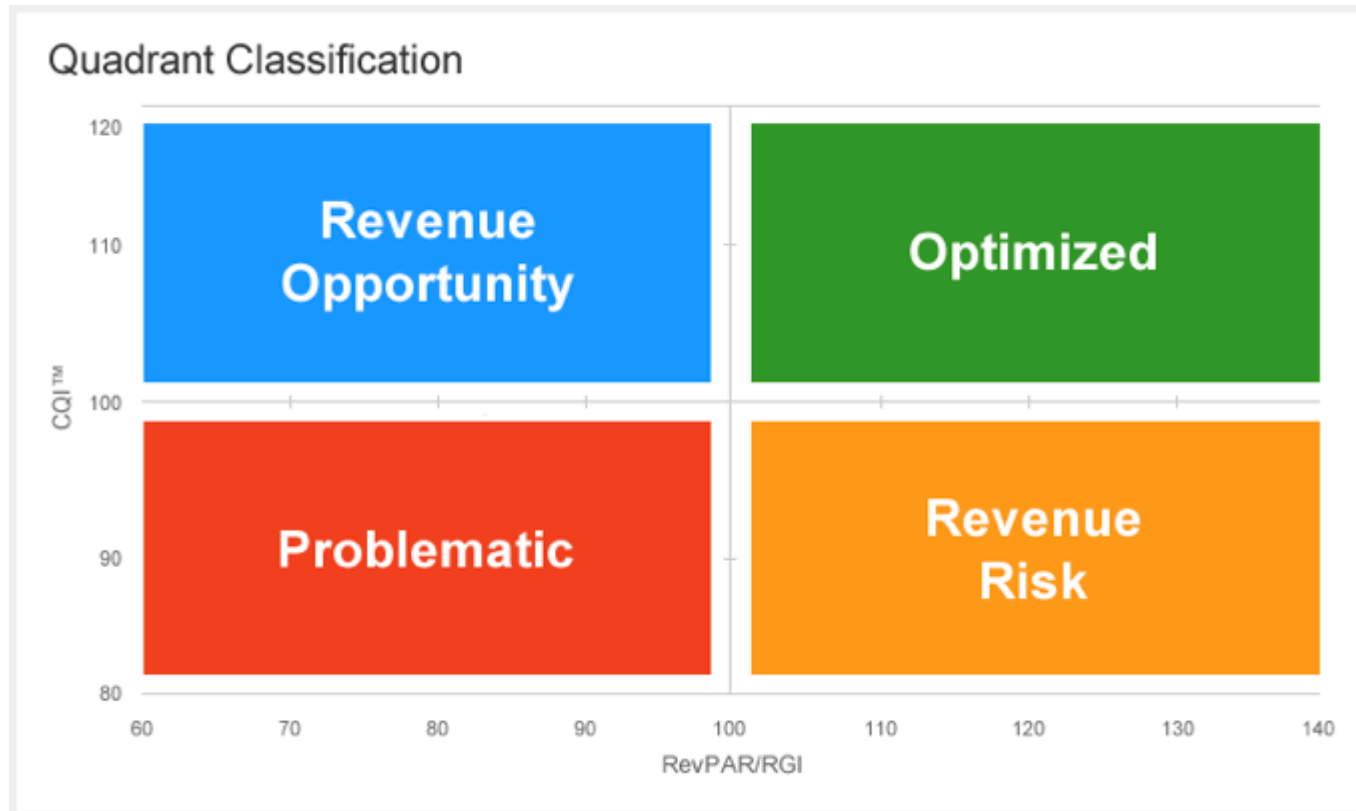
Revenue Classification of a Leading European Chain
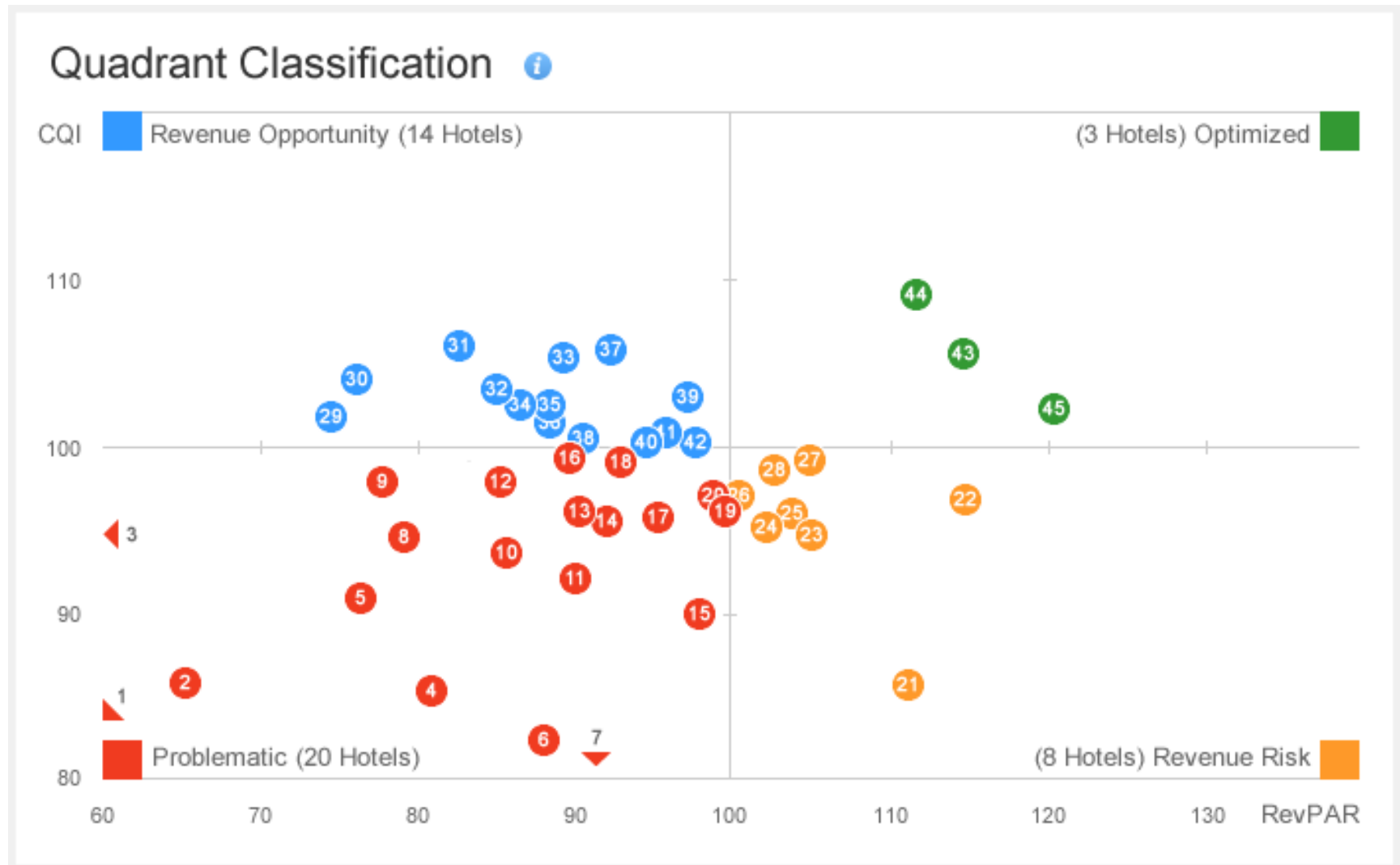
Identify Critical Areas Effecting Revenue

▶ ① Domina Capannelle	↓ RevPAR Index	↓ CQI™	Problematic	🟥
▶ ② Hansar Samui Resort & Spa	RevPAR Index	↓ CQI™	Problematic	🟥
▶ ③ Hotel Geblergasse	RevPAR Index	↑ CQI™	Problematic	🟥
▶ ④ Trump SoHo New York	RevPAR Index	↓ CQI™	Revenue Risk	🟧
▶ ⑤ Abbatial Saint Germain	↓ RevPAR Index	↑ CQI™	Revenue Opp.	🟦
▶ ⑥ Crowne Plaza Times Square	RevPAR Index	↑ CQI™	Revenue Opp.	🟦
▶ ⑦ Equatorial Shanghai	RevPAR Index	↑ CQI™	Optimized	🟩
▶ ⑧ MGM Grand Hotel and Casino	RevPAR Index	↓ CQI™	Optimized	🟩
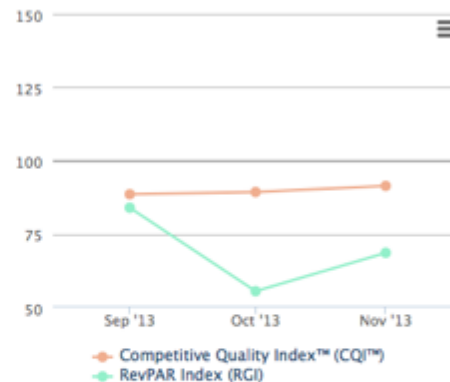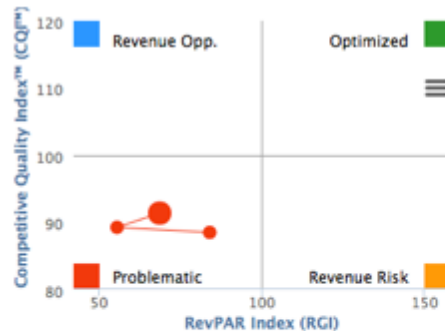
Competition Ranking Changes:

Month	CQI™ Ranking		RGI Ranking	
Nov 2013	6 of 6	0	4 of 6	0
Oct 2013	6 of 6	0	4 of 6	0
Sep 2013	6 of 6	0	4 of 6	+1

Reasons why your guest satisfaction is low:

ReviewPro Indexes			Semantic Mentions	
61.8%	↓	Room	bathroom	75% Negative
65.1%	↓	Service	isolated	100% Negative
65.1%	↑	Food & Drink	tv	100% Negative

Identify Areas Impacting Revenue: Department Indexes

Department Indexes ⓘ

September 2013	Index		Change		Reviews	Distribution	Change
Entertainment	75.3%		↓	10%	2		0
Food & Drink	80.2%		↓	4.6%	2		-2
Value	81.2%		↑	3.6%	130		+35

September 2012	Index		Change		Reviews	Distribution	Change
Food & Drink	80.3%		↑	0.2%	2		0
Value	84.1%		↑	7.8%	124		+18
Global Review Index™	86.8%		↑	3.4%	338		+72

September 2011	Index		Change		Reviews	Distribution	Change
Entertainment	71.2%		↓	4.4%	1		0
Value	72.5%		↓	2.5%	67		-8
Service	80.1%		↑	0.1%	93		-11

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Identify Areas Impacting Revenue: Sentiment Analysis

Semantic Concepts ⓘ

September 2013	Mentions	Distribution	Change	Related Concepts
bathtub	5		5	bathtub + shower (1), bathtub + staff (1)
shower	11		8	shower + room (1), shower + bathroom (1)
curtain	3		3	curtain + bathroom (2)

September 2012	Mentions	Distribution	Change	Related Concepts
pool	2		1	
drink	4		1	
wi fi	7		0	wi fi + for free (4), wi fi + fast (1)

September 2011	Mentions	Distribution	Change	Related Concepts
price	12		6	price + room (5), price + hotel (4)
noise	7		0	noise + comfort (7), noise + room (1)
bathroom	7		-2	bathroom + size (2), bathroom + cleanliness (1)

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Online Reputation & REIT Performance

- 19 Publicly traded hotel REITs
  - Financial Data
  - Stock Price Data
  - Online Reputation

- Construct standard financial models of REIT stock returns (CAPM, FF)
  - function of the market
  - Add online reputation
  - Change in monthly GRI score for portfolio of hotels in REIT weighted by RevPAR and scaled by star level

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REIT Returns (stock price) & online reputation

Parameter	Estimate
alpha	-0.006
Rm-Rf	1.385
SMB	1.394
HML	0.549
RMW	0.124
CMA	-0.01
Reputation	1.9
R square	0.665

Trading on Reputation

- Calculate Weighted/Scaled Online Reputation of REIT
  - Sort Best to Worst

- Short worst, use proceeds to Long Best

- Close positions (monthly)

- Repeat
  - Assume need $1 in cash for each $1 shorted

- Test for 18 months (2012- mid 2013)

- Net position after 1.5 years $0.31 per $1 (31% gain)
  - Assumes no trading costs

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Savy Investors Rely on ReviewPro

- Financial Investors

	Option 1	Option 2	Option 3
Global Review Index™	✔	✔	✔
Review Volume		✔	✔
Number of Sources		✔	✔
Number of Pos/Neu/Neg		✔	✔
Department Indexes			✔
Source Indexes			✔
Language Indexes			✔
Sentiment Concepts			✔
Free Data Sample for Testing	✔	✔	✔
Access to Developer Network Portal	✔	✔	✔
Update Frequency	Monthly	Daily	Daily
Delivery Format	SFTP	SFTP or API	SFTP or API

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Savvy Investors Rely on ReviewPro

- Hotel Investors & Brands
  - Leverage Hotel Analysis Reports to:
    - ✓ Identify strengths & weaknesses versus competitors
    - ✓ Avoid unforeseen post-purchase capital expenditures
    - ✓ Validate future revenue projections based on consumer feedback
    - ✓ Assess detailed service and operational issues that were impacting revenue on a property-by-property level
    - ✓ Post acquisition, management has implemented ORM as a business intelligence tool to increase guest satisfaction & revenue
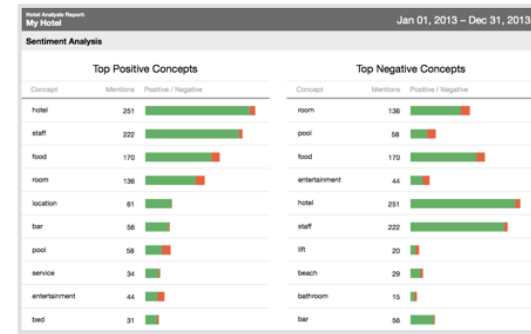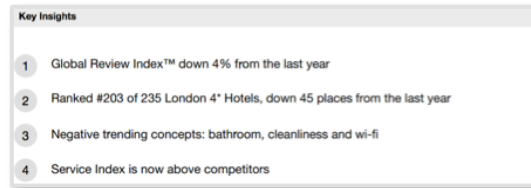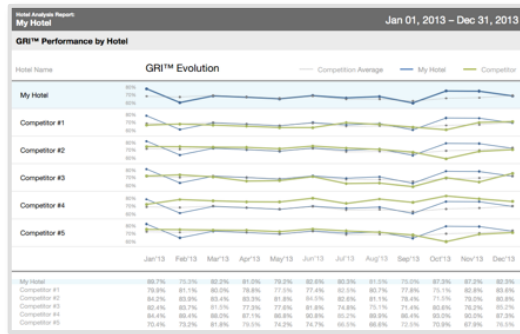
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Key Takeaways

- Online reputation significantly influences at the time of purchase

- Significant impact on overall performance (ADR, occupancy & RevPAR)

- Reputation impact on hotel performance translates to overall company/financial performance
  - Highlights investment and trading opportunities

- Research makes clear the benefits to actively manage online reputation
  - Track, engage and improve guest experience to maximize revenue and company valuations
  - Essential to measure online reputation across all channels and languages

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For More Information

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To learn more about ReviewPro's award-winning solutions and web-based tools visit:

www.reviewpro.com/ecornell

More helpful content at:
www.ReviewPro.com/blog

Email:
info@reviewpro.com

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To learn more about Prof. Anderson's online certificate program in revenue management visit:

www.ecornell.com

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