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The consumer experience of holidays booked via Daily Deal Promotions: an Online Content Analysis of Traveller Reviews

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Keywords; daily deal, flash site, accommodation, traveller reviews, consumer experience

Abstract

While Daily Deal accommodation promotions through sites such as LivingSocial, Groupon, Scoopon, Ouffer and Cudo have become increasingly popular amongst industry operators and travellers alike, there is limited research about the extent to which they satisfy the end-users expectations. Consumers' self-reported evaluations of accommodation promotions sold through Daily Deal sites are analysed in this paper based on a content analysis of more than 500 online reviews submitted to TripAdvisor® by travellers who had purchased a 'daily deal voucher' to be used across a variety of Australian properties. The results find that while the majority of reviewers rated their stay experience positively and that many recommend the property to others, their own return was questionable without a similar deal.

Introduction

This paper explores consumer response to the rapidly increasing use of 'Daily Deal' or 'Social coupon' sites to promote accommodation businesses. For tourism operators, promotion of 'deals' through sites such as Groupon, Living Social, Cudo and Scoopon have become increasingly popular in part due to the targeted distribution which they allow, typically to the domestic market (Australian Tourism Data Warehouse, 2012). Other reasons identified for the growing popularity of these deal sites include the value which they claim to deliver to the consumer (Kumar & Rajan, 2012); the rise of social media as a travel distribution channel (Hvass & Munar, 2012; McCarthy, Stock & Verma, 2010); and the opportunity they provide to the tourism industry to fill slow demand periods, particularly in difficult economic times (ATDW, 2012). Whether or not their engagement with Daily Deals will be successful for accommodation businesses, ultimately relies on the consumer experience of the actual consumption of the deal (i.e. the 'stay') being positive (Zeithaml & Bitner, 2000). The lack of research regarding the consumer experience of accommodation properties sold through daily deals underpins the focus of the current study.

Literature Review

A Daily Deal is ultimately a form of coupon. The act of purchasing and subsequently redeeming an online 'daily deal', otherwise known as 'social coupon', can be compared to the traditional use of coupons as a form of promotion used by businesses to entice purchase at a discounted price. Jung & Lee (2010) note the importance of couponing to businesses today, particularly in recent times of economic downturn. Traditional coupons have been found to suffer from lower than expected redemption rates in some cases as consumers wish to avoid the social perception of being viewed as 'cheap' or 'stingy' (Ashworth, Darke & Schaller, 2005). The success of coupon promotions has been found to hinge on the value proposition presented to the consumer, with significant discounts which are clearly transparent positively influencing their success (Hendersen, 1985; Jung & Lee, 2010). Online coupons, such as daily deal promotions, are particularly appealing to consumers as they reduce the time and effort required to secure a service from which they still expect the same level of quality despite having purchased at a greatly reduced price (Fortin, 2000). Jung & Lee (2010)

compared the redemption rates of traditional versus online coupons, concluding that online coupons have a higher rate of uptake as they can be more effectively distributed to a business's ideal target consumer. While the redemption rate is an important indicator of coupon success or failure, equally important, but lesser researched, is the actual consumers' post purchase evaluation of the product or service promoted via the deal.

While the reasons explaining the popularity of daily deals within the travel sector are well established, the consumer's post-consumption evaluation of service experiences purchased through this form of promotion is not yet well understood. For tourism operators, part of the rationale used by daily deal providers to encourage their participation is the claim that new customers will be attracted to purchase and experience their services and they may subsequently become repeat customers and/or pass on positive word of mouth (McCormack & Beaty, 2011). As service quality theory suggests, a significant influence on the customer's evaluation of any purchase following the consumption experience is how well the actual experience meets or exceeds the expectations which were set by the promotions used to sell the service (Oliver, 1977; Zeithaml & Bitner, 2000). For consumers of accommodation daily deals, this ultimately means their overall evaluation of the 'stay' will be intertwined with their perceptions of the value of the deal purchased and how well the experience provided by the tourism operator lived up to the deal benefits promised.

Few academic studies have yet explored the growing phenomenon of daily deal/social coupon sites. One of the few published studies is that of Kumar & Rajan (2012) who analysed the financial outcomes of selling via social coupons across three businesses, one of which was an ethnic restaurant. They concluded that while increasingly popular as a marketing strategy for businesses, social coupons do not necessarily deliver the promise of ensuring new customer acquisitions and profitable outcomes. Dholakia (2011) also investigated the financial implications of daily deals, through surveys of businesses that had participated in them, and concluded that the benefits may not be as strong as those portrayed by deal site providers, unless businesses are quite strategic in the way they time, price and package the 'deal'. Both studies were conducted from the supply side perspective and neither considered the specific case of accommodation deals. The most directly relevant published research to date is that by Kimes & Dholakia (2011) which investigated customers' attitudes towards restaurant daily deals. The results of a survey of more than 900 U.S. restaurant patrons found that the benefits of offering a social coupon generally outweigh the reported disadvantages, which included offering discounted deals to existing customers who would otherwise be willing to pay full price. It is clear that research has yet to establish how consumers feel about accommodation daily deals. Given the paucity of studies to date in the area, this paper explores the following questions:

- What are the post-visit evaluations (both positive and negative) of consumers who have purchased accommodation through Daily Deals?
- What are the future business implications of Daily Deal guests for accommodation businesses?

Research Methods

A qualitative analysis of travellers' experiences of accommodation Daily Deal purchases was conducted using content analysis of online travel reviews. At a time when obtaining satisfactory response rates via consumers surveys is increasingly difficult (Brancaleone & Chin, 2012), analysis of online review data provide market researchers with a wealth of rich, qualitative data posted by consumers to share their evaluations about products and services (Puri, 2007; Racherla, Connolly & Christodoulidou, 2011). The limitations of online reviews

as a source of data relate to the potential for bias in comments by consumers who feel either very positive or very negative about their travel experience (Racherla, Connolly & Christodoulidou, 2011). Reviews were sourced from the recognised leader in online reviews for the tourism industry, TripAdvisor® (Hensens, Struwig & Dayan, 2010). TripAdvisor®, the world's largest travel review site with more than 60 million reviews to date, has a number of strategies in place to minimise the potential for deceptive reviews, which makes it a valid source of consumer opinion (TripAdvisor®,2012).

An Australian based ‘deal aggregator site’, was used to identify 42 daily deal sites that promote accommodation deals in Australia. The names of all sites identified along with the generic phrases ‘daily deal’, ‘online deal’, and ‘online voucher’ were used as search terms in TripAdvisor® to identify reviewers of Australian accommodation properties who had engaged in a Daily Deal promotion. The search identified 178 properties and 514 reviews from consumers who had stayed at these properties between November 2010 and May 2012. These reviews were entered into a database along with the star rating of the property; the overall rating of the property on TripAdvisor® (1 to 5 with 5 being the highest); the overall rating given by the individual reviewer on TripAdvisor® (also 1 to 5); and the reviewer’s date of stay; travel party type; and region of origin (where known).

Content analysis was used to identify and code common themes and sub-themes (comments) reported by travellers that could be directly associated with the Daily Deal experience. Content analysis is a suitable technique as it allows the researcher to identify key themes or messages evident in textual data (Krippendorff, 2004). Generic comments made about the property which were not directly reflective of the Daily Deal promotion itself (e.g. ‘we had a lovely drive to get there.....’ or ‘the kids loved the swimming pool...’) were not included in the coding process. The data was manually coded into single themes and sub-themes (Gibbs, 2007) with multiple comments identified in many reviews, resulting in a total of 1,125 comments directly pertaining to the Daily Deal experience.

Results

Table 1 presents an overall profile of both the accommodation providers referred to in the online reviews analysed; the reviewers themselves and the overall review ratings given by reviewers who had stayed on a Daily Deal. In terms of the ratings given to properties, overall the reviewers included in the analysis do not appear to rate the properties experienced via Daily Deal stays (3.4 on average out of 5) significantly lower than either their overall TripAdvisor rating scores (3.6 on average) or their official star ratings (3.8 on average). Based on the sample reviewer’s ratings, the spread of ratings given towards the properties reviewed is neither biased towards very positive nor very negative reviews.

Table 1: Accommodation Property & Review Characteristics (n=514)

	Category	Star Rating	TripAdvisor Rating	Reviewers' Rating	
Property Characteristics	1 star	NA	NA	13%	
	2-3 star	26%	24%	30%	
	3.5 – 4 star	53%	62%	(only 4 star) 32%	
	4.5 – 5 star	21%	14%	(only 5 star) 25%	
	<i>Average Rating</i>	<i>3.8 out of 5</i>	<i>3.6 out of 5</i>	<i>3.4 out of 5</i>	
Reviewer Characteristics					
Origin	Australia	86%	Travel Party	Couple	56%
	Overseas	3%		Family	14%
	Not stated	11%		Friends	10%
				Not stated	20%

The results of the content analysis identified 12 over-arching themes evident in the reviews analysed as shown for all properties and by star rating group in Table 2. The 12 themes are aligned to the various stages of the consumption process. There are no obvious differences in the relative prevalence of particular themes by property star rating, with comments about the overall stay experience on the deal being most common (found in 43% of all reviews), followed by value for money assessments associated with the deal experience (40% of all reviews).

Table 2: Percentage of Reviews commenting on Theme by Property Star Rating

Stage of Purchase	Theme	ALL	2-3 star	3.5 – 4 star	4.5 to 5 star
Pre-Stay	Pre-stay expectations	10	8	11	8
	Booking experience	8	10	8	8
Actual Purchase (Stay)	Deal Inclusions	13	13	14	8
	Room Quality	12	8	14	10
	Revenue Generation	4	5	5	3
	Treatment – Guest Service	6	4	7	6
	The Deal Promotion	10	19	6	8
Post-Purchase Evaluation	Overall Evaluation of Stay	43	39	42	48
	Value for Money Evaluation	40	39	38	44
Behavioural Intentions	Future Intentions	31	17	37	32
	Recommendations	19	20	19	16

The twelve themes are broken down into sub-theme ‘comments’ which are presented as either ‘positive’ or ‘negative’ reflections on the Daily Deal experiences in Table 3. For those who commented on their ‘pre-stay expectations’, it is clear that a range of concerns were felt towards the promotion purchased, particularly for those who had subsequently checked online reviews about the property involved and found negative reviews. Others were simply dubious that the deal was too good to be true or that they may be treated as ‘second class citizens’ because of the deal they purchased. The booking experience to redeem the deal was also an area of concern cited. Typical comments indicated that a room could not be booked with the accommodation provider for the dates preferred, with weekend availability being particularly problematic and, in some cases redemption of the deal could not be achieved. On the positive side, some reviews expressed pleasant surprise that there was no problem with the booking experience and in some cases the property went out of its way to allow the deal to be used outside of the advertised dates.

The three key issues regarding the stay itself related to the inclusions promoted within the deal; the quality of the room allocated; and the deal promotion itself. Comments regarding the deal inclusions were all negative and largely referred to the advertised inclusions not being honoured by the property or in many cases, inclusions were only given when requested by the guest. Those who did receive inclusions often commented that they were of poor/low quality, reflected in comments such as “...Bought a [DealName] voucher - \$XXX for a 2-night stay. ... The bottle of bubbly given to us was probably the cheapest swill you can find without going to Mexico. The "continental breakfast" was a few slices of cheap bread in a cardboard box...” Others felt that the deal had provided misleading descriptions of inclusions. While some guests commented positively about the ‘great inclusions’ received, these were in the minority. Room quality was also reflected on clearly in some reviews, with both positive and negative comments comparing the actual room allocated to what had been promoted in the deal. Of particular note was a perception by some guests that because they purchased via

the deal, they were given the worst possible room in terms of location within the property and/or the poorest room view. Some guests, however, reported that properties upgraded them beyond the room type purchased, free of charge at the point of arrival.

Table 3: Positive and Negative Comments about Accommodation Daily Deals by Theme

Negative Comments	Theme	Positive Comments
Worried about negative reviews Dubious/worried about deal Low expectations Expected second class treatment No expectations	Pre-stay expectations	High expectations about Deal
Unable to redeem deal Problems getting availability Difficulty securing weekend availability Had to book a long time in advance Booking was lost upon arrival	Booking experience	Easy/Good booking experience Bookings allowed outside of expiry dates Property phoned to confirm booking pre-arrival
Terms/Conditions not honoured Photos misleading False/Misleading advertising Property overselling room types Found a cheaper rate elsewhere Needed to read the fine print carefully Property not up to star rating promoted	The Deal Promotion	
Inclusions not provided/honoured Inclusions reluctantly given on guest request Inclusions could not be redeemed during stay Cheap inclusions Inclusions were misleading	Deal Inclusions	Great inclusions/bonuses
Deal guests given poor room allocation Room allocated was not as described on Deal Guaranteed floor levels not provided	Room Quality	Room as expected Good room view (unexpected) Room better than expected Received room upgrade FOC on arrival
Poor service due to influx of Deal Guests Staff did not understand the Deal Staff told guests not to expect more on Deal Treated as second class citizen on deal	Treatment / Guest Service	Surprised to be treated so well as a Deal Guest
Deal Price OK – not worth full price Not worth the Deal Price Paid	Value for Money Evaluation	Great Deal – would pay full price promoted Great Value for Money Deal Good Deal OK for the Deal Price Paid
Disappointed/Dissatisfied Bad/Awful Stay/ Cheap and Nasty Left early it was so bad	Overall Evaluation of Stay	Awesome/Fantastic/Excellent stay Enjoyable stay - All Good Exceeded expectations/Pleasantly surprised Average/OK/Met expectations
Will not return Will never buy accommodation Deal again Will not stay at any hotel in Brand again	Future Intentions	Already booked for another stay Definitely return Hope to return Would return – preferably with Deal Would return – but only with Deal
Do not recommend/stay here Do not buy from this Deal Provider	Recommendations	Definitely recommend Recommend
	Revenue Generation	Extended stay – paid for extra nights Paid extra to secure better room view Paid extra to secure better room type

Unfortunately, reference to the deal promotion itself within the reviews was not favourable for either the property or the Deal Provider. Comments such as “...to market this place as a *“Incredible retreat package” is disgusting and nothing short of a lie!...*” emphasised that for some guests these deals were viewed as blatant false advertising, reflecting badly on both service provider and promoter. As noted in Table 1, the reviewers’ overall evaluations of their stay using the Daily Deal promotion was reasonably split between positive (57%) and negative (43%) ratings on TripAdvisor®. The comments found in the reviews supported this as shown in Table 3. Forty percent of reviews made specific reference to ‘value for money’. The majority (60%) of the comments made were positive, while the remaining 40% felt that the deal was either ‘just OK for the price paid’ or that it was not worth the actual money paid. This latter point is concerning given the revenue management implications faced by deal providers when negotiating the value discounts which must be made available for the deal provider to agree to promote the property.

Possibly the most important issue surround Daily Deals for the accommodation sector, is the influence they have on future business. While the majority of comments about future intentions were positive (60%), suggesting that consumers would definitely or hopefully return again, a portion of these potential repeat guests stated clearly that this would be contingent on a similar priced deal being on offer. Ultimately the remaining comments suggested repeat visits would not occur for these properties and, in some cases, the guests’ experience of the deal would even influence them not to stay at another property in the same brand or chain. Such extreme views were, however, in the minority. The word of mouth potential, at least according to their online comments, is shown to be very evenly split between those who would recommend the property favourably (55%) and those who would advise others not to stay (45%). As recommendations were actually only explicitly stated in 1 in every 5 reviews (see Table 2), the more concerning result here is that many reviewers present an ambivalent position in their reflections, neither recommending nor advising against others to stay. One final theme that is relevant from a revenue management perspective for accommodation providers, is that of potential upsell or additional ‘revenue generation’ resulting from Daily Deal promotions. While possibly occurring, but not actually stated in the majority of reviews, only a minority (4%) of reviews showed evidence of the ‘upsell’ potential of the deals promised by daily deal providers. One reviewer commented, *‘we went on a deal ... we loved this place and stayed 4 nights instead of the original 2....’*. In the context of accommodation, reported incidences of extended lengths of stay through the purchase of additional nights; upgrading at a cost for better room types or more appealing room views were somewhat limited.

Discussion and Conclusion

The exploratory results presented in this paper highlight a number of positive and negative experiences reported by consumers who have experienced an accommodation stay sold via a daily deal promotion. The results highlight that while some positive outcomes are experienced by guests that flow on to positive word of mouth recommendations and future return intentions, there are many aspects of daily deal promotions which are not capitalised on by the service provider. These include the treatment of daily deal guests and the delivery of package inclusions which are deemed to be equivalent to the value promised through the deal promotion. The implications for the accommodation industry are challenging as they highlight the dilemma of delivering a high quality service experience to entice guests to become attached to the property for future visits while ensuring an adequate profit margin is made by daily deal stays, albeit with a minimised revenue contribution. The limitations of the method adopted in the current study pertain to the reliance solely upon self-reported views by people who chose to write a review of their daily deal experience via TripAdvisor®. As such,

the views of all daily deal purchasers are not reflected in the results, although there is no reason to suspect that the reviewers sampled in the study may not reflect the broader population. The issues revealed through the content analysis provide one of the first insights into the evaluations of daily deal accommodation guests, highlighting both positive and negative aspects of online daily deal purchases. Further research through consumer surveys is recommended to confirm the extent to which the experiences highlighted in this analysis are reflective of a broader population of daily deal buyers of accommodation. Investigation of the accommodation suppliers' views on the issues raised is also warranted in order to obtain a balanced understanding of the long term viability of daily deal promotions within the accommodation and tourism industry.

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