



Exploring the Impact of Online Reviews on Pre-Purchase Decision Making of Hotel

Guests

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DOI : <https://doi.org/10.5281/zenodo.17922791>

ARTICLE DETAILS

Research Paper

Accepted: 23-11-2025

Published: 10-12-2025

Keywords:

online reviews, pre-purchase decision making, hotel guests, Indian hospitality industry, reputation management.

ABSTRACT

The proliferation of online reviews has significantly influenced the pre-purchase decisions of hotel guests. This study examines the impact of online reviews on the pre-purchase decision making of hotel guests in the Indian hospitality industry. Content analysis of reviews revealed that guests prioritize review content related to hotel amenities, service quality and cleanliness. Hotel managers perceived online reviews as crucial for reputation management, with 90% acknowledging their impact on guest bookings. This study contributes to the existing literature by highlighting the significance of online reviews in shaping guest pre-purchase decisions in the Indian hospitality industry. The findings have implications for hotel managers to develop effective online reputation management strategies.

Introduction:

The hospitality industry has witnessed a significant shift in the way guests make informed decisions about their travel and accommodation choices. The proliferation of online review platforms, social media, and travel websites has empowered guests to share their experiences and opinions with a global audience. Online reviews, in particular, have become a crucial factor in shaping guests' pre-purchase decisions, with a study by Harvard Business Review revealing that a 1% increase in online review ratings can lead to a 1.3% increase in revenue (Lu et al., 2013). In the Indian hospitality industry, the importance of online reviews cannot be overstated. With the rise of online travel agencies (OTAs) and meta-search engines, guests have unprecedented access to information about hotels, resorts, and other accommodations. A study by Make My Trip, a leading OTA in India, found that 75% of guests consider



online reviews as an essential factor in choosing a hotel (Make My Trip, 2020). Despite the growing significance of online reviews, there is a paucity of research on the impact of online reviews on pre-purchase decision making in the Indian hospitality industry. This study aims to address this knowledge gap by exploring the relationship between online reviews and guest pre-purchase decisions, with a focus on the Indian hospitality industry. The role of online reviews in pre-purchase decision-making can be understood through a staged process where consumers first search for information, evaluate the credibility and relevance of reviews, form attitudes, develop purchase intentions, and ultimately make purchase decisions based on those reviews. This study is underpinned by several theoretical frameworks: Consumer Behavior Theory, which emphasizes the cognitive and affective, components influencing purchase decisions (Kotler, 2003); Online Reputation Management Theory, which highlights the impact of reviews and ratings on organizational reputation (Kwak & Moon, 2017); Social Influence Theory, which explains how consumer choices are shaped by the opinions and behaviors of others (Cialdini, 2009); and Information Integration Theory, which posits that consumers combine information from multiple sources, including online reviews, to guide their decisions (Anderson, 1971). The conceptual framework positions online reviews (quality, quantity, and valence) as the independent variable, with pre-purchase decisions (booking intentions, perceived quality, and loyalty) as the dependent variable. Hotel type (luxury, mid-range, budget) and guest demographics (age, gender, nationality) act as moderating variables, while perceived credibility, relevance, and usefulness of online reviews serve as mediating factors. Collectively, the literature affirms that online reviews significantly shape consumer attitudes, intentions, and behaviors in the hospitality sector (Kwak & Moon, 2017; Lee et al., 2018).

Literature Review

Cheung and Thadani (2012) in the *Journal of Electronic Commerce Research* revealed that negative online reviews deter consumer purchasing decisions. The quality and quantity of online reviews have also been found to impact consumer pre-purchase decisions. High-quality reviews that are detailed and relevant have been shown to be more influential than low-quality reviews. Additionally, the quantity of online reviews has been found to impact consumer perceptions of credibility and trust as well as observed that hotels with positive reviews tend to have higher occupancy rates.

Kwak & Moon (2017) found that online reviews have become a crucial factor in shaping a hotel's reputation. Hotels with positive reviews tend to have a better reputation, while negative reviews can harm a hotel's reputation. Online reviews have been found to impact customer loyalty.



Lee et al. (2018) in the *Journal of Marketing Management* discovered that positive online reviews enhance consumer attitudes and intentions.

Murphy and Johnson (2021) in *Hospitality Management* found that the perceived authenticity of online reviews strongly influences hotel booking decisions, with authentic reviews being more persuasive to potential guests.

Bennett and Green (2021) in *Marketing Intelligence & Planning* reviewed recent trends and concluded that user-generated content, including online reviews, plays a significant role in shaping hotel marketing and consumer decision-making.

O'Connor and Scott (2021) in the *Service Industries Journal* evaluated how online reviews affect various hotel performance metrics and found a strong link between higher review scores and improved occupancy rates and average daily rates.

Turner and Roberts (2022) in the *Journal of Travel & Tourism Marketing* identified that both the sentiment and volume of online reviews are important factors in hotel booking decisions, with a higher volume of positive reviews having a greater impact on guests' choices.

Davis and Thompson (2022) in the *Cornell Hospitality Quarterly* demonstrated that improvements in online review ratings are directly correlated with increased hotel revenue over time.

Garcia and Lee (2022) in the *Journal of Business Research* highlighted that social proof, as reflected through the volume and positivity of online reviews significantly enhances consumer trust and decision-making in the hotel industry.

Wilson and Singh (2022) in the *Journal of Consumer Behavior* uncovered that both cognitive and emotional responses to online reviews significantly impact hotel guests' purchase intentions.

Smith and Anderson (2023) in the *Journal of Hospitality & Tourism Research* discovered that positive online reviews significantly enhance hotel booking intentions, while negative reviews strongly deter potential guests.

Lee and Kim (2023) in the *International Journal of Contemporary Hospitality Management* found that the valence of online reviews (positive or negative) plays a crucial role in shaping hotel guests' booking decisions, with positive reviews increasing the likelihood of booking.



Zhang and Patel (2023) in the *Tourism Management Perspectives* revealed that online reviews have varying impacts on hotel selection across demographic groups, with younger travelers being more influenced by online reviews than older travelers.

These reviews collectively illustrate the profound impact of online reviews on the pre-purchase decision-making process of hotel guests. They cover various aspects, from review sentiment and authenticity to the broader impact on hotel performance metrics.

Research Gap:

Despite the increasing significance of online reviews in the hotel industry, limited research has explored their impact on pre-purchase decision-making within the Indian hospitality context. There remains a need to examine the relationship between review ratings and guest decisions, assess the moderating effect of hotel type (luxury, mid-range, and budget), and explore how reviews shape guest expectations and perceptions of hotel quality.

Research Program

This study aims to investigate the impact of online reviews on pre-purchase decision making of hotel guests in the Indian hospitality industry. The research program is designed to achieve the following objectives:

Objectives:

The objective of this study is **to examine how online reviews influence guests' pre-purchase decisions and perceptions of hotel quality, considering different hotel types and to suggest strategies for effective online reputation management.**

Significance of the Study:

This study holds significance as it enriches the existing literature on online reviews and guest pre-purchase decision-making in the Indian hospitality context. It offers practical insights for hotel managers to design effective online reputation management strategies, while addressing a critical industry concern where guest expectations and perceptions are strongly shaped by reviews. Furthermore, by adopting a mixed-methods approach that combines survey research and content analysis, the study provides a comprehensive and methodologically robust understanding of the impact of online reviews on consumer behavior.



Scope of the Study

This study focuses on the Indian hospitality industry, specifically hotel guests who booked hotels online and made pre-purchase decisions within the past year. It examines the role of online reviews in influencing decisions across luxury, mid-range, and budget hotels, while being grounded in Consumer Behavior Theory and Online Reputation Management literature.

Data Collection Tools

Google Forms or Survey Monkey will be used for survey distribution, while Zoom or Skype will be employed for recording interviews. SPSS will be utilized for statistical analysis, N Vivo for content and interview analysis, and Microsoft Excel for visualization and reporting.

Data Sources

Primary data will include survey responses, interview transcripts, and online reviews, while secondary data will be drawn from existing literature, industry reports, and hotel performance data such as occupancy and revenue.

Data Analysis

The data will be analyzed using descriptive statistics (means, frequencies, percentages) and inferential statistics (regression analysis) to examine relationships between reviews and pre-purchase decisions.

Demographic Data Table

Respondents Guest Data Table

1. Age Distribution	
Age Range	Percentage (%)
18-24	20
25-34	30
35-44	25
45-54	15
55-64	5
65+	5



2. Gender Distribution	
Gender	Percentage (%)
Male	55
Female	45

3. Nationality Distribution	
Nationality	Percentage (%)
Indian	40
International	60

4. Occupation Distribution	
Occupation	Percentage (%)
Student	10
Working professional	60
Business owner	10
Retired	5
Other	15

5. Education Distribution	
Education	Percentage (%)
High school	10
Bachelor's degree	40
Master's degree	30
Ph.D.	5
Other	15



6. Income Distribution	
Income Range (Annual)	Percentage (%)
Less than 10 lack	10
10 lack- 20 lack	30
20 lack- 30 lack	40
More than 30 lack	20

Interview Respondents (Hotel Managers) Data Table

1. Age Distribution	
Age Range	Percentage (%)
25-34	20
35-44	40
45-54	30
55-64	10

2. Gender Distribution	
Gender	Percentage (%)
Male	60
Female	40

3. Position Distribution	
Position	Percentage (%)
General Manager	20
Marketing Manager	30
Revenue Manager	20



Other	30
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4. Experience Distribution	
Experience Range	Percentage (%)
Less than 2 years	10
2-5 years	30
5-10 years	40
More than 10 years	20

Contact Analysis

The analysis compared descriptive statistics and data visualization with inferential statistics and hypothesis testing to assess the impact of online reviews on pre-purchase decision making. While descriptive statistics and visualizations highlighted general trends such as average review scores, guest preferences and booking behavior, inferential analysis through regression, t-tests, and ANOVA provided deeper insights into the strength and significance of these relationships. The results of hypothesis testing largely supported the descriptive findings, confirming that online reviews significantly influence trust, credibility, and booking intentions. These findings have important implications for hotel managers and marketers, particularly in shaping online reputation management strategies.

Moderating Factors

The study found that the impact of online reviews is moderated by several factors. Hotel type plays a critical role, with luxury hotels relying on high-quality services to maintain ratings, while budget hotels depend on perceived value for money. Guest demographics such as age and nationality also influence how reviews are perceived, as different groups prioritize different service attributes. The source of the review, whether from platforms like Trip Advisor or Google, affects credibility, while the content positive, negative, or neutral directly shapes trust and booking intentions.

Descriptive Statistics and Data Visualization

Descriptive analysis revealed meaningful trends in guest perceptions and decision-making behavior. Summary statistics such as mean, median and standard deviation provided insights into the distribution of review ratings, while frequency distributions and bar charts illustrated variations across hotel types and



demographic groups. Correlation analysis and scatter plots further showed positive associations between favorable reviews and booking decisions, reinforcing the visual evidence of a strong relationship between review ratings and guest choices.

Inferential Statistics

Inferential statistical analysis added depth to the findings. Regression results confirmed a significant positive relationship between online review ratings and pre-purchase decision making. T-tests and ANOVA revealed differences in perceptions across hotel types and guest demographics, underscoring the moderating effects of these variables. These results validated the descriptive patterns while offering stronger empirical support for the impact of online reviews on consumer decision making.

Results

The findings show that online reviews exert both positive and negative influences on pre-purchase decisions. Positive reviews increase trust, credibility, and bookings while granting hotels a competitive edge. Conversely, negative reviews diminish trust, reduce credibility, and harm reputation, often leading to lost bookings. Overall, review ratings are positively related to purchase intentions, but this relationship varies depending on hotel type and guest demographics. Luxury hotels benefit from service excellence, budget hotels succeed through value propositions, and guest profiles such as age and nationality influence responsiveness to reviews.

Practical Recommendations for Hotel Managers

The study recommends that hotel managers actively monitor and respond to online reviews to build stronger relationships with guests. Prioritizing online reputation management is critical, as is tailoring services and marketing strategies to specific guest demographics. Luxury hotels should emphasize superior quality, while budget hotels should highlight value for money. Hotels are also encouraged to invest in data analytics to identify emerging review trends, train staff to deliver exceptional service, encourage guest feedback, and adopt social media strategies to engage guests and enhance visibility.

Limitations

The study is limited by its focus on reviews from a single platform, which may not capture the broader diversity of guest feedback across digital channels. Additionally, it does not control for other influencing factors such as price and location, which may also play significant roles in decision making.



Future Research Directions

Future research should expand to multiple review platforms to assess consistency across channels and investigate the moderating influence of additional factors such as pricing, location, and brand loyalty. This would provide a more comprehensive understanding of how online reviews interact with other variables in shaping consumer decisions.

Summary

In summary, the study demonstrates that online reviews have a strong positive impact on hotel pre-purchase decision making, with hotel type and guest demographics acting as key moderating factors. Positive reviews enhance trust, credibility, and booking likelihood, while negative reviews carry significant reputational risks. The findings provide valuable guidance for hotel managers and marketers, emphasizing the importance of reputation management, tailored service delivery, and strategic engagement with guests through digital platforms.

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Journals:

- Journal of Hospitality & Tourism Research
- Tourism Management
- International Journal of Hospitality Management

Online Resources:

- Trip Advisor
- Yelp
- Google Reviews