



# Vicious advice: Analyzing the impact of TripAdvisor on the quality of restaurants as part of the cultural heritage of Venice



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## HIGHLIGHTS

- The rank of restaurants in TripAdvisor is more related to quality than popularity.
- TripAdvisor ranking weakly affects ex-post popularity of restaurants.
- Ex-post popularity of restaurants mainly depends on their ex-ante popularity.
- TripAdvisor does not have strong effect on the vicious circle of tourism in Venice.

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## ABSTRACT

Venice is one of the most popular tourist destinations in the world. In Venice, as in other middle-sized heritage European cities, strong tourism pressure is trapping the city in a vicious circle that is eroding the quality of its tourism attractions. This development is related to the growing numbers of excursionists who lack the time to make informed decisions about the quality of goods. Consequently, suppliers reduce the quality of their offerings and instead focus on market share. Consumer-generated media (CGM) may help resist this development by providing excursionists with aggregated, up-to-date information on the quality of tourism offerings as perceived by customers. In this paper, we investigate the efficiency of TripAdvisor in helping tourists to make informed decisions and in increasing the popularity of restaurants offering a higher expected quality. Our findings suggest that, although TripAdvisor's algorithm is designed to reward quality, it does not adequately meet these goals.

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## 1. Introduction

Small- and medium-sized heritage cities view the rapid growing tourism with increasing concern (Glasson, 1994; Russo, 2002; Van der Borg, Costa, & Gotti, 1996). On the one hand, the exploitation of tourism in these cities positively impacts on the incomes of local suppliers of complementary products and services. On the other hand, its exponential growth creates a vicious circle that negatively affects residents' quality of life, city management, and maintenance costs, and the quality of the tourism experience offered to visitors. Furthermore, it crowds out investments in the development of both related and unrelated industries (Russo, 2002; Van der Borg et al., 1996).

The theory of the vicious circle of tourism development belongs to the class of models included in the tourism destination life cycle, as originally popularized by Butler (1980). In his original work, the researcher predicts that, in the maturity stage, the quality of the original cultural atmosphere, making a tourist destination unique, is inclined to get progressively worse as non-local actors come to dominate the production of goods and services. In this general framework, the theory of the vicious circle of tourism development offers an original and evolutionary analysis of the dynamic strengthening of the loss quality in the local offer of products and services and highlights the potential role of new media in restraining the development of such a vicious circle (Caserta & Russo, 2002; Go, Lee, & Russo, 2003). Firstly, it needs to be considered that a critical role in this theory is played by excursionists. These are would-be tourists who, due to the high cost and limited capacity of centrally located facilities, choose peripheral sites from which to visit their main destinations (Van der Borg,

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1991). Different from tourists, excursionists have less time to obtain information on the quality and cultural content of primary city assets and complementary resources and are less reachable by traditional information tools (Caserta & Russo, 2002; Russo, 2002). Consequently, as the share of excursionists grows, overall tourist demand grows inelastic to quality. In order to optimize this less-discriminating demand, suppliers tend to reduce the qualitative content of their products and services with the effect of further reducing the attractiveness of heritage cities to non-excursionist tourists and the cost disadvantages of the periphery to excursionists (Russo, 2002). The low quality of food and beverage and standardization of catering services are often addressed as main symptoms of the vicious circle of tourism in heritage cities (Russo, 2002; Van der Borg et al., 1996). Furthermore, food is a cultural good and contributes significantly to the cultural atmosphere and experience offered to tourists (UNWTO, 2012).

Two types of interventions to prevent heritage cities from being pulled further into this vicious circle are suggested: hard and soft interventions (Caserta & Russo, 2002; Russo, 2002). Hard interventions place access restrictions on tourism attractions, while soft interventions, which are based on information, incentives, and pricing, seduce tourists to take alternative routes or visit alternative places. Russo (2002) argues that, in the case of Italian cities, soft interventions are the most suitable.

Therefore, in this paper, we focus on consumer-generated media (CGM), such as TripAdvisor, as potential instruments of soft intervention. These media provide users with just in time access to up-to-date, aggregated, and ranked information on the quality of products and services as perceived by a large number of consumers (Filieri, Alguezaui, & McLeay, 2015). Thus, CGM may positively support them to discriminate, choose, and reward products and services reputed for providing a higher qualitative content (Clemons, 2008). However, as suggested by Brynjolfsson, Hu, and Smith (2010), the efficiency of these media may depend on the structure of established consumption patterns, the specific solutions adopted, and suppliers' perceived and effective utility. Under certain conditions, CGM may unexpectedly strengthen the attractiveness of most popular products and services in spite of their quality (Elberse, 2008). TripAdvisor is likely the CGM that tourists use the most to choose and review restaurants and catering services (Filieri et al., 2015).<sup>1</sup> Therefore, in this paper we assess the extent to which TripAdvisor is an effective soft instrument of intervention in middle-sized heritage cities. In particular, the ability of TripAdvisor to enhance the popularity of restaurants in the historical center of Venice for providing higher quality performances is analyzed. Venice has been chosen since it is the European middle-sized heritage city most affected by the consequences of this vicious circle of tourism (Russo, 2002; Van der Borg et al., 1996).

Our objective is to understand the extent to which TripAdvisor in Venice contributes to strengthening the popularity of already-known restaurants in spite of their rating in terms of quality or that of restaurants that are less known but accredited for a higher quality of the service offered. This enables us to understand the kind of supply-side incentives TripAdvisor may provide in the Venetian competitive context.

Data have been crawled from TripAdvisor and information on both quality and popularity of restaurants in Venice, such as ranking, number of reviews, and judgements, have been collected. Specifically, we use ranking as a proxy for the capacity of TripAdvisor to position restaurants according to a large number of

consumers' perception. Moreover, we implement a structural model in order to explore the relationship among ranking, popularity, and quality as changing in time. Thus, data were collected twice in two months. Our results are derived from a database of 575 restaurants and suggest that, even if TripAdvisor's ranking system is designed to reward quality, tourists' informedness is not adequately supported because the distribution of customers' ratings is left-tailed. Furthermore, the TripAdvisor rankings do not alter established patterns of consumption, as the popularity of restaurants is only weakly affected by their position in the rankings. Therefore, even though TripAdvisor could potentially counter the development of the vicious circle of tourism, it is not yet effectively doing this.

The structure of this paper is as follows. In section 2 we provide a theoretical background by discussing the theories of informedness as changed by CGM and define the vicious circle of tourism in Venice. In Section 3 we model the system of hypotheses that enables us to assess the efficiency of TripAdvisor in Venice. section 4 is devoted to research design, methodology, and analysis presentation. The results are discussed in section 5. Finally, the main limitations and conclusions of this study are addressed.

## 2. The effect of CGM on consumption patterns

CGM comprise websites that collect, aggregate, and publish consumer-generated content (CGC), such as online reviews (Filieri et al., 2015). This class of technology has had a significant impact on the structure and organization of the tourism industry (Buhalis & Law, 2008). CGM enable tourists to share information on tourist destinations, attractions, accommodation, and restaurants. Consumers' e-WOM (electronic word of mouth) have been found significant in influencing tourists' decision making about where to go on holiday, which accommodation to book, which attractions to visit, and where to eat (Filieri et al., 2015; Dickinger, 2011; Fotis, Buhalis, & Rossides, 2012; Sparks, Perkins, & Buckley, 2013).

CGM are changing consumers' informedness, which is the degree to which they know what is available in the marketplace, and, consequently, their decision-making behavior and established consumption patterns (Clemons, 2008). The theory of the long tail suggests that consumers' informedness is triggering a self-enforcing process of product differentiation driven by the interaction between supply and demand (Brynjolfsson, Hu, & Smith, 2006, 2011; Clemons, 2008). Similarly, according to the theory of informedness, informed consumers discount more heavily when comparable products are available from competitors or when products do not perfectly fit their requirements (Clemons, Gao, & Hitt, 2006; Clemons, 2008; Li, Kauffman, Van Heck, Vervest, & Dellaert, 2014). Consequently, suppliers are forced to customize their offerings to attract customers who are willing to pay a high premium for a customized product or service.

However, consumers' informedness does not necessarily lead to hyper-segmentation and greater distribution of sales among a larger number of products (Brynjolfsson et al., 2010; Elberse, 2008). The lengthening of the sales distribution tail may be associated with distribution flattening and a sharpening of its head. Therefore, informedness may not only increase the number of products sold in very small quantities (the lengthening of the tail), but also the number not sold (the flattening of the tail). Furthermore, it may reduce the number of blockbusters sold in larger quantities (the sharpening of the head). This depends on "heavy" consumers' preference and behavior. If heavy consumers prefer blockbusters to niche products, which is often the case when hyper-segmentation is not associated with the qualitative content of an offering, then "light" consumers' preference for blockbusters is strengthened rather than weakened.

<sup>1</sup> It counts 340 million unique visitors and more than 225 million reviews and opinions covering more than 4.9 million accommodations, restaurants, and attractions worldwide.

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