MOBILE PHONE APPLICATIONS AS INNOVATIVE MARKETING TOOLS FOR HOTELS

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Abstract

Continuous growth in mobile Internet users has created an opportunity for hotel marketing. Mobile marketing (m-marketing) is a means for hotels to communicate and interact with the travel market. Mobile phone applications (apps) are specific m-marketing tools designed for the interchange of information, networking, and leisure. The study evaluated mobile phone apps as marketing tools for hotels, including the extent of marketing outcomes. Data came from observations of and reports on the mobile phone apps of InterContinental, Hilton Hotels and Marriott Hotels. The results indicated that mobile phone apps could be effective marketing tools based on app downloads, actual bookings and sales. Development cost is fixed while potential revenue could be exponential. Hotels using mobile apps can improve marketing outcomes by using tracking and reporting tools, making better versions, expanding features, and ensuring differentiation.
Keywords: hotel marketing, mobile marketing (m-marketing), mobile technology adoption, mobile applications (apps), travel decision making

Introduction

Growth in the number of leisure and business travelers who use Internet-capable phones for travel planning is set to grow from 4 percent in 2011 to 15 percent toward the end of 2012 (Martin, 2011). In a survey of British travelers, 45 percent of the respondents have mobile phones, which 17 percent used for holiday searching using mobile applications (apps) or websites, and 3 percent used for booking (Tealeaf Technology, Inc., 2011). In the United States, 60 percent of mobile phone owners use their device to go online and 11 percent of them eventually make purchases of different goods including travel packages on their respective devices (Smith, 2010). Developing mobile phone apps for these purposes therefore represents a significant marketing opportunity for hotels.

Existing mobile apps support a wide range of functions that include providing information on hotels, restaurants and bars, as well as transportation arrangements and tourist attractions; enabling location or map directions; and supporting picture and video sharing through email and social media websites (Tealeaf Technology, Inc., 2011). Mobile apps are also useful in making last-minute arrangements on accommodation and transportation (Martin, 2011).
Hotels have created and utilized mobile phone apps as marketing tools. Many apps that are compatible with iPhone, Blackberry, Android, and smart phones fall under the travel category. InterContinental Hotels Group (IHG), Hilton Hotels and Marriot International are three global hotel chains that have invested in mobile apps. Reports on these hotels show that they gained a significant number of application downloads and users that can be associated with actual bookings. IHG generated at least $130 million from bookings using its mobile website and mobile application in 2011 (Jacobs, 2011). Hilton Hotels recorded 100,000 mobile app phone bookings in 2011, which significantly increased revenue by 200 percent (Heller, 2011). Likewise, Marriott International gained at least $1.25 million from mobile app bookings (Johnson, 2011).

This study seeks to provide an evaluation of mobile phone apps as marketing tools and when employed, the extent of marketing outcomes. The results inform on whether hotels should adopt mobile apps as m-marketing tools and if they do, the ways through which they can ensure success.

Literature Review

Shankar and Balasubramanian (2009) define mobile marketing (m-marketing) as “the two- or multi-way communication and promotion of an offer between a firm and its customers using a mobile medium, device, or technology” (p. 118). The
distinction of m-marketing as a tool lies in the technological medium and process it uses in communicating with consumers. Mobile phones are handheld devices used in accessing, sending and sharing data via call, text and other mechanisms depending on phone features. Mobile phones with Internet capability support similar features and functions as Internet-connected personal computers, laptops and similar computing devices. As such, m-marketing takes advantage of both the mobility and wide reach afforded by mobile technology (Ngai & Gunasekaran, 2007). People usually carry their mobile phones wherever they go. Moreover, there are more than 1 billion mobile Internet users worldwide, which should increase to 2.89 billion by 2015 to represent a penetration rate of 37 percent (ResearchandMarkets, 2011).

A key driver of the success of m-marketing is the acceptance and use by consumers since the power of mobile marketing depends on the extent of consumer responsiveness (Heinonen & Strandvik, 20007; Pousstchi & Wiedemann, 2007). Consumer response creates and establishes the value and outcomes of a mobile-supported marketing offer (Carroll, 2007). A study (Picoto, Palma-dos-Reis & Belanger, 2010) on the organizational effect of mobile offers shows that customer response reflects on the sales support, customer service, innovation, productivity and flexibility of the firm. One way of evaluating marketing offers via mobile phones is by looking into the extent and characteristics of customer responses.
A number of factors can measure customer responsiveness. Pousttchi and Wiedemann (2007) identified these factors as perceived utility, reward, perceived ease of use, free viral content, initial contacts, first-mover advantage, critical mass and scalability. Additionally, Kourouthanassis, Georgiadis, Zamani and Giaglis (2010) identified expected performance as a significant determinant in the acceptance of m-marketing offers.

A model for m-marketing in hotels has been proposed by Wang and Wang (2010) in a study on customer adoption of mobile hotel reservation. The model identifies two sets of factors affecting customer adoption, namely perceived benefits and perceived sacrifice. Based on the study, the perceived benefits of information quality and system quality were found to have a significant influence on perceived value and the behavioral intention to use mobile hotel reservation. Moreover, the perceived sacrifices involving technological effort and perceived cost have a significant negative influence on perceived value and intention to book in their hotel of choice using their mobile phones. A newer study (Sangle & Awasthi, 2011) also identified similar components of travel consumer concerns when valuing and using mobile services, which include the technical aspects of functionality and ease of use together with the non-technical factors of cost, risk, compatibility and personal innovativeness. Hu (2011) also found support for the significant relationship between
perceived value and purchase intention, with customer satisfaction as the mediating factor.

Mobile apps are a way for hotels to make marketing offers. Existing mobile apps facilitate transactions, content dissemination, social networking, personal productivity and leisure (Gasimov, Tan, Phang & Sutanto, 2010). Mobile apps support the marketing offers of hotels through information sharing, choice selections, games, maps, and other apps that support travel planning. In studying use behavior for mobile apps, Ho and Syu (2010) found that the main motives and sought-after rewards in using mobile apps are entertainment, functionality, information, socialization, intellectual stimulation, following a trend, and learning. The factors that determine consumer use of mobile apps can also serve as areas of focus in evaluating the marketing effectiveness of hotel mobile apps.

Methodology

The study used qualitative research, a method that seeks to organize data into categories and identify emerging patterns (Creswell, 2009). Data collection involved observation of customer reviews and hotel reports posted in the mobile app pages of IHG, Hilton Hotels and Marriot International as well as customer reviews and in-store ratings found in the mobile app stores (Apple, Blackberry, Google Play for Android Apps, Windows Phone) that offer the apps of the three hotels. Direct links to these
stores are found in the mobile app pages of the three hotels. Data collected from these sources comprised of individual and overall average ratings of the mobile app of each hotel, specific customer comments, download statistics, and some data on mobile app hotel reservation and sales. Observation covered the period of January to March 2012.

Use of content analysis on customer comments resulted to several recurring categories, particularly the common focus on cost, ease of use, functionality, information value, socialization support, and trendiness. These categories coincided with the determinants of use or adoption as identified in the review of literature. After which, a comparison of trends for the three hotels was made by determining the ratio of positive and negative comments and identifying the positive and negative comments that were raised by majority of the reviewers. The comparison provided an evaluation of mobile apps for hotels, particularly the extent of adoption and use of customers and the marketing outcomes. The comparison also identified the aspects of the mobile apps of the three hotels that can be improved to better support m-marketing success.

Findings

IHG, Hilton and Marriott are three large international hotels that are using mobile phone apps as marketing tools. A comparative evaluation of their use of mobile apps as marketing tools provides a glimpse of the usefulness of these tools in
marketing, the problems that may emerge, and the expected outcomes. The experiences of these three hotels serve as guide for other hotels in deciding on whether to develop mobile phone apps of their own.

**Mobile Apps as Marketing Tools**

Table 1. summarizes the characteristics of the mobile phone apps as marketing tools. The mobile phone apps incorporate the hotel name as their umbrella brand.

InterContinental created IHG Mobile as the general name for its mobile phone apps.

Hilton launched its Hilton Free iPhone App. Marriott similarly introduced its Free

**Table 1. Mobile Application Characteristics**

<table>
<thead>
<tr>
<th>App Characteristics</th>
<th>IHG</th>
<th>Hilton</th>
<th>Marriott</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of App</td>
<td>IHG Mobile (Priority Club Rewards)</td>
<td>Hilton Free iPhone App</td>
<td>Free Marriott Mobile App</td>
</tr>
<tr>
<td>Date Launched</td>
<td>April 2010 (iPhone), July 2010 (Android)</td>
<td>November 2009</td>
<td>August 2011</td>
</tr>
<tr>
<td>Phones Supported</td>
<td>iPhone, Blackberry, Android, Windows phone</td>
<td>iPhone</td>
<td>iPhone, Blackberry, Android</td>
</tr>
<tr>
<td>Language Supported</td>
<td>English, Chinese, French, German, Japanese, Spanish</td>
<td>English</td>
<td>English, Chinese, French, German, Spanish</td>
</tr>
<tr>
<td>Marketing Offer</td>
<td>Priority Club Rewards (Booking with best price guarantee and no booking fees, Information search, one-click call to hotel front desk, check and redeem rewards)</td>
<td>HHonors Reward (Booking via eCheck-in, Information search, customized room requests by calling hotel customer care, access hotel specials and rewards)</td>
<td>Marriott Rewards (Booking, Information search, explore rewards)</td>
</tr>
</tbody>
</table>
Marriott Mobile App. This works well in transferring brand value to the apps to ensure downloads from customer recognition of the brand.

Mobile phone app for hotels is a relatively new marketing development. Hilton was the first to introduce its mobile app for iPhone in November 2009. IHG followed suit a few months later in April 2010 for iPhone and July 2010 for Android phones. Marriott later introduced its mobile app in August 2011. As first-mover, Hilton’s mobile app gained instant popularity. As followers, IHG and Marriott attracted customers to their mobile apps by making better versions.

A difference exists in the mobile phones compatible with the app of each hotel. Compatibility with types of mobile phones reflects the intended market. Hilton only aimed for the segment of the travelers market using iPhones. IHG went after a broader market by making their mobile app compatible not only with iPhone but also with Android phones, Blackberry and Windows phone. Marriott first developed its app for Blackberry and then developed versions for iPhone and Android phones.

Similarly, there is a difference in the geographic market segment targeted by the respective hotels. Hilton only offered its application in English. A likely explanation is that the United States is the biggest iPhone market. IHG and Marriott expanded their target markets by offering their apps in several other languages including Chinese, French, German and Spanish. IHG even included Japanese.
The marketing offers made by the three hotels via the mobile app similarly relate to booking and their rewards system. Priority Club Rewards is the specific mobile app of IHG that connects booking and rewards. Through this app, customers can make hotel arrangements, find information related to the hotel and their travel destination, register and access their rewards account, and connect to the hotel’s customer care. Hilton has a similar marketing offer with the rewards program branded as HHonors Reward. Marriott also offers similar service features through its Marriott Rewards. As such, using the mobile apps to make reservations also makes the user eligible for rewards.

_Evaluation of Mobile Phone Apps as Marketing Tools_

Customer adoption and use of a mobile app is a determinant of its success as a marketing tool (Carroll, 2007; Picoto et al., 2010). As a successful tool, its adoption and use should translate into bookings and revenue (Hu, 2011; Sangle & Awasthi, 2011). In determining success, an evaluation can be done by considering data from customer feedback. Perceived benefits in using the mobile app should be greater than perceived sacrifices in order to support positive marketing outcomes (Wang & Wang, 2010).

_Customer Feedback_

Table 2 summarizes customer reviews and responses to the hotels’ mobile
phone apps. First-mover advantage in mobile apps can generate the necessary marketing edge in establishing a market, gaining loyal users, and increasing earnings (Poustchi & Wiedemann, 2007). However, a consideration of customer responses to the mobile apps of IHG, Hilton and Marriott indicates that this may not be the case. The responses came from reviews and comments in the mobile app pages on the Apple, Blackberry, Android and Windows app stores. Hilton’s launch of its free iPhone app in 2009 generated buzz among iPhone users. However, problems with the updates led to an increase in negative reviews in the succeeding months. Hilton mobile app received an average of 3 out of 5 stars based on all customer reviews, but this decreased to 2 out of 5 stars based on reviews of the current version. Meanwhile, IHG launched its mobile app for a broader market. Significant downloads were also made from the Blackberry and Windows mobile app stores. IHG’s mobile app received a rating of 3 stars for all versions, with 4 stars for the current iPhone version and 4 stars in the Android store. Increases in positive feedback were due to improvements in the current versions of the app. Marriott, a late comer in mobile app development, also generated significant interest from customers. It was able to sustain interest by gaining 3 stars for all versions, with 3.5 stars for the current iPhone version and 4 stars in the Android app store. By introducing better versions and working on significant improvements in the upgrades, IHG and Marriott were able to capture a
market pool and continuously engaged the customers who have downloaded their mobile app. An expressed positive experience with the mobile app mirrors sustained interest and indicates that from the customer's point of view, the expected performance was met (Kourouthanassis et al., 2010).

Recurring positive and negative feedback from consumers identify which mobile app features caught and sustained the interest of consumers as well as the factors that adversely affected their mobile app experience. There are similarities and

Table 2. Customer Feedback to Mobile App

<table>
<thead>
<tr>
<th>Form of Response</th>
<th>IHG</th>
<th>Hilton</th>
<th>Marriott</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ranking</td>
<td>4 stars based on current version and 3 stars based on all 642 Apple Store customer reviews, Rated 4 of 5 stars based on 737 customer reviews of Android version in Google Play, Average rating of 1.5 of 5 stars based on 27 customer ratings in Blackberry App World</td>
<td>3 of 5 stars based on all customer reviews and 2 of 5 stars based on customer rating of the new version in Apple Store</td>
<td>3 of 5 for current version based on 12 reviews and 3.5 of 5 for all ratings in Apple Store, 4 of 5 stars based on 518 customer reviews of the Android version in Google Play, 3 of 5 stars based on 92 reviews in Blackberry App World</td>
</tr>
<tr>
<td>Common Positive Feedback</td>
<td>Very useful especially during travel, simple and easy to use, helpful for last minute arrangements and viewing booking and location options, better updated versions, useful navigation to hotel guide</td>
<td>Great for frequent use, shows booking and rewards information</td>
<td>Very useful when using reward points, easy to use, quick access, good for searching booking information</td>
</tr>
<tr>
<td>Common Negative Feedback</td>
<td>Screen size does not fit phone, fit slow and high power consumption, large program size and storage space required</td>
<td>Upgrade made the application unusable, broken links, log-in problems, not linked to calendar</td>
<td>Difficult to navigate, loading problem, no automatic log-in, not linked to calendar, poor map navigation</td>
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</tbody>
</table>
differences in the feedback on the apps of the three hotels.

Positive feedback on the mobile apps of the three hotels included comments on the usefulness of the app in seeking travel information and making hotel arrangements. Many of the app users of IHG mentioned the usefulness of the app in making last-minute arrangements, which is crucial when they are already on the road and nearing their destination. Many customers also commented more on the improvements of the upgrades rather than the problems they faced in using the current versions. Hilton app users commonly expressed their appreciation for the frequent utility of the hotel’s app and the ease in accessing their rewards. While some customers gave positive comments on the better functionality of the upgrades, a significant number also expressed their disappointment in the glitches experienced in shifting to such upgrades. Most of the reviews of the Marriott app focused on the ease in using the app and accessing booking and rewards information.

Negative feedback on the apps of the three hotels focused on the features and technical aspects of the upgrades. The common negative comments for the IHG app include a large memory requirement, screen resolution adjustments and high power consumption. Problems in downloading and using the upgrades as well as log in problems and broken links were common negative reviews on the Hilton app. Many also commented on the lack of link of the app to the calendar function of the mobile
phone to enable setting up reminders and making schedules. Apart from problems
with the upgrades, common comments on the Marriott app include difficulty
navigating the app, poor map features, and lack of automatic log in.

Adoption of Mobile Phone Apps by Customers

Based on the ratings and the positive and negative comments posted on
iPhone, Android, Blackberry and Windows phone app stores, an evaluation of
customer adoption and use is shown in Table 3.

Consumers incur a minimal cost in using the mobile app of the three hotels.
While the app download is free, incidental costs only include Internet access and other
customizable product and service purchases. The risk to consumers is minimal to
moderate since hacking may happen and the app may become unstable especially
while on the road. Technological effort is minimal to moderate for IHG and moderate
to maximum for Hilton and Marriott based on the need for customers to ensure the
compatibility of their mobile phones with the required specifications of the mobile
app. For instance, limited phone memory can cause crashes.

Customers may also need to adjust their phone resolution to have the best view in
navigating the app. Troubleshooting problems, especially with upgrades, also require
effort from app users.

The benefits of using mobile phone apps are many. At the minimum, a mobile app
Table 3. Customer Adoption and Use of Mobile App

<table>
<thead>
<tr>
<th>Measures of Customer Adoption/Use</th>
<th>IHG</th>
<th>Hilton</th>
<th>Marriott</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Sacrifices</td>
<td>Minimal (App is free, cost related to app use include Internet connectivity and purchases)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost to Consumers</td>
<td>Minimal to Moderate (hacking, phone compatibility, app instability)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk to Consumers</td>
<td>Minimal to Moderate (large file size and phone memory required, adjustment of screen resolution to fit phone, troubleshooting especially upgrades)</td>
<td>Moderate to Maximum (Log-in problems, broken links, application and upgrade crashes)</td>
<td>Moderate to Maximum (Log-in problems, Difficulty in navigating app, unstable upgrades)</td>
</tr>
<tr>
<td>Technological Effort Required</td>
<td>Basic (booking, information research, rewards access, link to customer care support)</td>
<td>Simple (multiple choices and one-click selection)</td>
<td>Slightly Difficult (Log-in problems and navigability)</td>
</tr>
<tr>
<td>Perceived Benefits</td>
<td>Basic (booking, information research, rewards access, link to customer care support)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>App features</td>
<td>Basic (booking, information research, rewards access, link to customer care support)</td>
<td>Slightly Difficult (Log-in problems and navigability)</td>
<td></td>
</tr>
<tr>
<td>Ease of Use</td>
<td>Simple (multiple choices and one-click selection)</td>
<td>Slightly Difficult (Log-in problems and navigability)</td>
<td></td>
</tr>
<tr>
<td>Functionality</td>
<td>Useful on the road and for immediate bookings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information Value</td>
<td>General not customizable (need to call customer care for customization)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Socialization Value</td>
<td>Moderate (Facebook 4,355 likes/176 talking about this, 2-3 days old wall posts; Twitter 1,525 tweets, 6,013 following, 5,998 followers, 24 hour tweet updates)</td>
<td>Moderate (Facebook 19,466 likes, 874 talking about this, 24 hour updates)</td>
<td>Moderate (Facebook 96 likes, 4 talking about this, 24 hour update, Twitter 3,545 tweets, 5,164 following, 30,870 followers, 24 hour tweet updates)</td>
</tr>
<tr>
<td>Keeping with the Trend</td>
<td>Moderate to High (Growing volume of downloads and customer feedback, Continues updates of app)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

provides access to basic information on hotels and destinations. Consumers would
find this benefit useful, if the mobile app is efficient to use. Accessing the IHG app is
easy with simple choices. In comparison, there could be a slight difficulty in using the Hilton and Marriott app because of log in, navigation and feature limitations. The apps are highly functional especially when the user is already en route and requiring immediate hotel arrangements. Around 50 to 65 percent of bookings made through mobile phone apps are accommodations for the same day. Information accessible through the mobile app is general and not customizable but a one-click access to customer care is available. Socialization value is moderate with the hotel apps linked to Facebook and Tweeter and having hundreds of likes, fans, conversation threads, and tweets updated within 2 to 3 days or even 24 hours. However, Hilton’s app is visible only on Facebook and Marriott’s app is more visible on Tweeter than on Facebook. Customers still consider mobile apps of hotels to be trendy as shown by the increasing number of app downloads and the continuous updates made by the hotels on their apps.

Overall, the perceived sacrifices and perceived benefits indicate that while customers incur minimal costs, some risks and some effort in using the app, the perceived benefits are still worth the adoption and use of the mobile app especially when doing last minute hotel bookings while already on the road.

*Marketing Outcomes*

Determining the outcomes in using the mobile app as marketing tools is
difficult because mobile apps constitute a relatively new development in hotel marketing. Hence, mobile app tracking tools and surveys are limited. In lieu of these, marketing outcomes can be gleaned from the number of app downloads, the number of hotel reservations made through the mobile app, and the revenue attributed to the mobile app as shown in Table 4 below.

<table>
<thead>
<tr>
<th>Outcomes</th>
<th>IHG</th>
<th>Hilton</th>
<th>Marriott</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of App Downloads Since Launch</td>
<td>250,000-500,000 (70,000-100,000 for iPhone and 250,000+ for Android, Blackberry and Windows phone)</td>
<td>250,000-500,000 (iPhone)</td>
<td>250,000-500,000 (iPhone, Android and Blackberry)</td>
</tr>
<tr>
<td>Number of Hotel Reservations Using App</td>
<td>1,000 percent increase in hotel room night booking since launch, 50 percent of mobile bookings were made using the app</td>
<td>100,000 hotel nights in 2010</td>
<td>3 percent of mobile bookings or .7 percent of gross revenue</td>
</tr>
<tr>
<td>Revenue Attributed to Mobile App</td>
<td>$10 million a month (all mobile app versions), $3 million (iPhone)</td>
<td>200 percent monthly increase in mobile app revenue</td>
<td>$1.25 million of $21 million in monthly property revenue</td>
</tr>
</tbody>
</table>

Based on the download tracking features embedded in mobile app stores and reports, mobile app downloads for the apps of the three hotels fall within the 250,000-500,000 range. The highest number of downloads for IHG and Marriott is for the Android version followed by the iPhone version. There is also a significant number of downloads for the Blackberry and Windows phone versions. Assuming that those who downloaded used the app for booking even once, the number of downloads could then represent the number of hotel reservations attributed to the mobile app and the
revenue these generated can be gleaned.

No standard measure of hotel bookings made via the hotel apps was available. Reports by the hotels show a higher figure than the industry average of 30 percent of total bookings attributed to mobile apps (Jacobs, 2011). According to IHG (2011), its mobile bookings have increased by 1,000 percent and half of these were through its mobile app. Hilton reports that its mobile app bookings have reached 100,000 hotel nights (Heller, 2011). Marriott reported a smaller number of 3 percent of mobile bookings made through its app (Johnson, 2011). An explanation could be that it was less than one year since Marriot’s mobile app launch, while the mobile apps of the other hotels have been operating for more than a year. In relation to cost, a report in ComputerWeekly recommends that the cost of a good app should not be less than £15,000-£25,000 or around $23,800-$39,600 while the development fee is $99 annually for Microsoft and Apple apps and $25 annually for the Android apps downloadable from Google (Williams, 2011). The cost of mobile app development is relatively fixed while revenue generation can be exponential depending on both the number of app downloads and the actual bookings using the app.

Similarly, no standard measure of revenue attributed to mobile app bookings was found. However, based on existing reports, revenue from mobile apps are substantial. IHG purportedly earns $10 million a month with $3 million coming from
iPhone mobile app bookings (HotelMarketing, 2011). No definite value was reported for Hilton but according to estimates, the hotel experienced a 200 percent monthly rise in mobile app revenue in 2009 and 2010, a value expected to remain steady in the succeeding years (De Lollis, 2010). Marriott is presently earning $21 million in monthly revenue from mobile bookings and $1.25 million comes from mobile app bookings (eyefortravel, 2011).

Conclusion

A consideration of customer ratings and feedback on the hotel apps indicates that mobile apps are effective as marketing tools. The apps garnered many positive comments on ease of use, functionality for on-the-day booking, and continued use. Customers rendered positive and negative reviews on the apps. Positive reviews commonly emphasized the usefulness of the app in looking for hotel and destination-related information, making hotel arrangements, and checking or redeeming rewards. Common negative reviews revolved around the technical aspects of the app such as the memory requirement and screen size adjustment for the IHG app; unstable upgrades, log in problems and the lack of connectivity with phone calendars for the Hilton app; and the lack of automatic log in and poor map navigation for the Marriott app. Most customers who reviewed the hotel apps recognized their utility in helping them with their travel arrangements. An increase in downloads of the current versions
or the upgrades also support the continued use of the apps.

Marketing outcomes are difficult to measure because of limited information, primarily due to the limited tools and nil use of tools that measure mobile app activity and customer use behavior. Nevertheless, available information indicates the positive attitude of the three hotels as well as third-party reports with regard to the marketing outcomes of hotel mobile apps. Significant increases in hotel bookings using the mobile app have been recognized as directly translating into a rise in booking revenue. Bookings using the hotel mobile apps also instantly contribute to revenue since around half of bookings are for same-day accommodations. Hotels can raise their revenue from bookings by developing good apps with the potential to generate increasing revenue for an extended period at a fixed cost.

Recommendations

IHG, Hilton and Marriott can ensure continued downloads and use of their mobile apps by improving their apps based on customer feedback. Two points have emerged from the study.

First, customers are interested to see expansion of the content and features of the apps that would distinguish the app from the mobile website as well as improvements that would lead to the stability of the upgrades. Ultimately, the long-term goal in developing mobile apps is not just to gain downloads but also to sustain
continued use. Reliable and functional mobile app features and upgrades that make the app work better are focus areas in mobile app development.

Second, customers are more attracted to mobile apps with distinguishing features when compared to similar apps. Currently, the mobile apps of the hotels have similar basic features. Easy navigability emerged as a distinguishing factor for IHG’s mobile app. Linkage between the calendar and other organizing features of phones and the mobile app of the hotels were suggested by some of the Hilton and Marriott mobile app users. Working on ways to differentiate a mobile app can help hotels to gain more app users and actual bookings through the app.

As in any marketing tool, evaluation of outcomes is an important process. This appears to be a weakness in the mobile app marketing of the three hotels. No standard derivation and presentation of mobile app marketing outcomes emerged. To support the assessment of outcomes, the hotels can use tracking and reporting software and devices, which provide accurate download and revenue statistics as well as user behavior. Such data, once available, will help hotels to have a more concrete evaluation of mobile apps as marketing tools.

The World Wide Web and mobile phone access have evened out the playing field for small to medium and large hotels, in terms of market reach and marketing cost. So far, only the large international hotels have invested in mobile apps. Their
apps, however, cater mainly to customers in North America and Europe due to the limited number of supported languages. Small and medium-sized hotels anywhere in the world can take advantage of this by also developing mobile apps and using popular mobile app stores to reach their respective target markets locally or internationally.

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