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Student's Use of Hotel Mobile Application: Their Effect on Brand Loyalty

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ABSTRACT

The purpose of this study is to explore the relationship between the use of hotel mobile applications by students and its effects on brand loyalty. More specifically, this study analyzed the mediating effects of brand loyalty of the hotel company with brand awareness, and brand loyalty as measured by repeat patronage. It has been hypothesized that using mobile hotel apps will have a positive effect on the brand awareness, customer engagement and brand commitment, which in turn positively influences the brand loyalty. The research was drawn from a survey of 100 Purdue university students who are familiar with smartphone use and also because they are the future target market in the hospitality industry. This research will contribute to the hotel in building an understanding regarding how hotels can manage their brands using new technology for marketing.

Keywords: *Mobile marketing, Smartphone, Apps, Brand loyalty, Brand awareness, Hotel*

INTRODUCTION

The marketing communications environment has changed enormously. Of all the opportunities for marketing made available by new media, marketing via mobile phones has become increasingly popular. Smart phones have been transformed into the portable computers of today. Specially, a mobile applications marketing is a new growing sector in the hospitality industry. Hotel mobile applications, more commonly known as hotel 'apps', provide hotel companies and marketers the opportunity for direct access to consumers. At the same time, in the hospitality industry, building consumer brand loyalty is considered to be one of the key success factors for business performance (Heskett, Jones, Loveman, Sasser, & Schlesinger, 1994; Singh & Sirdeshmukh, 2000). New perspectives are needed to understand the relationship between and brand loyalty and mobile apps in a marketing context.

Interactive marketing is a new media designed to engage customers or prospects and directly or indirectly raise awareness, improve image or elicit sales of products and services (Kotler and Keller2009). Hotel mobile apps are an important tool in that they allow consumers to engage with the brand every day. Smartphone usage has been growing and it is forecasted to continue over the next five years. Therefore, hotel brands, tourism destinations, and other travel providers are rushing to create mobile downloadable applications for the millions of business and leisure travelers who rely on their smartphones to get information.

Mobile applications are still at an early stage and there has been little research on

the role of mobile application marketing in determining brand loyalty in the hospitality industry. This research will contribute an understanding of hotel mobile apps usage effects on brand loyalty within the hotel and service industries. Specifically, this study tests the mediating effects of the brand loyalty of the hotel service company with brand awareness, customer engagement, and brand commitment.

This research study will have the following objectives:

1. To determine if there is a relationship between student's use of hotel smartphone applications and brand awareness
2. To determine if there is a relationship between student's use of hotel smartphone applications and brand loyalty.
3. To determine if there is a relationship between age, gender, nationality, major and the use of hotel smartphone applications

LITERATURE REVIEW

Mobile marketing

Several studies have been conducted to examine the effects of mobile marketing (e.g. Barnes & Scornavacca 2004). Mobile Marketing Association (2006, p. 22) defined mobile marketing as "the use of wireless media as an integrated content delivery and direct-response vehicle within a cross-media marketing communications program." Market research firm In-Stat forecasts smartphone usage to grow from 161.4 million units in 2009 to 415.9 million units by 2014 worldwide. This is a compound annual growth rate of over 79 percent. Smartphones as a percentage of all mobile phones will grow from 13.4 percent in 2009 to 25.2 percent by 2014. Currently, there are over 250,000 smartphone applications and more than 6.5 billion app downloads.

Very little research has been done which that has investigated the role of mobile application marketing in determining brand loyalty in the hospitality industry. The link between the customer and the company through the smartphone allows the companies to target the individual customer. The consumer's tastes, patterns of social interaction, interests, and their locations can be obtained to make apps that are specifically tailored to fit each customer's needs. With the constant growing mobile content that comes along with every smartphone, such as games, apps, and music, companies can make apps that allow the engagement between the customer and the brand more accessible.

Brand awareness and loyalty

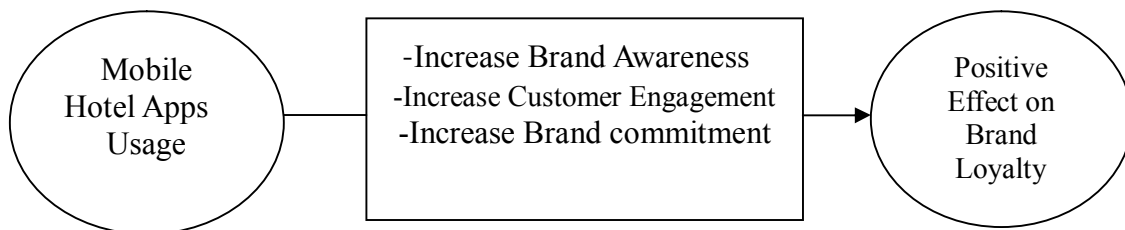
A company's brand is essentially the face of the company. A brand constitutes a name, a logo, a symbol, and identity (Prasad & Dev, 2000). Making the products easily accessible, offering convenience through handy apps, and building brand awareness should be incorporated into the marketing strategy of every company. The hospitality companies can offer this and get the consumers involved with the brand through the use of smartphone apps.

Loyalty must start with the interaction of the product to the customer. As the customer becomes more aware of the product, the brand's image grows. The positive, growing image gives the brand a higher chance of retaining the customer for future product purchases. Another factor for brand loyalty is the perceptual habit. Choosing a brand that

sells products that is familiar and comfortable to the consumer ensures brand loyalty. By offering apps that allow check in/out service, reservations, location service at the speed and convenience of a smartphone, allows the hospitality service companies to build a strong brand connection. It has been hypothesized that using mobile hotel apps will have a positive effect throughout the brand awareness, customer engagement and brand commitment, which in turn positively influences the brand loyalty. Based on these three relationships a model is proposed in Figure 1.

PROPOSED MODEL

Figure.1



METHODOLOGY

A quantitative study will be conducted to examine perceptions of brand loyalty of the hotel brands related to mobile phone apps. Only people who have smartphones will be considered for this study. This study will employ the survey method using a random sample of 100 Purdue University students. Students were chosen for the research because university students are familiar with smartphone usage and also because they are going to be the future target market for the hospitality industry. Those individuals chosen will be representative of the overall university population. Data from the survey will help determine if there is a relationship between student use of hospitality smartphone applications by different genders, incomes, ages, nationalities and majors. The questionnaire will be designed in two sections; one containing demographic information and the other identifies smartphone application usage patterns including brand awareness and loyalty.

DISCUSSION AND IMPLICATIONS

The research provides a new linkage between mobile application usage and brand loyalty. In particular, the impact of brand awareness, customer engagement, and brand commitment through mobile application usage provides a better understanding of brand loyalty. This research model is important to the industry as it provides empirical evaluation of brand loyalty through mobile application marketing. Maintaining customer awareness is necessary to build and sustain a brand loyalty, customer engagement, and positive brand image. Therefore, there will be a growth of hospitality service applications that can be used as a marketing tool to help to access customers directly. Hotel companies will be able to use the results of this survey to determine how consumer users of smartphones are more likely to

become brand aware and loyal due to application usage. This would allow them to design the applications in a way that would be better suited and easier to use for the intended audiences.

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