

## TOURIST MOBILE LOYALTY APPLICATIONS: UNDERSTANDING Y GENERATION SATISFACTION

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### **Abstract**

**Purpose** – Electronic marketing in the mobile environment is the backbone of marketing activities in modern business operations as it uses techniques, tools and services to optimally satisfy all the elements of the marketing mix. In view of these facts it is valid to emphasize the potential of such activities in all business sectors; the proposed paper focuses on mobile applications promoting tourist loyalty.

**Design** – The paper investigates topics and issues such as online efficiency, the potential of using social networks and platforms which are becoming most effective via mobile devices, mobile applications for tourism, and location-based marketing.

**Methodology** – The research aims to determine whether there is a statistically significant correlation between the techniques and tools that can be implemented in the mobile travel applications and satisfaction of the members of Generation Y (1980 – 2000).

**Approach** – Online and offline survey

**Findings** – This paper makes a contribution to the scientific knowledge in the field of electronic marketing, or more specifically, mobile marketing in tourism. The contributions of the paper lie in identifying the resources needed to build effective and creative loyalty programs and defining the components of mobile marketing that can be used in mobile travel applications.

**Originality of the research** – The research provides information on what Generation Y users expect from a tourist destination if they use a mobile loyalty application. The provided variables are based on the most important components of mobile marketing that are contained in different tourist loyalty applications.

**Keywords** tourism, mobile applications, Generation Y, loyalty programs

### **INTRODUCTION**

Recent trends in the development of tourism operations are mentioned mainly in the context of significant reliance on digital technology which has led to the rapid development of the digital tourism products such as specialized mobile applications, smart booking systems and location-based advertising. A vital prerequisite is the use of smart mobile devices as a link between the sender and the recipient of the message. Rapid and continuing advances in information and communication technologies and their implementation in electronic marketing, in particular in distribution and sales, have enabled intensive market penetration for all participants in the tourism industry. The purpose of the paper is to identify the fundamental characteristics of mobile marketing in tourism as a specific component of electronic marketing to Generation Y consumers, who have largely accepted the components of mobile marketing and have become the focus of the majority of marketing activities. All of the above demonstrated

the need for a closer examination of mobile loyalty applications that can be implemented at all levels of the tourism industry.

## **1. IMPACT OF MODERN TECHNOLOGY ON TOURISM SUPPLY**

Tourism is a creative industry and development of digital tourism products is a creative activity. Richards (2011) in his review article has analyzed relationships between creativity and tourism. Based on the Rhodes (1961) and Taylors (1988) definition of creativity he emphasized that the practice of tourism involves all four approaches used in definitions of creativity and that are: the creative person, the creative process, the creative product and the creative environment (Richards, 2011). Numerous studies report that an adequate use of electronic marketing activities based on the components of mobile marketing can influence the achievement of the various objectives of the tourism industry. The development of technology has enabled today's modern consumers, i.e. users, to search for information on a tourist destination in real time or prior to their arrival at a destination using mobile technology. According to the research "Preferences of Europeans towards tourism" (EC, 2015) personal recommendations (55%) and the Internet (46%) are the sources considered most important when making travel plans and the youngest respondents are the most likely to use social media sites (13% vs. 3% of people aged 55 and over). Also, the Internet is by far the most common way of organising a holiday (66%), and its use is constantly growing. The paper is based on the assumption that tourist destinations which use mobile technology to provide information to consumers will experience development in the near future. The research conducted provides a clear picture of the current state of mobile travel application use on a sample of Generation Y, as well as the content that needs to be included in order to exploit the potential of a digital tourism product, i.e. a mobile loyalty application, for dissemination of information to users.

### **1.1. Hypotheses**

To create tourism demand two elements are required - free time and financial resources. However, one must also consider the attractiveness of a tourist destination and use that as a starting point for further marketing activities. Croatia's rich cultural and historical heritage is a strong basis for development of marketing activities. The advantages of Croatia as a tourist destination are manifold - from rich natural resources to the geographic diversity and extremely valuable cultural heritage. The development of technology and the different devices and platforms for its use have made it possible for tourists to avoid horizontally and vertically integrated intermediaries by means of mobile devices. A type of online vertical integration occurs that enables the linking of different segments of the tourism supply, such as interactive travel planners that give suggestions on tourism products (attractions, gastronomy, transportation, etc.) based on user-generated content. Such mobile marketing services in tourism allow users to combine tourism products of different quality depending on their preferences. Tourism demand is constantly changing due to the impact of globalization on contemporary tourism as well as the development and use of modern technology, which makes information readily available. Destinations that do not adjust their promotional activities by facilitating information dissemination, i.e. by becoming visible in the

mobile environment through mobile applications or mobile marketing services and mobile location-based advertising are likely to face a drop in the number of visits. A tourist destination may even become unattractive because the content providers have failed to recognize and keep up with tourism market developments and trends and are thus unable to provide the content that fulfils user needs and desires. It is therefore important to stay abreast of the latest developments and adapt the content created in the mobile environment so as to balance tourism supply and demand in a particular tourist destination.

Thus, the following main research hypotheses are proposed:

- H1: Members of Generation Y mainly use free travel applications as a source of information on a tourist destination
- H2: The extent to which members of age subgroups within Generation Y consume the content through mobile travel applications is dependent on their age (The segment is divided into three age subgroups, as will be explained later in this paper)
- H3: Income available to the members of the Generation Y has a significant impact on the number of downloaded travel applications and their use
- H3a: Income available to the members of the Generation Y has a significant impact on the use of installed mobile travel applications
- H3b: Income available to the members of the Generation Y has a significant impact on the willingness of consumers to pay for additional application content
- H4: Subsets with higher education search for information on a tourist destination using mobile applications to a significantly greater extent

Supply and demand are essential for the operation of a market. A tourism product is not a homogeneous product, but rather an integrated product provided at the moment of consumption by different service providers, which a tourist experiences as unique. Some of the trends in the tourism supply are as follows (Silvar, 2012, 23):

- Diversification of the tourism product is taking place concurrently on the supply and the demand side
- The transition from the supply of products and services to the supply of experience
- Tourism product providers are becoming experience providers
- Travel packages are becoming more flexible, thus producing personalized travel tailored to individual preferences
- The increasing computerization and use of digital communication techniques
- Emphasis on loyalty programs in response to the lower customer loyalty to tourist destinations and treatment of destinations as fashion accessories.

In general, content users on the demand side, i.e. tourists, want to experience a travel destination before they visit it, so the supply side has to create new models of communication with potential consumers by means of IT technology, i.e. mobile applications, virtual tours, panoramic views of the tourist destination (so-called 360 degree views), etc. In this way, added value is created for tourists while content creators seek to personalize their offer. The technology and creative content have become key to bridging the gap between a travel destination on the one side and tourists on the other, i.e. the supply and demand.

## 2. FACTORS AFFECTING MODERN TOURISM IN AN ONLINE ENVIRONMENT

The creating of tourist experience starts with the consumer, i.e. the tourist. To be done adequately, it is necessary to know the age structure of tourists and their habits. In order to identify content consumers on the demand side, the authors focus on the representatives of Generation Y or millennials. Although there are various definitions of Generation Y, for the purposes of this paper the authors have used a definition according to which Generation Y includes people born between 1980 and 2000 (Lucy and Gardner, 2008, 891 – 906). This generational cohort comprises individuals born over a period spanning almost 20 years, who have reached their peak earning and spending age. This group is quite homogeneous in terms of its unique social, cultural and consumer priorities in comparison with previous generations; it tends to be university-educated, and has a strong impact on the market (Morton, 2002, 46). It accounts for 25% of the total population. The challenge here is that there seems to be a generation gap between them, given that its older members already have a career and are predominantly married, while the younger ones among them have only just begun to enter that phase of their life as young adults (HTZ, 2016, 34). Group generational differences make them more open to different and new cultures, flavours, i.e. national cuisines and the desire to travel abroad (Benckendorff et. al., 2010, 1- 16). They are inclined to spend money but only on the things you really want. They support the model of service sharing, i.e. the concept of sharing economy. In comparison to older generations, they prefer communication and advertising which includes people of all climes and races and is mainly carried out via the Internet (Mintel Group, 2016).

Mobile marketing as a component of marketing complements the marketing mix, thereby facilitating the creative development and implementation of marketing strategies. The added value created by the use of mobile marketing is a measure of efficiency as it can be directed towards a particular group of consumers with a targeting strategy.

According to the definition of the Mobile Marketing Association, mobile marketing is a set of practices that enable organizations and natural persons to communicate and engage with their audience (consumers) in an interactive and relevant manner through and with any mobile device or network (Whers, 2012). Some authors define mobile marketing as a two-way or multidirectional communication and promotion between businesses and consumers using a mobile channel, device or technology (Shankar and Balasubramanian, 2009, 118 – 129). In essence, this definition suggests that mobility should be considered from several aspects - as a channel of communication, as a device, as a tool or technology for achieving objectives. Since communication can take place through two or more devices, it is important to emphasize interactivity that can include mobile advertising, promotion, customer support and other activities that connect consumers with businesses. Mobile marketing activities have become vital because of the rapidly growing role of mobile technology in modern business (Bolton and Shruti-Saxena, 2009, 91 – 104). It can be concluded that mobile marketing integrates and implements all marketing components such as activities, processes, businesses, advertising and media, promotion, relational management, CRM, customer service, loyalty, and social marketing. It is based on creativity and involves both

businesses and consumers as individuals by initiating relationships, attracting consumers, engaging them in activities, encouraging interaction by using ubiquitous networks and platforms to which consumers are constantly connected through their mobile devices.

### **2.1. Mobile loyalty programs in tourism**

Although there are many potential channels that can be used to deliver promotional messages, users need to be guided towards the conclusion of a business cycle – the purchase of a product or a service. Some authors state that the techniques and tools of mobile marketing, primarily mobile applications, allow businesses to connect with content consumers that can be divided into groups, i.e. segments, depending on their interests, location and method of their communication (Keith, 2011, 27). Information and communication technologies have brought about fundamental changes to marketing activities (Persaud and Azhar, 2012, 418 – 443) which are evident in the tourism industry as well (Hossain and Amin, 2015). The changes have prompted businesses in the tourism industry to develop long-term relationships with their customers, i.e. visitors to travel destinations, by means of relationship marketing, i.e. loyalty programs. Loyalty programs involve structured marketing efforts that reward and stimulate purchases. Given that members of Generation Y have largely adopted mobile technology as a means of communication and information, they are more receptive to promotional messages through a smart mobile device. This trend emerged because millennials have accepted the Internet as a universal means of communication, and a smart mobile device allows them constant access to the Internet. This creates the necessary conditions for mobile loyalty programs. Loyalty programs based on mobile technologies enable a direct contact of customers with businesses at any time of day or night, from any location, so that the customer can collect the required information and make a purchase. This information can be personalized based on the individual customer needs. Businesses, on the other hand, can easily find new customers, while providing services to the existing ones, by using the database to develop customer personal profiles and, based on the processed information, guide them towards information in line with their specific needs (Ružić et. al., 2009, 62).

Thanks to mobile applications, loyalty programs that have been operated through loyalty cards so far, have become part of the fundamental functions of specific mobile applications and have been integrated into them. Most applications are developed for a particular business entity which focuses its activities on a particular product or service. The applications have networked user registrations with loyalty program reward systems through which customers can earn points and use them to purchase a product or a service.

A mobile application is software or content that users install on their devices. It is installed directly on the device usually through an online store. After downloading it, users access the content of specific thematic units through mobile applications (Dobrinić, 2011, 245). Mobile applications, as a platform for providing interesting, relevant and useful information, help users in performing daily tasks depending on their preferences.

The classification of mobile applications is still in its early stages, which complicates the situation (Šuljić, 2013). The main problem is that due to the limited contextual information on applications there are no clear-cut characteristics for analysis. The significance of mobile phone and mobile application usage is reflected in the fact that new terms such as mobile tourism are being increasingly mentioned in the media and scientific literature (Miškov et. al., 2015). On the other hand, there are indications that in 2020 business communication will be done primarily by means of mobile applications and it is safe to assume that this will bring major benefits for the tourist industry. There is a growing number of mobile applications for the travel and tourism industry that provide travellers with help throughout their trip and allow them to avoid travel agencies and other intermediaries. Tourism businesses should identify which applications users prefer and offer them to their customers. If we look tourism and mobile loyalty marketing related research, we can conclude that it is crucial for tourism to segment the market and use targeted marketing to present the tourist destination (Govers et. al., 2007, 15). If we look at the potentials of mobile marketing, some authors define that by using mobile marketing in tourism, business entities are enabled to create a tourist experience that users can distribute through platforms and services that users can consistently access through mobile devices (Kook and Mills, 2010, 92). It is important to point out that use of mobile marketing techniques and tools reduces the travel planning costs and provides a richer user experience since tourists visiting the tourist destination will prepare in advance what they want to visit and consume at the tourist destination and receive all the necessary information during their stay (Kumar and Zahn, 2003, 518).

The growing use of mobile technology and social networking have also changed the way organizations communicate with the public - mobile Web 2.0 applications provide businesses with an opportunity to build business relationships, exchange information and collaborate using a platform. The platforms include software, tools or technology used in communicating with consumers by means of mobile devices.

## **2.2. Mobile Web 2.0**

Mobile Web 2.0 refers to the advanced use of existing Web 2.0 services through the mobile Internet; in other words, it provides access to Web 2.0 tools through mobile Internet browsers. It also includes services that combine social networking with the fundamental aspects of mobility, i.e. personalization, geo-location and constant availability of a mobile device. By definition, mobile Web 2.0 is a phenomenon based on mobility in contemporary business through the use of traditional tools and techniques of internet marketing. In other words, the existing Web 2.0 applications can be run on portable devices - mobile devices, tablets, smart watches. In this way, the existing applications at all levels expand their core functions, since the user can access the content via a device that is constantly with him/her. New applications are developed that can work online on all types of devices; however, the benefits are available only if run on mobile devices.

Mobile Web 2.0 has become an important factor in attracting and retaining customers and has facilitated the development of loyalty programs. The models described provide the following benefits (Hall and Bennett, 2008, 234):

- Increased sales,
- More efficient use of resources
- Automatic data collection.

Mobile loyalty programs have enabled businesses to increase the number of customers as evidenced by measurable data collected through mobile applications.

### **3. RESEARCH METHODOLOGY**

To gain insight into the most important trends in the use of mobile travel applications in our Generation Y sample, primary research was conducted into the preferences of mobile application users. In the process of respondent segmentation, the starting point was determining the segment itself. The research is based on a sample of members of Generation Y, i.e. the largest consumers of online content. A purposive sample was used for this survey. 161 respondents were surveyed, of which 96 completed the questionnaire online and 65 completed the questionnaire offline. The survey was conducted in Eastern Croatia in the period from January to February 2017. The online questionnaire was posted on Facebook and sent to e-mail addresses (e-mail database included the alumni of the Faculty of Economics in Osijek – graduates at different levels of study and students of continuing education). Offline survey was conducted at the premises of the Faculty of Economics in Osijek. The questionnaire consisted of 22 closed questions, of which 11 questions were designed using the 5-point Likert scale (1 being the minimum and 5 the maximum. Where necessary, e.g. when the respondent does not have the given app and cannot answer, the value 9 was offered). The questionnaire is divided into four sections. The first section of the questionnaire includes questions on the preferences of mobile application users, i.e. the extent to which the respondents consume the content through the smart mobile devices and which content they consume. The second part of the questionnaire relates to the potential of mobile application use in tourism, with an emphasis on loyalty programs. The third section focuses on the respondents' attitudes towards loyalty programs with an emphasis on mobility. The last section includes the psychographic and demographic questions. Survey results were analyzed using SPSS software for statistical data processing. The following methods were also used: descriptive statistics, analysis of variance (ANOVA), and correlation analysis. The sample, i.e. the segment of Generation Y surveyed, was divided into subgroups by age because some members of the segment are employed and earn an income, while others are still at school and are dependent on their parents or guardians. Furthermore, the segment was divided by education level and monthly income level. Sample structure is shown below (table 1).

Table 1: **Sample structure**

		<b>N</b>	<b>%</b>
<b>Gender</b>	M	63	39.1
	F	98	60.9
<b>Age</b>	16-22	33	20.5
	23-29	100	62.1
	30-37	13	8.1
<b>Level of education</b>	High school	34	21.1
	Undergraduate study	109	67.7
	Graduate study	13	8.1
	Postgraduate study	4	2.5
	Postgraduate doctoral study	1	0.6
<b>Monthly income (HRK)</b>	<1,000	26	16.1
	1,001-3,000	71	44.1
	3,001-6,000	43	26.7
	6,001-9,000	14	8.7
	> 9,000	7	4.3

Source: Authors' research

#### 4. RESEARCH RESULTS AND DISCUSSION

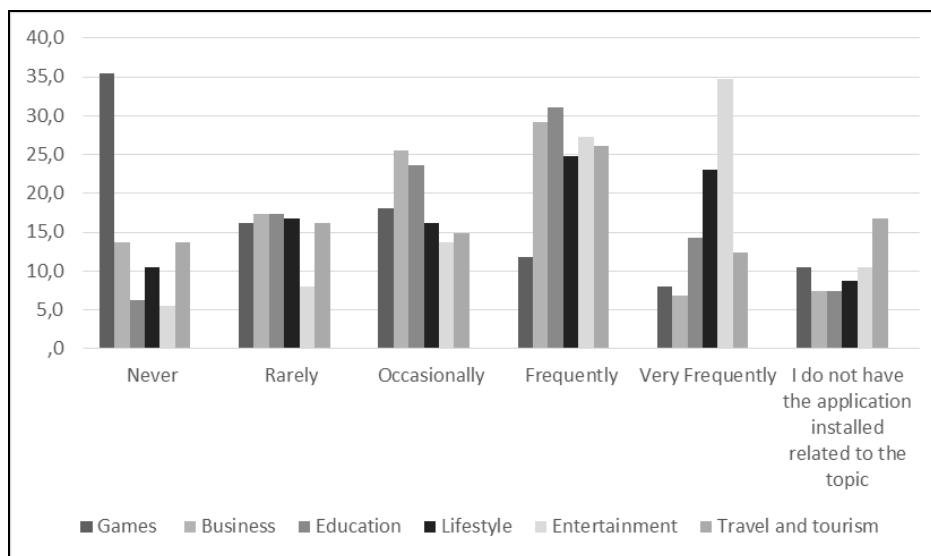
The purpose of the research is to determine the frequency of mobile applications usage in the surveyed sample. The survey results indicate that most of the respondents use mobile applications frequently or very frequently (86.3% of respondents) because of the possibilities they offer depending on their preferences and the tasks they perform. Secondary research has revealed that in 2016 more than 211 billion of free mobile applications were downloaded by smart mobile device users (Statista, 2017). These results suggest that the practice of application downloading is rising; however, it needs to be noted that this refers to the practice of downloading free applications.

Since there are numerous mobile applications for various purposes on the market, further research focused on the number of mobile applications that users downloaded and installed on their devices. Most devices come with preinstalled (most popular) applications and allow users to create personalized content on their smart mobile devices. The survey results show that the majority of respondents have downloaded up to 10 mobile applications (59.6% of respondents), followed by 23.6% of respondents who reported having between 11 and 20 mobile applications installed on their mobile devices, and 12.4% of respondents reported having between 21 and 30 applications on their mobile phone. 3.1% of respondents have more than 40 mobile applications installed on their smart mobile device. 1.2% of respondents have only standard mobile applications on their smart mobile devices. Given the large number of applications and different categories of purposes, as well as the system of charging for applications, the survey included the question concerning the category and the extent to which respondents download and use applications depending on their purpose. Previous research suggests that users mostly download the following categories of applications:



games, business, education, lifestyle and entertainment. Travel applications (travel- and gastronomy-related) ranked seventh and eleventh respectively by the total number of downloads (Statista, 2017). The respondents were asked to assess the frequency of use of the most popular categories of travel applications downloaded to their devices. The most frequently reported types of application used were lifestyle and entertainment applications (31.7% and 45.3% of respondents respectively); while travel applications were used often to very often (29.2% of respondents) (Figure 1).

Figure 1: **Mobile application categories**



Source: Authors' research

Based on the previous question, the next question focused on examining the extent to which respondents use mobile travel applications while planning a trip, i.e. before arriving at a travel destination of their choice. The majority of respondents (23.6%) report that they use mobile travel applications for travel planning sometimes or often. These results indicate that mobile travel applications are, among other things, a resource for pre-purchase activities that provide information to the users before they visit a destination. The respondents who reported that they had the tourist mobile application installed were asked to assess the purpose for which they most commonly used it. The results indicate that the respondents most commonly use tourist mobile applications to search for information about a destination (23.6% of respondents) and to book an accommodation (14.3% of respondents).

The next question inquired about the method of downloading mobile applications and whether users were willing to pay for a mobile application or prefer to download and use free applications from specialized platforms. Previous secondary data suggest that users mainly download free applications (Statista, 2016), which concurs with the results of this survey where 82% of respondents, i.e. members of Generation Y, stated that they predominantly used free applications only and were not willing pay for

additional content. The respondents who answered that they were willing to pay for the download of mobile applications and/or additional content were asked to state the amount of money they would be willing to give. Most of the respondents stated that they would be willing to pay more than 1 euro (single transaction). The motives for purchase include additional options that an application that they are already using does not offer (freemium pricing) and the absence of similar free applications. Since 82.6% of respondents stated that they used free applications only, the first hypothesis that members of Generation Y mainly use free travel applications as a source of information about the tourist destination is confirmed.

In order for a business entity to collect user information, most business applications request the user to register. The respondents were asked to assess the extent to which they were willing to share personal information during registration/before running a mobile application and which data they would be willing to share. The majority of respondents (59%) indicated they would be willing to share their e-mail address; 32.3% of respondents stated that they would be willing to network a mobile application with their Facebook profile and attach their profile photo. The survey included the same question for Instagram and 24.2% of respondents reported they would be willing to share their data with Instagram at registration. 20.5% of respondents would readily share their current location, which is the largest potential of mobile marketing. 9.3% of respondents would be willing to share their mobile phone number. Most applications enable communication with the user within the application itself or by means of notifications, so the mobile phone number is not a variable of strategic importance for a business entity.

Since the registration of the Generation Y users enables businesses to create an effective loyalty program, the research described below focuses on the benefits expected by the respondents from the business entity, i.e. application content creators. The survey results indicate that the majority of respondents (57.8%) expect personalized content, which is the current trend in an effective content marketing strategy. 56.5% of respondents expect to be provided with additional content after registration, while 47.2% expect points on their loyalty cards. The least expected benefits, as reported by 37.9% of respondents, are discounts. The results indicate that users are willing to share their personal information. It is up to the business entity, i.e. the proprietor of a particular mobile application, to turn the collected data into measurable variables and use them to encourage user engagement and participation in its loyalty programs.

The objective of an efficient mobile application is to attract, engage and retain users by offering them quality content in order to elicit or reinforce behaviour which leads to long-term loyalty, i.e. repeat usage. The survey seeks to gain insight into the content the respondents search for and which, in their opinion, a mobile travel application should contain. The data below show the preferences and expectations of mobile travel application users with regard to mobile application content:

- GPS navigation: 90.1%
- Service information (weather forecast, timetables, important numbers, exchange rates): 83.9%
- WiFi search engine: 75.2%
- Booking agency: 74.5%
- Translator: 67.1%
- Travel companion: 67.1%
- Shopping guide: 52.2%
- Historian: 42.2%

Furthermore, the paper investigates whether there is a statistical correlation between specific variables. The significance of results is tested with regard to age within the sample, monthly income and level of education. The survey results show that there is a correlation in the sample as follows:

- There is a statistically significant positive correlation between subsets within Generation Y with respect to age and the number of applications installed (Table 2).
- There is a statistically significant positive correlation between subsets within Generation Y with respect to age and frequency of the use of a mobile travel application installed (Table 2).

**Table 2: Pearson correlation coefficient indicating the statistical significance of correlation between the observed variables and the socio-demographic characteristics of the sample**

	Age		Monthly income		Level of education	
	p	r	p	r	p	r
Number of applications installed on a mobile device	.020	.029	-	-	-	-
The frequency of use of installed mobile travel applications	.011	.344	.021	.377	-	-
The extent to which respondents are willing to pay for additional application content	-	-	.046	.126	-	-
Mobile travel application installed	-	-	.004	-.295	-	-
The frequency of use of mobile applications for trip planning	-	-	-	-	.008	.005

*p* – statistical significance at a significance level of 0.01  
*r* – Pearson correlation coefficient

Source: Authors' research

The extent to which members of age subgroups within Generation Y consume the content through mobile travel applications is dependent on their age. Thus, the hypothesis which states that the extent to which members of age subgroups within Generation Y consume the content through mobile travel applications is dependent on their age is confirmed. Namely, members of older-age subset of Generation Y consume more content than other subsets, because, given their older age, they have a greater number of mobile applications installed on their smart mobile devices.

Next, we measured a statistical correlation of monthly income with the use of mobile applications and content consumption within the application itself. The survey results show that:

- there is a statistically significant positive correlation between monthly income and the frequency of use of mobile travel applications (Table 2).
- there is a statistically significant positive correlation between monthly income and the willingness to pay for additional content (Table 2).
- there is a statistically significant negative correlation between monthly income and having a mobile travel application on a smart mobile device (Table 2). The cross-tabulated results show that the majority of members of the subgroup with monthly income between HRK 1,001 and 3,000 have mobile travel applications installed.

This confirms the auxiliary hypotheses H3a and H3b which state that the level of income available to the members of Generation Y has a significant impact on the willingness to pay for additional content and the use of mobile travel applications installed. Hence, the hypothesis H3 is confirmed, i.e. income available to the members of Generation Y has a significant impact on the number of downloaded travel applications and their use. As expected, the subgroups with smaller travel budgets plan their trip to a great extent in advance and they are more willing to accept loyalty programs that offer discounts, rewards and other benefits.

Finally, the impact of the respondents' education level on the frequency of use of mobile applications prior to the purchase of tourism products has been measured. The survey results suggest that there is a statistically significant correlation between education level and the frequency of use of mobile applications during trip planning. The hypothesis H4, which states that groups with higher education search for information about a travel destination using mobile applications significantly more frequently because they rely on modern technology in the pre-purchase stage. The results are shown in Table 2.

This research has some limitations. The first one refers to the sample. Although the sample is rather big and according to its structure quite representative, including other stakeholders can give a more objective picture of the overall preferences of mobile application. And, certainly, we would like to compare the obtained results with some other groups/stakeholders. It is a suggestion for further research. Although the sample was small, some of the research results can be taken as general characteristics of the industry. However, this is only a small part of the complex research that can be done in order to better understand Y generations satisfaction of tourist mobile applications.

## CONCLUSION

When considering the potential of mobile loyalty applications in tourism, one encounters papers dealing with topics and issues such as analysis of online efficiency of loyalty program, potentials of using social networks and platforms for loyalty marketing which are becoming most effective via mobile devices, mobile applications for tourism, and loyalty applications based on user location. There are, however, no studies that would encompass the entire field of loyalty mobile marketing as it is, or should be, implemented in tourism oriented towards specific segment. This paper aims to provide scientific contribution to the area of electronic marketing – primarily oriented on mobile loyalty marketing in tourism, since previous research has not explored the stated topic in depth. The theoretical contribution of paper lies in establishing the current situation of promotion oriented towards Generation Y market segment. The survey results suggest that Generation Y users of mobile travel applications recognize their importance as a technique for finding information and communication with a tourist destination. Modern tourists, i.e. so-called online travellers, are willing to participate in loyalty programs through mobile applications on smart mobile devices, but in return they want personalized content and a customized reward program. The survey results confirm the hypotheses that users mainly use free mobile applications. Some subgroups, however, are willing to pay for additional content. It is up to tourism businesses create relevant and personalized content, i.e. creative information distribution models, where effective loyalty programs play a significant role. The variable that tourism businesses need to take into account is the classification of the existing Generation Y segment members into age subgroups, considering that subgroup members of older age download mobile applications and continue to use them to a much greater extent. It is worth noting that the results suggest that content marketing will become the preferred marketing approach considering that millennials in the subgroup with higher education use mobile applications more frequently as a source of information for trip planning. To be able to provide new and innovative content and content presentation models the providers of these services need to be creative. The current trends in the travel and tourism industry show that the role of digital tourism in the presentation and sale of travel destinations will become increasingly important. Hence, the possibilities for mobile marketing use in tourism are manifold. The success of mobile applications will depend on the extent to which they have been adapted to target consumers. By providing information, businesses in the travel and tourism industry can attract the Generation Y market segment, collect the data through mobile travel applications and create an effective reward program that will enable businesses to become recognizable and tourist destinations to gain competitive advantage using techniques and tools of Internet resources in a mobile environment.

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