Taxonomy of Branded App Value

Mobile apps create an altogether new channel for user engagement. However, not all forms of engagement truly deliver consumer value. For a brand to create meaningful experiences via mobile apps, it must first consider how the mobile contact points will create value for customers and which goals it will help customers achieve.

Northwestern University's Spiegel Research Center has been exploring how consumers engage with brands since 2011, and has specifically looked at how brands create relevant forms of consumer engagement through branded apps. The Spiegel team has categorized various types of value that branded apps are uniquely positioned to deliver and suggests ways to connect brand values to users' personal goals.

Creating Consumer Value

Spiegel's research on consumer engagement has identified four main categories of value that successful branded apps deliver to users. Marketing practitioners can think of meaningful engagement as the intensity with which users think about how the brand helps them achieve a goal in their lives. The following value categories describe several high-intensity forms of user engagement for brands to consider in developing mobile apps.

A. **Utilitarian Value**:

Branded apps that deliver utilitarian value satisfy a practical user need, such as providing information. Branded apps that successfully deliver utilitarian value provide a piece of information that consumers need and that overlaps with what the brand stands for.

Branded apps are particularly well-suited to provide utilitarian value given that mobile technology offers users the opportunity to search for and find information that is relevant in making purchase decisions. Mobile users routinely obtain information from product reviews, mapping and navigation apps, and company websites.

For example, while shopping at a retailer, one could check the price of a competitor or investigate alternative products or services. The customer could get a second opinion (or even a thousand second opinions) about any decision by screening online reviews. Bank account holders may request their account's balance anytime and travelers may subscribe to SMS-alerts notifying them of changes in the departure time or gate of their flight.

Outdoor sporting goods retailer REI's Mountain Project is another example of a branded app with high utility value. Mountain Project contains the country's largest database of mountain climbing routes and enables users to download information about the climb, including difficultly, rock quality, and needed equipment. Users can also download photos for use during the climb and even out of cell range. Mountain Project is providing an otherwise unavailable source of information that fits squarely with the REI brand and its customers' recreational goals.

Marketers can test their branded apps for utilitarian value by asking themselves the following questions:

- Does the branded app show me how to do things the right way?
- Does the branded app help me to make up my mind?
- Do I learn a lot about things or places from this branded app?

B. **Curatorial (a.k.a. "Educational") Value**:

Curatorial value is the type of value that media organizations traditionally supply, making the most important information available to users in a prioritized, index, or otherwise sorted manner. Branded apps that successfully deliver curatorial value recognize that users have limited time and resources and want the most relevant, high-quality content available at their fingertips. "Makes Me Smarter" apps do not necessarily provide information that will be put to use immediately or even at all. Instead, they curate articles, lists, and recommendations that make the user feel better informed, interested, or empowered. Great examples of "Makes Me Smarter" experiences include the following:

- Pampers custom newsletters: Providing expert tips, exclusive offers, and Pampers product information customized to match your child's stage of development.
- Deloitte on Technology app: Curating insights on tech trends from Deloitte's network of thought leaders, including consultants and coauthors in business and academia.
- The Flipboard app: "Organizing the world's stories for your passions," delivering users a newsfeed based on their personal interests in the areas of technology, news, entertainment, design, health, productivity, and photography.

C. **Social Value**:

Branded apps that provide social value help to facilitate social interactions. Apps can also be used to gain social approval and enhance self-image among others [1].

Mobile apps are uniquely able to deliver social value given their combination of portable, personal, networked, textual/visual, and "converged" (i.e. the use of a single device to access a wide array of functions and services) characteristics. Together, these characteristics enable brands and consumers to interact and communicate, produce, and consume social experiences in ways that have never before been captured through online technology.

For example, apps and services such as Facebook and Twitter enable customers to upload and share pictures, thoughts, and experiences anywhere, anytime, and with other people. But it's not just social networking sites, per se, that can provide social value. Major League Baseball's MLB@Bat app allows fans to follow live action of their favorite teams anywhere in the world. This, in turn, allows fans to stay engaged with the team and their fellow fans regardless of geography. Major League Baseball also introduced an app that allows fans to download GIFs, emojis, and stickers of their favorite teams and players, which can then be shared with fellow fans via text or social media.

D. **Hedonic Value**:

Hedonic value is another way to describe apps that deliver entertainment or emotional experiences. The mobile app can amuse users through streaming music or video, playing online games, or glancing through headlines. Often, people just browse through web pages on their mobile devices to kill time while waiting for the bus. Another aspect of entertainment value is emotional release. Many mobile technology users experience immediate pleasure from using the technology, apart from the instrumental or functional value of the technology [2]. Emotional value may also be related to avoiding negative feelings and solving problem situations while "on the move" [3]. Emotional value can also derive from the feeling of security one gets from being able to find the location and route to the nearest police station or hospital, or to connect with a relative via social media in the case of an emergency.

Value to Brands

Below, Spiegel has identified a number of unique benefits that branded apps can mean for brands when they successfully deliver consumer value.

- **Additional revenue through deeper relationships:** Mobile apps offer brands more connection points and service delivery episodes with the customer, which can be used to build stronger relationships and strengthen brand loyalty. [4]
- **Reduced costs:** Mobile communications like text messaging and email (targeted at customers who have opted-in) can be substantially less expensive than other media (e.g. catalogs). Mobile technology can also reduce the cost of serving customers, e.g. with mobile boarding passes for airplanes, which are less expensive than having a customer check in at a service desk with a flight agent.
- **Customer co-creation:** A customer who posts reviews of a product or service on a mobile app is contributing to the promotion of it and to the meaning of the brand.
- **Market insight and customer knowledge:** When mobile devices are connected to the network, they provide positional and usage data to the mobile service and apps provider.
- **Real-time tracking and control:** In-the-moment data collection presents opportunities for brands to receive information about the current status of their customers' mobile app activities and enables them to react just-in-time to consumer activities.

"Value Fusion"

The Spiegel team has also identified a final type of value generated by mobile apps, which it has termed "Value Fusion." Value Fusion is the value that can be achieved for the entire network of consumers and brands simultaneously, just by being on the mobile network.

In a mobile network, users provide important information for brands "passively," or without even using the app – merely by carrying their devices they provide locational data to platform owners, network operators, and app developers. Even by typing in a search word in Google, a customer provides data. Value can also be produced within a mobile network by consumers collectively – for example, by writing restaurant reviews and providing ratings that are aggregated and shared via the app.

Value Fusion is the result of consumers and firms being intertwined via mobile technologies. Marketing practitioners considering a branded app strategy should challenge themselves to think holistically about the value their app is creating. Value Fusion thinking suggests that the value delivered to the customer and to the brand itself should be jointly optimized rather than managed in isolation.

At the Spiegel Research Center, we will continue to study the impact that engagement via branded apps and other channels has on customer value. To learn more about Spiegel's research into the value of consumer engagement via branded apps and what it means for marketing practitioners, download our e-book Branded App ROI. Also, many of the findings of this blog post are explained in more detail in a chapter that the Spiegel Research Center's Rebecca Wang, Su Jung Kim, and Ed Malthouse authored for the textbook *The New Advertising: Branding, Content and Consumer Relationships in the Data-driven Social Media Era.* [5]

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