

Location-based Services: Tool for Tourism Service Promotion

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Abstract: In today's highly competitive market where multiple service providers are vying for a limited pool of customers (in tourism sector), this call for continuing good relationship among the potential customers which can be achieved through the deployment of location-based service promotion. Location-based service promotion is a new marketing strategy that depends on individual location, mobile internet services and a mobile phone. The study found that location-based services have potential to attract, monitor and strengthened customer relationship. Tourism as an information driven industry would be better-off through application of location-based services to tourism activities. The study did not examined consumers' privacy concerns. The paper is structured into introduction, literature review, discussion, conclusion and implications of the study to tourists and tourism industry.

Key words: location-based service; promotion; tourism; tourism industry; information technology

JEL codes: O, M

1. Introduction

Understanding human mobility patterns remains challenging, mainly because mobility is probably very much constrained geographically by the distance one can travel within a day; it may also be shaped by our social interaction (Gonzalez, Hidalgo & Barabasi, 2008). Human mobility as it linked to human daily activities and business engagements have become interested area in modern business research. Scholars have invested their time and resources to investigate such relationships (Mok, Wellman, & Carrasco, 2010; Goldenberg & Levy, 2009). One of the achievements in that regard is the deployment and application of location-based services. It is another online social network which depends on individual location for interaction. AMA (2011) defined it as any application service or campaign that incorporates the use of geographical location to deliver or enhance marketing activities.

Location-based services provide location specific data with regards to individual profile check-in into a place. It provide platform for users to track friends and relatives at a particular place irrespective of the distance; platform for social engagements, and avenue for point-of-interest. It can serve as a tool to coordinate and monitor business activities specially while away from the office (Scellato, Noulas & Mascolo, 2011; Noulas, Scellato, Lambiotte, Pontil, & Mascolo, 2011). For instance, the study conducted by Zheng, Xie and Ma (2010) on

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location-based service in relations to users' information found that it could serve as tool for matching individual locations with travel preferences and friend recommendations.

In modern business, attracting and satisfying the consumers becomes much challenging, because consumers has access to information due to internet availability and affordability; consumers therefore are more educated and informed than ever, they have the tools to verify companies' claims, and seek superior alternatives (Kotler & Keller, 2007; Vikas, Eugene, Akin & Pandu, 2005; Glen, 2004; Michael, 1998). Consumers do this within the bounds of search costs and limited knowledge, mobility, and income, because they tend be value-maximizers with the aim of achieving a satisfactory level for products and/or services purchased (Goldsmith & Horowitz, 2006). Promotion then plays an important role in providing essential information to tourists and other potential consumers.

Promotion is one of the marketing strategies used by firms to inform their customers about their services. Promotion aim to present information to consumers and others; to increase demand, and to differentiate products (Pantea, 2011; Kurtz, 2010; Mukesh & Ranju, 2009). Promotion is significant in modern business because numbers of brands has increased; competitors use promotions frequently, mainly brands are similar, consumers are more price-oriented, the trade has demanded more deals from manufacturers, and advertising efficiency has declined because of rising costs, media clutter and legal restraints (Kotler et al., 2007).

Promotion can be done by different media namely print media which includes newspapers and magazines, electronic media which includes radio and television; digital media which includes internet, social networking and social media sites (Frank, 2009). The fast-paced environmental of digital media presents new methods for promotion to utilize new available technologies such as mobile devices and location-based services. For instance, the study conducted by Mangold and Faulds (2009) on social media — the new hybrid elements of the promotion mix found that they have become a major factor influencing various aspect of consumer behaviour including awareness, information acquisition, opinions and purchase intentions.

The print media and electronic media are one way communication. It provides one way communication from the marketing organizations such as Airlines and hotels to the customers. This lacked of feedback on these media limited it interaction between the marketing organizations and their customers (Sherif, 2009). However, the digital media presents two-way communications between the marketing organizations and the consumers thereby creates platform for mutual relationships which can lead to loyal customers (Mersey, Mithouse & Calder, 2010). The electronic dissemination of information had a powerful impact on the way people communicate for personal reasons and even for business purposes. Miranda (2015) states that the impact of digital media on business includes faster information- business organizations such as companies Airlines and hotels can get their business information out to the public faster than ever; they do not need to wait for print media like Newspapers and Magazines to release their information to the general public. Location-based service is one of these digital media.

Virrantaus, Markkula, Garmash and Terziyan (2001) classified location-based services into pull and push services. Push services are activated by a network operators and sent to the user without the user's request such as short message service received via mobile network operators informing customers about their services and new packages, emergence alert and traffic information (Levijoki, 2000). Pull services deliver information on the user's request this is based on the user's permission such as Myteksi search.

Although location-based services could be utilized to improve business activities and better life of individuals, there are limited studies on it effective deployment to business, especially as a promotional tool. For instance Okazaki and Taylor (2013) contented that it is not clear whether these location-based services have

become significant promotional vehicles? Buczkowski (2012) also argued that although the academic and non-academic literature on location-based social network marketing promotion is accumulating, the topic is still under development and the research is in its early stages, highly inconsistent, and fragmented.

The aim of this study is to examine location-based services as one of the social media used by the consumers to facilitate social interaction as media to enhance tourism services. Since tourism industry not only uses technological innovations, the industry is also open to new technologies; besides, tourism as a service-dominant sector integrates these technologies (Buhalis & Jun, 2011; Felfernig, Gordea, Jannah, Jeppa & Zanker, 2007).

2. Literature Review: Location-based Service

The advancement in location-acquisition and mobile communication technologies has helped to drive usage of location-based services thereby enabling people to use location data with existing online social networks like Facebook, to comment on an event at the exact place where the event is happening and organizing a group activity in the real world, record travel routes with global positioning system to share travel experiences in an online community. Zheng, Xie and Ma (2010) conducted a study on geo-life and found that the advance of location-acquisition technologies would facilitate locations connection in the physical world as well as bridging gap between users and locations.

Tourism as a global activity and one of the most important forces in the world's economy (Cooper, Fletcher, Fyall, Gilbert & Wanhill, 2008) can utilize location-based services to provide necessary information to the tourists before arrival and during their stay at the tourist's sites. Although its popularity among consumers is limited due to privacy concerns (Zhou, 2013; Tsai, Kelley, Cranon, & Sadeh, 2010).

Tang, Lin, Hong, Siewiorek and Sadeh (2010) in their study rethinking location sharing, found that the popularity of micro-blogging have made general-purpose information sharing a pervasive phenomenon which impact location sharing applications in such a way that users are sharing their location data with a much wider and more diverse audience. The push for information sharing is largely driven by micro-blogging and social media sites like Facebook and Foursquare. Tourism as an information driven industry could be better off with deployment of location-based services, for instance it would provide information on customers' profile as they check-in to hotels or tourism sites which tourism managers can utilize to improve their services and effectively manage the tourists. Such profile can also be used to segment the market based on the needs of the tourists, thereby providing better management of the tourists and the tourism facilities.

Reilly, Dearman, Ha, Smith and Inkpen (2006) studied the need to know: examining information need in location disclosure; administered fifty questionnaires among universities students and industry notice boards. The study found that purposive-driven location sharing is mostly associated with coordinating meetings, arranging transportation, sending reminders, providing roadside assistance, checking for availability hotels, and asking for estimated time of arrival. This assertion was supported by Wilson (2012) on his exploratory study of location-based services that argued, location changes everything, it has potential to change all outputs-where we shop, who we talk to, what we read, what we search for, where we go; they would change once we merged location and web (Honon, 2009).

The dimension of location-based services would help bridge the gap between the physical world and online social network services (Cranshaw, Schwartz, Hong & Sadek, 2010). For instance, a user with a mobile phone can leave her comments with respect to a restaurant in an online social site so that other people from her social

networks can reference her comments when they later visit the restaurant. Cheng, Caverlee, Lee, and Sui (2011) for example found in their study exploring millions of footprints in location sharing service that check-ins have several unique features — they are social; associated with particular venues and can be augmented with short messages, providing partial insight into the thoughts and intentions of users of these services.

A location-based service has no bound on social engagements and interactions among like manners individuals. People in an existing social network can expand their social structure derived from their locations (Zheng, 2011). Location being one of the most important components of user context, extensive knowledge about an individual's interests, behaviors' and relationships with others could be learn from its location. This could be a better platform to understand tourists perceived values in relation to tourism services. For instance, people who visit the same restaurant and enjoyed similar dishes can connect with each other, share their experiences; and individuals constantly hiking the same mountain, beaches or lakes can be put in a contact with each other to share their travel experiences (Xiangy & Gretzel, 2010; Li, Zheng, Xie, Chen, Liu & Ma, 2008).

Location-based services have potential to impact friendships, which are integral not only to the operation of society but also to the individual's well-being (Keller, 2009). The study conducted by Husain and Dih (2012) on a framework of a personalized location-based traveler recommendations system in mobile application found that modern technological devices such as mobile phones has opened new channels and platforms through which travelers can find tour information and share their tour experience via websites, social network sites, blogs and forums, and to deliver information according to the user's current location and needs. Chen and Caulfield (2014) conducted a study on "location, location, location", posit that it has become the maxim for property marketing and hunting.

Hoffman and Novak (2012) contented that marketers are searching for a firm foundation in which to base their strategic decisions regarding how to employ social media to engage and influence their customers; location-based services present a new and unique social platform for marketers to engage customers in location-specific contexts. For instance, Yavuz and Toker (2014) studied location sharing on social networks: implications for marketing report that location-based services are rapidly growing in number and popular, consumers are increasing participating in these new online social environments, and sharing their location information which ranges from appearances at the workplace to participation in special events and visits to prominent places, therefore providing customer-to-customer relationships (Burton & Khammash, 2010).

The key driver for location-based service would be it economic value to the society and individuals. Strategy Analytics predicts that the consumer and advertiser expenditure on location-based services would approach US\$10 billion by 2016. One reason for this would be the ever-growing availability of embedded global positioning system devices thereby present new research areas for consumers'. This would not only serve as medium of communication among consumers, but also it would serve as platform for enhancing tourism experience. This is because experience has been always been an important concept in tourism research; experience provides basis for repeat visit and serve as a referral for other prospective consumers (Uriely, 2005). For instance, Gronroos (2000) argue that designing and delivering experiences to consumers has been proposed as the answer to creating competitive advantage and added value.

3. Location-based Service and Tourism Industry

The relationship between tourism and technology has always been very intensive (Buhalis & Law, 2008).

The development in internet system in conjunction with the mobile technologies has influenced tourism sector as a whole and in particular every tourism actors. For example, Pedrana (2014) in his study location-based service and tourism contented that location-based services are the new challenge for tourism destinations, because they would serve as important information and communication means for business actors, tailoring services to customers locations. For instance, Margherita (2014) opined that location-based service can be use in searching location-based information and services quicker than the traditional means of communication, while Buhalis et al. (2008) argued that tourists have become more sophisticated, more selective and price sensitive, investing less resources in travel planning because of deployment of information technologies to tourism (Alisha & Andrew, 2014; Kupper, 2005). Tourism industry is today's leading application of the internet in a business to business context (Werthner & Ricci, 2004).

For instance, Pritchard, Vines, Briggs, Thomas and Oliver (2014) contented that transport companies are seeking ways to support passengers by providing location-based services that can alert them when the next train or bus is arriving and maintain schedules between vehicles to deliver a more regular service. Location-based services could be utilized in such manner. For example Liburd (2005) found in his study sustainable tourism and motivation that with location-based service, destination managers can create innovative experience for the tourist at each stage of their travel experience by providing them information on variety of activities relevant to their needs. Dutch Airline KLM for instance utilized Foursquare as part of innovative social media campaign to appreciate and reward their loyal customers; when passengers checked in at KLM's foursquare locations, the KLM 'Surprise Team' used social networks such as LinkedIn, Twitter and Facebook to find out information about the passenger. The surprise team then used this information to come up with a personalized gift to surprise the passenger. Location-based service could therefore be utilized to make tourism experience much enjoyable for potential tourists, and motivate other prospective tourists. Garcia-Crespo, Chamizo, Rivera, Mencke, Colomo-Palacios and Gomez-Berbis (2009) observed that tourism industry is currently in need of technology-based integrated value-added services which are highly dynamic and offer interactivity and entertainment, in that regards location-based service applications can provides tourist and the tourism industry this technological driven added value to parties in the interest industry.

4. Conclusion and Implication

Modern consumers are better informed, and have tools to verify company's claims. It is expedient for business operators especially tourism firms to toll the line of their customers inquest for technology adoption and usage. Firms that keyed into new technologies being used by their customers would be at edge advantage than its competitors that are still looking aloof. Promoting services via such technologies would not only create awareness but also facilitate customer interaction.

One great lesson to be learn in this study on the application of location-based services to tourism industry is that it makes the consumers to be active participants of the tourism activities which implies that it has lessen the burden of the tourism mangers and other stakeholders in getting views and comments of their target markets, thus making tourism planning activities much interactive and personalized. Future study can look into privacy issues as it affects tourists' visa-vis tourism industry.

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