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The Case for 'Benevolent' Mobile Apps

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BY GLEN L. URBAN AND FAREENA SULTAN

IN RECENT TIMES, perhaps no other consumer electronic device has impacted consumers as much as mobile phones. Mobile devices are everywhere. In the United States, for example, 91% of adults used mobile phones in 2013, and nearly 40% lived in households that had a mobile phone but no landline phone.¹ Even among Americans above age 65, 77% reported having mobile phones.² The total number of unique individual mobile subscribers worldwide is estimated to be around 4.5 billion.³

Smartphones make up an increasing share of mobile devices. Mobile penetration is expected to rise from 61.1% to 69.4% of the global population between 2013 and 2017.⁴ At a minimum, most phones in the future will be able to use mobile apps, which are among smartphones' most popular features. The all-time cumulative total number of mobile app downloads stood at 37 billion at the end of 2011, but



THE LEADING QUESTION

How can companies use "benevolent" apps to build trust?

FINDINGS

- ▶ Apps that provide consumers with helpful information can increase consumers' trust in and preference for a company.
- ▶ Our research shows strong indications of the value of "benevolent" apps.
- ▶ Companies should devote resources to developing, testing and promoting apps.

showed dramatic growth in 2012 — more than doubling in one year to 83 billion all-time total mobile app downloads.⁵ By July 2014, there were 1.3 million Android apps and 1.2 million Apple apps available.⁶ On average, smartphone users have about 40 apps on their phones and regularly use about 15.⁷

For companies, apps provide ample revenue opportunities. Worldwide revenue from apps was approximately \$12 billion in 2012 and is estimated to increase to over \$60 billion in 2017.⁸ Yet as free apps become increasingly prevalent, paid app downloads are expected to decline, and advertising and in-app purchases are likely to become the main revenue streams in the coming years. Mobile advertising has seen triple-digit percentage growth each year since 2010, when PricewaterhouseCoopers began capturing this data.⁹ In coming years, many new capabilities and potential revenue paths are expected to emerge in the mobile app space.

Yet some people have doubts about the effectiveness and viability of mobile advertising and believe that apps are a better medium.¹⁰ We think one of the most effective uses of mobile media will be apps that are designed to build trust. We call these “benevolent” apps because their value is not directly tied to selling products but rather to advancing consumers’ interests and advocating for their needs ahead of a company’s own corporate profits.

Whereas “push” apps, such as those offered by companies including Staples, Domino’s Pizza and Zappos, are designed to generate sales and promote special deals to customers, benevolent apps offer services that aren’t directly tied to sales but are designed to help customers solve problems or make decisions.

A good example of a company that does this is Sea Tow Service International, headquartered in Southold, New York, which provides emergency towing and rescue services for boaters in the United States, the Caribbean and Europe. The free Sea Tow app supports boaters’ navigation needs by offering information about local tide tables, detailed marine weather forecasts, GPS coordinates and bearing, and speed. A traditional marketer might argue that to the extent that Sea Tow furnishes information that can reduce accidents, it undercuts its business. But a boater might feel differently — indeed, a boater might be favorably disposed toward calling Sea Tow if faced with an emergency. When

customers sense benevolence from providers, they are inclined to trust them more.

Research shows that trust is built on three factors: (1) *competence* (the product or service provider supplies a high-quality product), (2) *confidence* (customers believe what the company says and know the provider will stand behind its product), and (3) *benevolence*.¹¹ Although there is a benevolent aspect to Sea Tow’s service, the company is also in the business of rescue. The Sea Tow app features a slider that enables users to call for emergency help, which facilitates sales.

Companies that advocate for their customers have a good chance of getting their business, and the customers will in turn advocate for you with *potential* customers. A benevolent app can build trust, which in turn can lead people to consider purchasing your product. In the long run, trust must be enhanced by quality service and transparent communication. But an app can encourage people to consider and try a product or service.

In this article we describe a Mobile App Benevolence Spectrum; show that benevolent apps can increase brand image, trust, consideration, preference and purchase intent; and examine the managerial implications of benevolent apps in a company’s new media mix.

The Benevolence Spectrum

Staples and Sea Tow represent two ends of the Benevolence Spectrum. (See “The Mobile App Benevolence Spectrum.”) At one end is old-fashioned product push; at the other end is benevolent service. In between are a number of examples of apps that display differing degrees of benevolence (measured in terms of convenience, entertainment and product assistance). For example, an app from Nationwide Mutual Insurance, based in Columbus, Ohio, helps policyholders file a claim immediately after they have been in auto accident, thereby offering convenience and improved service quality. The first question the app asks is “Is anyone injured?” If the answer is yes, it immediately connects to 911. Otherwise, it gives safety instructions (for example, move to a safe location) and helps users call for a tow truck. To initiate a claim, users can take pictures and collect and record witness information. The app provides a degree of benevolence by

helping the customer through a difficult situation and facilitating a claim and recovery.

On the spectrum from product push to mobile convenience, many apps offer on-the-go services paired with location-based technology. Companies employ technology for both geocoding (based on location latitude and longitude) and reverse geocoding (translating coordinates into a street address) to deliver accurate locations. GasBuddy, a collection of local websites, offers an app for the United States and Canada that shows gas stations near a user's location and their respective gas prices. Similarly, Foursquare, a popular social application with more than 40 million users, can use geolocation data to connect consumers to friends, events and venues of interest nearby.

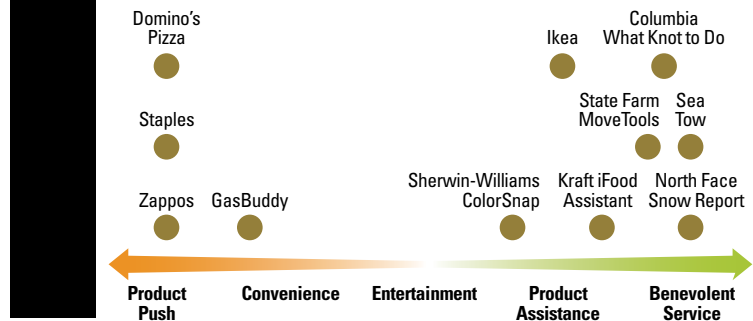
Many companies are offering apps with information people want as a means of enhancing their brand positioning. A good example is Chipotle Mexican Grill, the Denver, Colorado-based restaurant chain, which released a game app in 2013 called Scarecrow. Chipotle stresses food that has been sustainably raised and is local in both its restaurants and its branding, and the app is designed to reinforce this business orientation.

Apps offering product advice and assistance appear along the Mobile App Benevolence Spectrum as neither entirely promotional nor completely benevolent. For example, Kraft Foods offers an iFood Assistant app, which allows users to browse recipes by occasion or category and then add the necessary ingredients to a shopping list. It includes a recipe box option that lets users access favorite recipes. Other features are a one-touch click mechanism that crosses items off the shopping list and a "What's on Hand" filter that selects recipes with ingredients already in the user's pantry. Although providing recipes might be considered benevolent, there is no question that the app also advances Kraft's interests; it displays the Kraft brand and lists the company's products at the top of ingredient lists.

In a similar vein, furniture retailer Ikea and paint manufacturer Sherwin-Williams offer apps to help customers envision how their products might be used and how they might work in a desired location. Customers looking at Ikea's printed or online catalog, for example, can use their smartphones to scan items and then superimpose them on a room,

THE MOBILE APP BENEVOLENCE SPECTRUM

At the left end of the spectrum are apps whose goal is to sell product. On the right end are apps that provide benevolent service. In between are apps that display differing degrees of benevolence.



complete with a 360-degree view. While the app allows customers to get a better idea of what items will look like, for Ikea there is a direct link to completing sales. Sherwin-Williams' ColorSnap app allows users to capture desired colors on their mobile devices and then matches the colors to specific paint colors they can purchase at the paint store.

Benevolent apps designed to provide important information and guide people through what can be confusing processes tend to downplay the marketing of specific products or services. As noted, Sea Tow emphasizes safety information and emergency resources as opposed to its own revenue-oriented services. The Car Seat Helper app offered by Phoenix Children's Hospital, in Phoenix, Arizona, offers another example. It recommends car seats based on the size of the child and helps parents understand the differences between brands and models.

A growing number of organizations, including well-known product companies, have come forth with their own benevolent apps in which selling products takes a backseat to providing information and gaining trust. The North Face, a company based in Alameda, California, that specializes in outdoor equipment and gear, for example, has a mobile app called the North Face Snow Report that lets users get free snow reports for their selected resorts, log their ski trips and get information about avalanche advisories. The app appears to be intended to build trust, cast the brand in a positive light and encourage users to consider North Face products when purchasing gear and apparel. Columbia Sportswear, an outerwear and sportswear company based in Portland, Oregon, has developed a different way of

connecting with customers and would-be customers with its What Knot to Do (in the Greater Outdoors) app, which shows users how to tie dozens of knot variations. Although Columbia doesn't sell rope, the company is well aware that its target customers often need help navigating difficulties in outdoor life.

How Effective Are Benevolent Apps?

As noted, there's a spectrum of benevolence. But does benevolence really pay off in an app? To help answer this question, we conducted two studies to assess the impact of benevolence on consumer preferences for a brand. (See "About the Research.")

In the first study, we developed and tested a proposed app called Dubble Wrap for Liberty Mutual Insurance, headquartered in Boston, Massachusetts, to determine if and how a benevolent app could build brand, customer preference and sales potential. In the second study, for Suruga Bank in Japan, we attempted to determine the impact of benevolent apps in a global setting with a different cultural context. We developed a mobile app to help Suruga's consumers select new homes, whereupon we assessed how the app impacted the bank's brand.

Study #1: Liberty Mutual The Liberty Mutual app was aimed at people who were in the process of moving. It provided them with two capabilities: (1) a digital "safe" where they could record (with text and photos) their valuable-items inventory, and (2) an inventory tool where they could record the contents of their boxes and the condition of the items.

It is interesting to note that although Liberty Mutual offers auto, homeowners and personal property insurance, it does not offer moving insurance. So why did the company find the idea of creating an app to help people move appealing? Their goal was to build trust through benevolence and to improve brand image, consideration and purchase intent, so the app was an attractive concept. On the final screen of the app, users could contact Liberty Mutual for more information about home, life and accident insurance. Although the app was benevolent, it had a mechanism for capturing goodwill by linking users to the company's agents. And if users called Liberty Mutual, they already had their belongings catalogued in the safe on the app. This simplified the process of applying for insurance and described the actual losses the renter or homeowner might incur.

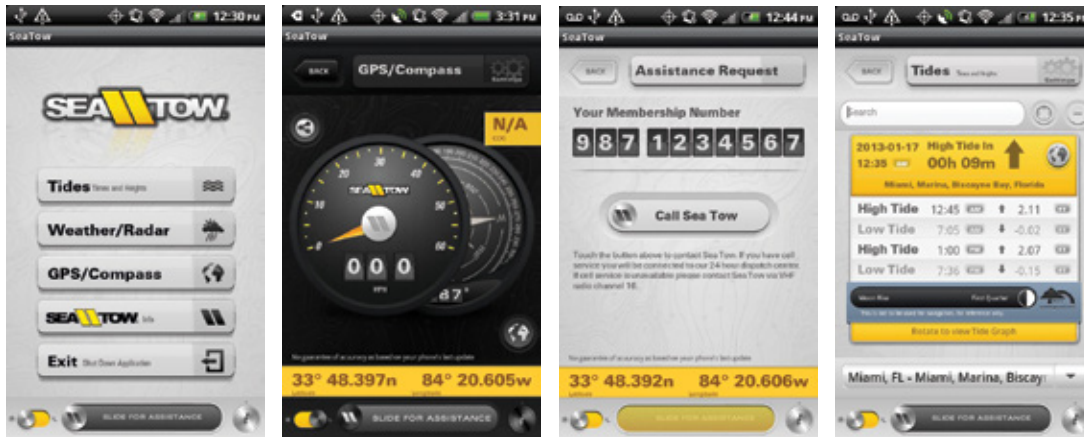
The app was tested in 2010 in a comprehensive market research study of 750 consumers who used iPhones, in a controlled panel where 550 survey participants used the app. Overall, the Liberty Mutual moving app was seen as meaningful, believable and relevant (with an average rating of more than 4 on a 5-point scale). The favorable user experience led to positive attitude changes toward Liberty Mutual, which considers responsibility and trust to be among its key brand attributes. The company saw a very significant increase in its trust rating, along with increases in "works hard to meet my needs" and is more "responsible," as well as in believability and confidence attributes.

For companies seeking to build market share, brand consideration is always important. If your brand is not considered, it will not be evaluated by consumers in their information-gathering activity (for example, from friends, the Web or the media) and be placed in the purchase set of alternatives. In the base measures, the likelihood of considering Liberty Mutual for insurance was 5.4 (on a scale of 1 to 10). But after people used the app, brand

ABOUT THE RESEARCH

We used primary market research to evaluate the impact of benevolence in apps on consumer attitudes toward the sponsor of the app. Two apps were developed, and two independent random samples were analyzed. A sample of 750 respondents was collected in the U.S. to evaluate Dubble Wrap, and 1,500 respondents were surveyed in Japan for the Dream Move app. This was done using a pre-/post-measurement design with a control condition. We measured awareness, brand attitudes, likelihood of consideration and probability of purchase before use of the apps and then post-measures of the same attributes after forced use of the apps. App test results were compared with a control condition (100 people for control in Dubble Wrap who saw the existing company website, plus 100 who viewed existing company television ads; and 500 in Dream Move who viewed an article on banking in Japan, plus 500 who saw an existing company advertisement). We estimated brand impact by statistical analysis of the changes in brand attitudes that resulted after use of the app, compared with pre/post changes in the measures of the same attributes in the control conditions. We observed statistical significance in the positive changes of brand trust, consideration and purchase intent after user experience with the apps.

Our initial work shows that benevolent apps can build brand image, consideration, preference and purchase intent, but more research would be useful. Another approach could be to explore the entertainment dimension of apps. For example, an app project called Dream Car is under development in the auto industry, sponsored by General Motors; the app involves a contest to design a new car. Each customer can use a tool-kit to design his or her car, accessorize it and create a background environment that expresses the image of the car. These designs are embedded in a social network so consumers can rate, adopt and extend others' designs. The winner gets a free weekend in the new car that most closely matches his or her dream car. Early results indicate significant increases in measures of brand relationship and consideration of the brand after use of the app.¹



The Sea Tow app provides boaters with information as well as enabling them to contact Sea Tow for emergency towing and rescue assistance.

consideration rose to 6.7, an increase of 1.3 rating points — or a 24% increase. For consumers who would consider Liberty Mutual, the likelihood that they would purchase homeowners/renters insurance increased significantly, from 2.9 (1 = very unlikely, 5 = very likely) to 3.3, or a significant 14% increase. The combined multiple for both increased consideration and purchase was 1.41 (1.24 × 1.14), for a 41% potential increase in sales potential for those who used the app.

In the highly competitive insurance industry, preference for a company relative to competitors is important. We measured preference by having customers allocate 100 points between the leading companies they would consider. Initially, Liberty Mutual earned 9.2% of the preference points, but after people used the app, the company garnered 17% of the points, almost twice the original preference share. It also made significant gains against several key competitors. Although Liberty Mutual did not fully deploy the Dubble Wrap app, it did use the results of the study to refine its mobile strategy and develop an app called Home Gallery, which included the digital safe feature from Dubble Wrap. In the meantime, State Farm came out with a moving application called MoveTools to help users create task lists for moving, including organizing, inventorying, packing and labeling belongings, as well as coordinating logistics for an actual move, highlighting the view that benevolent apps can help companies improve brand perception.¹²

Study #2: Suruga Bank Dream Mover, the mobile app we developed in 2013 for Suruga Bank, a bank based in Shizuoka, Japan, helped Japanese

consumers choose new homes to purchase or rent and assisted them in understanding the financial implications of different decisions. Based on the user's location and budget criteria, the app presented a set of home choices with details such as size, layout and proximity to public transportation. In addition to helping users screen potential places to live, the app acted as a budget-planning advisor, providing information on personal loans and mortgages as well as providing targeted advice about their specific situations.

To assess the impact of Dream Mover, we surveyed 1,500 randomly selected respondents, all of whom used either iPhones or Android smartphones; 500 were asked to use the app as part of a market research study on home buying or renting. The brand response to the app was extremely favorable. Among respondents who used the app, there was a measured increase in awareness, trust and positive consideration of Suruga Bank.

Specifically, the bank's ratings were significantly improved (significant at the .01 level) for characteristics related to support for making future financial plans, being "open, honest and transparent" and offering "believable advice or information and a brand you can trust." In addition, the bank was perceived as significantly more technologically advanced than it was prior to consumers' exposure to the app.

Positive results from the app's use also show that regard for Suruga Bank as a bank to consider for reviewing financial plans or obtaining financial services (when faced with a shortage of money to buy or rent a new home) rose from 4.34 to 14.16, an increase of 9.82 percentage points, or

2.26 times the comparable value before use of the app. Among those who used the mobile app, preference for Suruga compared with other banks increased significantly: in a 100-point allocation to various brands, Suruga's points tripled from .99 to 3.04. Suruga Bank is now considering implementing the app.

Creating Effective Benevolent Apps

Our market research provides strong indications of the value of benevolent apps. Specific benefits of course depend on a company's specific circumstances, including the degree of benevolence of its app and its market's competitive structure. We have identified five steps for managers to consider.

1. Decide how benevolent you want your app to be. Companies can begin by adding features to their existing websites that consumers may value. However, companies whose marketing strategy stresses benevolence should consider a self-standing app that is useful to customers and not directly focused on making transactions. You can start by asking what information your customers need that you can provide, followed by what service they want or need delivered on a mobile device. Finally, ask how you could make what they do easier. The key is to be unique and useful and, ultimately, to have the technology to back your service.

For example, Kraft's iFood app supplies recipes and helps users make use of ingredients in their pantries but also identifies Kraft brands in each recipe. To capture the benefits of benevolence, a clear brand link is necessary. In Suruga's Dream Move app, the bank's logo was visible in a small format on all pages and in large format on key pages.

If your overall strategy is trust-based, moving to the far right of the benevolence spectrum makes sense. If you are a promotion-oriented brand, then evolving toward benevolence from left to right on the spectrum is best.

2. Design your app. Rather than asking IT to build an app, you should design an app as you would design a new product, with go/no-go steps along the way. At Liberty Mutual, we ran multiple focus groups to identify possible apps. Because many insurance decisions are made during the relocation process (especially about auto and home insurance), it was seen as an attractive area — and one that might have particular value for affluent movers. Focus groups supported this view: The more complex the move and the more valuable the items, the more benefit customers could potentially derive from the app. The Liberty Mutual focus groups looked at a “heavy” version with many features and a “light” version with only two features; ultimately, the company went with the simpler version. For the Suruga study, three focus groups were conducted to develop the specs for the app.

3. Test the benevolent app with users. In the Liberty Mutual study, we tested a prototype to assure ease of use and value generation. We did similar tests on the Suruga app. In order to build trust, benevolent apps need to be flawless and relevant. Glitches and flaws undermine trust. App developers need to understand exactly how the app generates value for the customer and how the app establishes a psychological link to the brand. Even after launch, monitoring is important; often a 2.0 version of the app will be appropriate to capture the new learning.

4. Launch the app with marketing support. Launching an app is much like launching a new product — you need to spend money to achieve awareness. Consumers can't download or use the app until they're aware that it exists. To generate awareness, you need to have a specific marketing budget. Part of the budget should be to encourage downloading. With more than 1 million apps in both the iPhone and the Android app stores, most apps will generate little interest without advertising



Using mobile apps that exude benevolence can significantly impact sales at a low cost — and thus improve profitability. For global brands doing business in a variety of markets, benevolent mobile apps can be utilized even in diverse cultural contexts.

spending. Advertising could be in the form of banners, search words, Facebook or traditional media.

5. Link the app to your overall media spend and strategy. Apps work best when their design, distribution and service are part of a trust-building strategy for brands that advocate for the consumer. All media contribute to the achievement of brand image, consideration and choice. In the Liberty Mutual study, we used TV and an educational company website as the control. These forced exposures also generated positive response. The app usage produced a 60% increase in consideration and a 34% increase in preference points relative to the TV or website changes. In the Suruga study, the app was more than twice as effective as a print advertisement in terms of incremental consideration and preference, given the forced exposure to the ad and the app in our study.

This indicates that apps are powerful, but other media are also important. Mobile apps represent a little-understood but high-potential area for media strategy. The challenge is to create a media mix that optimizes the company's investment. While recommending the best mix of media is not the focus of this study, benevolent apps can be an important and productive part of brand communication strategy and the total budget.

Our two studies show that benevolent mobile apps that try to help consumers in decision making can positively impact a company's brand perception, consideration and preference. In summary, using mobile apps that exude benevolence can significantly impact sales at a low cost — and thus improve profitability. For global brands doing business in a variety of markets, benevolent mobile apps can be utilized even in diverse cultural contexts. Benevolent apps lead to increases in perceptions of trust, thus promoting consideration, preference and intention to use the brand. These are powerful forces that can lead to increased revenue from trusting consumers who perceive that the brand has their interests in mind.

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