

The value of mobile apps in the travel industry

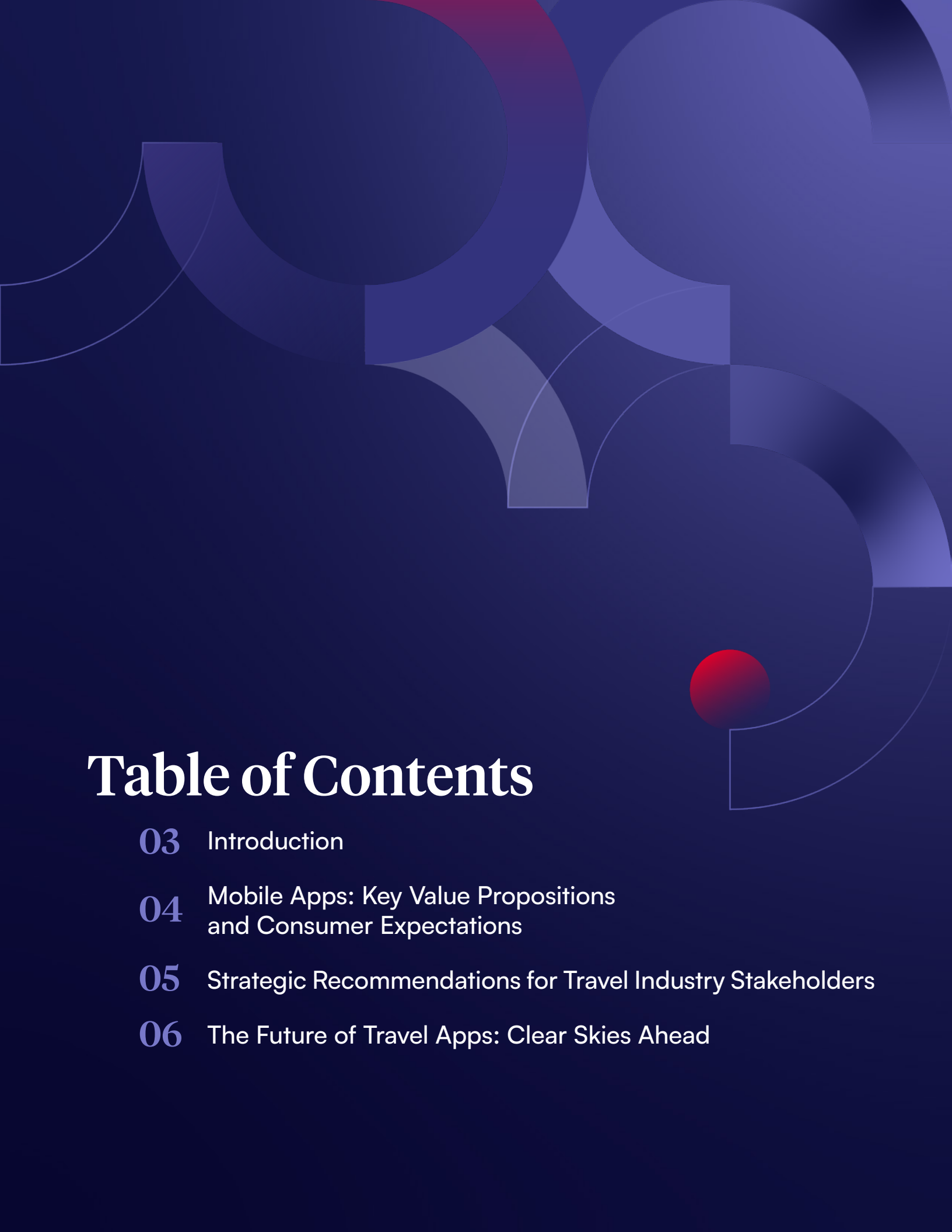


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Introduction

Travel apps — from planning itineraries and flights to booking hotels and homes — are having a moment.

The travel app industry had a market size of \$629 billion in 2023, a 13% increase over the previous year according to the [2024 Business of Apps Travel Apps Report](#). Revenue is expected to reach [\\$2 billion by 2027](#) — not surprising, as the vast majority of travelers now won't go anywhere without an app to help them plan, book and manage their trips.

A [2023 Tripadvisor survey](#) underscores this shift in consumer behavior, with 75% turning to apps not just for convenience and to streamline their travel experiences, but also to discover new places and experiences.

But while in many ways this is the golden age of mobile travel app adoption, some travel companies fail to use their apps to acquire and retain customers. This is a missed opportunity amid growing pressure to capture consumer attention and the changes that AI is bringing to the travel industry.

This report examines the many benefits of mobile apps and shares examples from travel and technology industry leaders. It also highlights how optimizing these apps is critical for travel companies that want to stay competitive and meet the ever-growing expectations of modern travelers.



Mobile apps: Key value propositions and consumer expectations

The integration of mobile apps into the travel industry has created a significant shift in how services are delivered and experienced. Apps are no longer an add-on option but an “always on” expectation for consumers. They’re a trusted partner in the travel experience, not just a tool.

While an app’s value varies with each consumer’s needs and preferences, some benefits are must-haves for companies and consumers alike:

Keyless entry and pre-arrival check-in:

These allow guests to bypass the front desk entirely and go right to their room, often with the ability to select a specific room or floor. Major chains like Hilton and Marriott have this functionality fully integrated into their apps, saving time and providing a more personalized, seamless experience.

Real-time communication: Airlines use mobile apps to send passengers updates on flight statuses, gate changes, and other important information.

Alaska Airlines even offers an app feature that lets passengers order food before boarding, ensuring availability and greater convenience during the flight. The airline reports that the pre-order system enables them to offer more food options than any other domestic carrier.

In-app notifications: Emails and text messages can be delayed; in-app notifications are more immediate and reliable.

Reduced customer service costs: Mobile check-in and keyless entry reduce the need for front desk staff, lowering operational costs and improving response times and customer satisfaction. Implementing digital and AI self-service options can reduce customer service costs by up to 30%, [McKinsey](#) reports.

Convenience and personalization

The success of travel apps lies in their ability to make every aspect of the travel experience more efficient, convenient and personalized. The app becomes a tried-and-true travel partner, and the result is often increased customer loyalty.

Recent studies underscore this. In a [2023 report by Deloitte](#), 78% of travelers indicated that personalized services significantly influence their loyalty to travel brands. Additionally, [a study by PwC](#) found that 80% of consumers are more likely to choose a brand that offers personalized experiences over those that do not.

“App users have a significantly higher lifetime value,” says Sophie Frostbaum, a senior business strategy manager for Branch, leader in mobile measurement and linking. “They are going to convert at about 2.5 times the rate of someone on the mobile web. Many of our customers believe getting someone to download the app, even if it means cannibalizing a purchase on mobile web, is still worthwhile due to the incremental lifetime value that app user brings.”

67%

of travelers prefer hotels that offer mobile check-in options ([Statista](#))

76%

of global travelers said they look for travel apps that reduce the friction and stress of travel ([TravelPerk](#))

Industry spotlight: Airbnb and VRBO

Airbnb and VRBO, two leading platforms in the short-term rental market, offer unique features that cater to different segments of travelers. According to a recent [NerdWallet analysis](#), Airbnb excels in offering more diverse and unique accommodation types than VRBO, which focuses primarily on entire homes and does not generally offer shared spaces. But while Airbnb has a larger market share and more listings, a 2023 [Skift report](#) found that VRBO’s emphasis on whole-home rentals provides a competitive edge in specific segments.

Both Airbnb and VRBO have integrated features into their apps that enhance the unique travel experiences of their users, including booking confirmations, upgrade options and seamless communication between hosts and renters. A 2023 survey by [J.D. Power](#) proves this works, finding that vacation rental apps with robust services received higher satisfaction scores from users.

Key drivers of convenience

Seamless booking and check-in: Mobile apps streamline the booking process by allowing users to search, compare and book flights, hotels and rental services with a few taps. Apps like [Booking.com](#) and [Expedia](#) offer intuitive interfaces and exclusive app-only deals, which significantly simplify the booking experience. Features such as mobile check-in for flights and hotels reduce wait times and eliminate the need for physical interactions.

In-trip services: Delta's app — consistently rated highly in app stores for its comprehensive features and user-friendly design — sends push notifications about flight changes and baggage claim information, and even offers step-by-step directions within airports. It also remembers user preferences and provides relevant information based on past interactions.

Tailored recommendations: Airbnb's app excels at reducing friction. The company uses machine learning algorithms to suggest properties and experiences that align with a user's past searches and bookings. This personalized approach, as well as features like instant messaging with hosts and booking confirmations, not only enhances user satisfaction but also encourages repeat bookings.

Loyalty programs: Many travel apps integrate loyalty programs that reward users for their continued engagement. Marriott Bonvoy users can earn and redeem points directly through the app. The app tailors the experience through preferences and past behaviors, making it a favorite among frequent travelers.

Enhancing competitive advantage

For travel brands, convenience and personalization not only mean better customer experiences but increased retention. In a fiercely competitive industry like travel, mobile apps are a powerful tool for companies to differentiate themselves and gain a competitive edge.

Emerging technologies are bringing new features that boost the functionality and appeal of travel apps, including:

Interactive experiences: With augmented reality (AR) technology, travelers can overlay digital information onto real-world images. Google Maps now offers AR walking directions, allowing users to see arrows and directions superimposed on the real-world environment through their smartphone cameras.

Personalized suggestions: App companies use artificial intelligence (AI) to personalize recommendations for accommodations, activities and dining options based on user preferences. Apps like Expedia use AI algorithms to suggest itineraries and experiences relevant to users.

Enhanced customer service: AI chatbots and virtual assistants are becoming standard features in travel apps, answering user queries in real time around the clock. This not only improves customer service but also reduces the workload on human agents.

Hands-free convenience: Voice-activated features give busy travelers a hands-free option to search for flights, hotels and activities.

Data analytics for personalizing user experiences

Data analytics help travel companies understand user preferences and behaviors. For example, booking platforms can analyze past booking data to suggest destinations or accommodations that match a user's interests. Personalized marketing campaigns based on data insights can significantly improve engagement and conversion rates.

Analytics alone are only part of the solution, however. Human behavior is dynamic and

often unpredictable. You have to understand customer preferences in the moment.

Take a customer who is searching for last-minute hotel deals. An app leveraging real-time data can immediately present relevant offers and discounts, increasing the likelihood of booking. By continuously monitoring and analyzing user interactions, travel apps can identify problems customers might have at every step of the process.

Features that drive high engagement and repeat usage

App downloads are considered the holy grail for marketers — but downloads tell only part of the story.

The success of a travel app is determined largely by its ability to engage users and encourage repeated use. High-performing travel apps share certain characteristics that make them stand out in a crowded market:

Ease of use: A well-designed app with an intuitive interface enhances user experience and encourages frequent use. Apps like Delta and Airbnb are known for user-friendly designs that simplify navigation and make it easy for users to find the information they need.

All-in-one solutions: Travel apps that offer comprehensive features — such as booking, check-in, real-time updates and customer support — provide greater value to users. Marriott Bonvoy, for instance, integrates a wide range of services within its app, from booking rooms to accessing exclusive member benefits.

Interactive and informative content:

Destination guides, travel tips and user-generated reviews help users stay engaged and informed. [TripAdvisor's](#) app, for example, features a wealth of user reviews and travel guides that help users make better informed decisions.

Timely updates: Push notifications and alerts let users know about important updates, offers and reminders. For example, travel apps for Delta and other major carriers often send notifications about flight delays, gate changes and check-in, ensuring that travelers are always where they need to be.

When travel companies seamlessly integrate these features into their mobile apps, they're not just meeting customer needs — they're setting themselves up to attract and keep loyal customers.

Optimizing app performance

Services and features mentioned here aren't all that difficult to implement — and in most cases, they're required in a relentlessly competitive mobile app environment.

What truly separates good apps from great ones is optimization — though not everyone gets it right nor understands the long-term value or impact on customer loyalty. Many companies miss the mark by not focusing on the long-term benefits.

“Optimization isn't just about making things work better in the short term,” says Frostbaum. “It's about creating a seamless experience that keeps users coming back. It's a sustained improvement that impacts loyalty over the long haul.”

Deep linking for a seamless user experience

Deep linking directs users to specific content within an app, bypassing the homepage and eliminating unnecessary steps.

For instance, when a user clicks on a promotional link, deep linking takes them directly to the relevant product page or booking form within the app. This streamlined experience reduces friction and increases the likelihood of conversion.

Says Frostbaum: “Every time you're deep linking someone to the app over the mobile web, there's actually an incremental value associated with it due to that higher conversion rate that you see.”

There's also deferred deep linking — an advanced form of deep linking that preserves the context of a user's journey even if they haven't installed the app yet. When users click on a link, they are prompted to download the app, and once they open it, they are taken directly to the intended destination. This method ensures a smooth onboarding process and higher engagement rates.

Deferred deep linking through referrals is the real star, Frostbaum says, because “the context of the entire experience is preserved, enhancing user satisfaction and conversion.”

Mobile attribution throughout the user journey

Mobile attribution tools track the user journey from initial interaction to conversion. This highly valuable data helps travel companies understand which marketing channels and campaigns are most effective. By identifying the sources that drive the highest-quality users, companies can optimize their marketing spend and improve ROI.

For example, a user who frequently books luxury hotels might receive targeted promotions for high-end accommodations, making marketing efforts more relevant. For

travel apps to function at the highest level possible, however, the data must work with CRM systems and marketing automation platforms. This integration allows for consistent communication and personalized interactions across all touchpoints.

Integration with backend systems also streamlines operations by automating processes such as booking confirmations, payment processing and customer support. This not only reduces manual workloads but minimizes the risk of errors, a boost to service quality.

Data consolidation

Consolidating data from different sources helps create comprehensive user profiles. These often include information on past bookings, preferences, feedback and interactions. For instance, knowing a user's preference for window seats or specific hotel amenities allows travel companies to improve customer service by tailoring recommendations.

Consolidated data also provides insights that inform business strategies. Travel companies can analyze this data to identify trends, understand user behavior and optimize their offerings. If data shows a growing preference for eco-friendly accommodations, a travel app can highlight such options to meet emerging demand.

All of these elements — from deep linking and mobile attribution to data integration and consolidation — play a critical role in improving the user experience, driving customer engagement and fostering loyalty that can last for years.

"The long-term value of a well-optimized app can't be overstated," says Frostbaum. "Users who have a positive experience are more likely to remain loyal and recommend the app to others, creating a cycle of growth and engagement that many companies fail to leverage fully."

Case in Point: Hostelworld

Hostelworld, a global travel platform, partnered with Branch to enhance its user-acquisition and engagement strategies. By leveraging Branch's deep linking and mobile attribution solutions, Hostelworld optimized its digital advertising and implemented QR codes in hostels, boosting user interaction. This led to a **101% increase in bookings and a 48% rise in new users.**

Strategic recommendations for travel industry stakeholders

Before developing or reimagining an app, travel companies should keep these three strategic imperatives in mind:

User-centric design: Prioritize the needs of users in app design. Conduct user research to understand their expectations and any problems they encounter with the app. Design the app interface to be intuitive and easy to navigate.

Integrated features: Incorporate features that address all stages of the travel journey, from planning and booking to in-trip services and post-trip follow-ups. For example, Marriott Bonvoy's app integrates booking, loyalty program management and in-stay services, offering a comprehensive travel partner.

Performance metrics: Define clear performance metrics to measure the success of the app. These should include user engagement, conversion rates, retention rates and customer satisfaction. Regularly review these metrics to identify areas for improvement.

Best practices for app development and user engagement

Agile development: Use agile development methodologies to enable regular improvements and rapid responses to user feedback. This approach ensures the app evolves to meet changing user needs and market trends.

Cross-platform compatibility: Design the app to be compatible with both iOS and Android platforms, providing a consistent experience across devices. Use tools like [Flutter](#) or [React Native](#) to streamline the development process and maintain feature parity.

Security and privacy: Implement robust security measures to protect user data. Ensure compliance with relevant regulations, such as the General Data Protection Regulation (GDPR). Clearly communicate privacy policies to users and offer options for managing their data.

Personalized content: Use analytics to deliver personalized content and recommendations, such as relevant flights and services.

Gamification and rewards: Loyalty programs that offer points for app interactions can boost engagement and retention.

Continuous improvement — and listening — are essential

Maintaining a high-performing app that meets evolving user expectations requires a commitment to continuous improvement and effective integration of user feedback. Regular updates are essential for adding new features, fixing bugs and improving overall performance. Optimizing loading times to help eliminate app crashes and ensure smooth navigation are also key to enhancing the user experience.

Integrating user feedback is equally important. Providing multiple channels for users to give feedback — such as in-app surveys, feedback forms and app store reviews — allows companies to gather valuable information and prioritize feedback that aligns with both business goals and user needs.

The future of travel apps: Clear skies ahead

As the travel industry continues to evolve, the role of mobile apps will only become more significant.

Mobile apps have emerged as crucial tools for meeting new consumer demands, offering travelers greater convenience, personalized experiences and real-time information.

By adopting strategic measures and staying attuned to emerging trends, travel companies can harness the full potential of mobile apps to drive business success and achieve long-term growth.

“Investing in mobile app optimization is not just a tech upgrade; it’s a strategic move that can redefine customer loyalty and engagement,” Frostbaum says. “The

companies that get this right are the ones that will lead the future of travel.”

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Sophie Frostbaum
Senior Business Strategy
Manager at Branch

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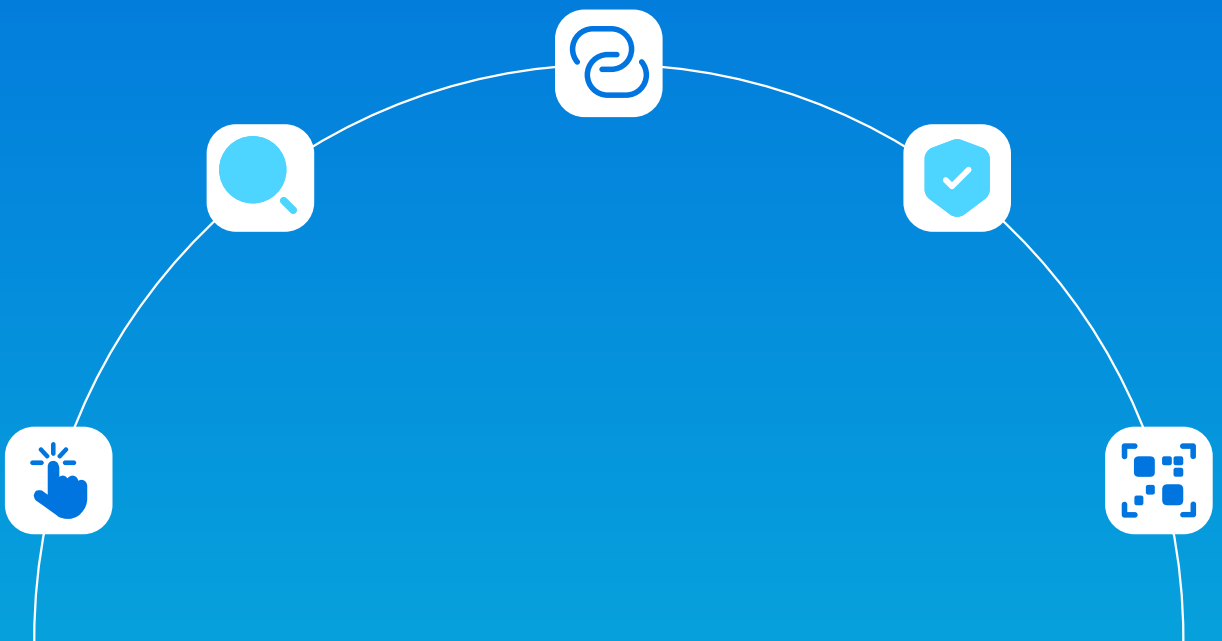
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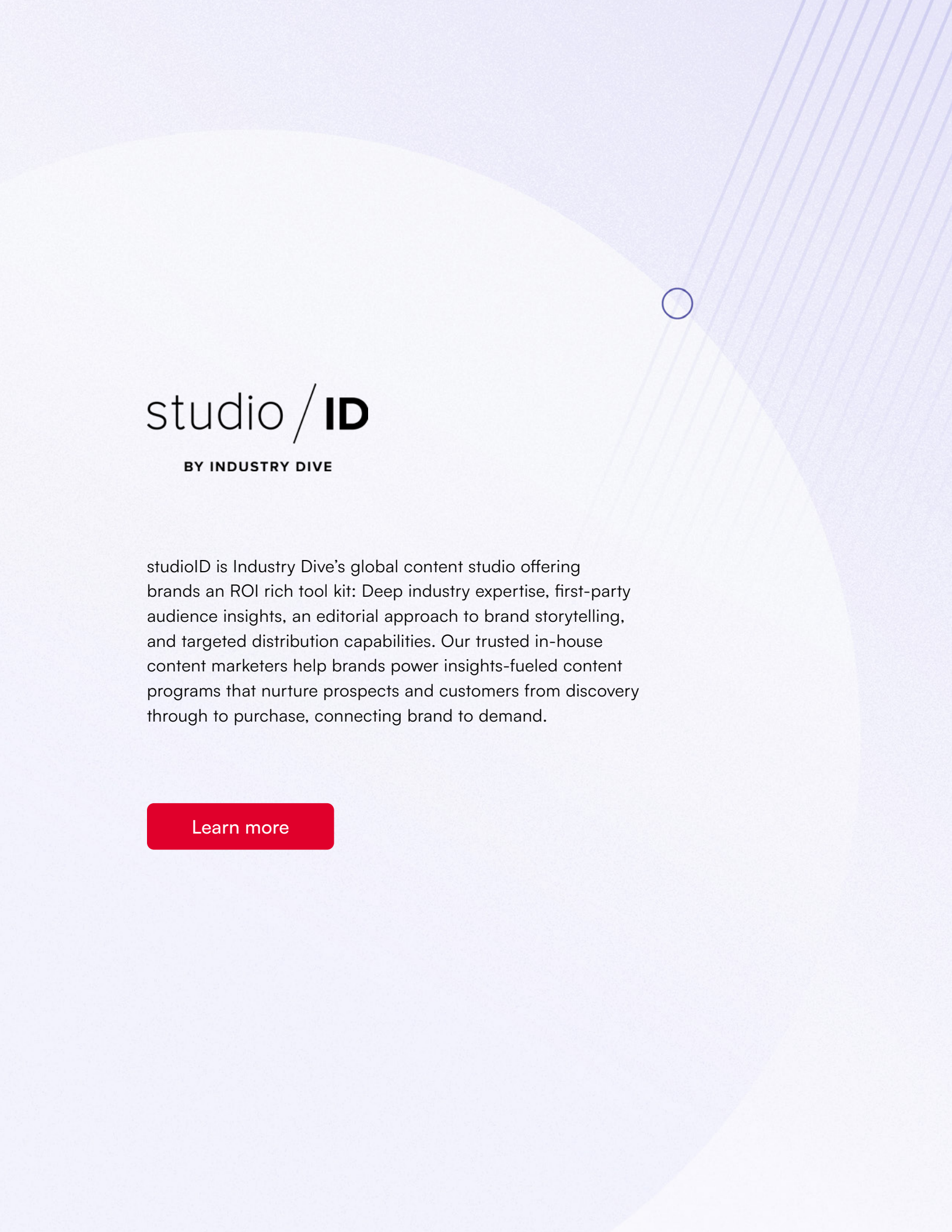




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