Mobile Marketing and Customer Loyalty & Satisfaction: Sephora case Study

Author: Hady Saleh
Grenoble Ecole de Management
Msc Marketing 5
Thesis research Study
Hady.saleh@gmail.com
Abstract

Title: Mobile Marketing and customer satisfaction and loyalty: Study of Sephora

Level: Master Degree in Marketing

Author: Hady Saleh

Tutor: Matthew Hudsson

Date: March – 2013

Goal of this research: The key component of any successful business is having customers. A business cannot develop in any way if they don’t have people spending money on the resources they are trying to provide. Therefore, one of the main challenges of any business is generating and retaining customer interest and loyalty. In the high competitive market of today, companies must use the best and most up to date communication channels to engage with their customers and keep them interested. With this research, the aim is to examine and understand communication through the mobile medium, in relation to customer relationship management (mCRM). It is only recently that CRM has become an important topic in the marketing field. The relation between mobile marketing as an element of CRM is still at its early stages and rarely gets taken into consideration. The goal of this study will be to firstly, highlight the correlation between mobile marketing and customer loyalty, and secondly, to develop a practical and theoretical understanding of mCRM.

Methodology: various methods of study have been implemented the research paper, starting with the literature reviews and then a survey and a interviews. The data gathered and the results has been analysed in relation to the hypothesis, and trying to find correlation between the different variables supported by tables, charts and pictures.

Results & conclusions: based on the literature review, the theoretical and empirical discoveries, a correlation clearly exists between the use of mobile marketing as a channel and
the customer satisfaction and loyalty. The use of mobile marketing part of the marketing of any company through mobile apps, mobile web, SMS, MMS and many other possibilities can create some sort of constant communication between the two ends, the company and their customers and can develop and create a trust and strong bonds between the customers and the company. Taking into consideration that the mobile marketing as a marketing channel is still somewhat at its first stage and the use of smartphone is not really adopted by all the generation of the population, some time will be needed and more researches should be done in the future to confirm all the findings that has been showcased in this research.

**Suggestions for future research:** for the future research it will be great to broaden the sample of the study knowing that a very specific sample has been studied in this research, and not to forget to investigate the relation between the mobile marketing implementation cost and the outcomes and the return that brings to the company.

**Contribution of the thesis:** The thesis man aim is to spot the light on this rich and relatively new marketing channel, and to showcase the benefits that can bring to the company that varies from an effective communication with customer that leads to customer loyalty and satisfaction.
# TABLE OF CONTENTS

1 Introduction........................................................................................................................................5
   1.1 Problem background and discussion..................................................................................5
1.2 Aim and purpose....................................................................................................................11
1.3 Thesis statement.................................................................................................................12
1.4 Research questions.............................................................................................................12
1.5 Research hypothesis...........................................................................................................12
1.6 Research disposition...........................................................................................................12
1.7 Delimitations......................................................................................................................14
2 Methodology................................................................................................................................14
   2.1 Choice of the subject........................................................................................................14
   2.2 Research approach..........................................................................................................15
   2.3 Case study approach.......................................................................................................17
   2.4 Data collection................................................................................................................18
   2.5 Data analysis..................................................................................................................20
   2.6 Research process.............................................................................................................20
   2.7 Research validity and reliability......................................................................................21
3 Theoretical study......................................................................................................................23
   3.1 Mobile phone..................................................................................................................23
   3.2 Customer loyalty.............................................................................................................26
   3.3 Promotion........................................................................................................................30
   3.4 Mobile marketing............................................................................................................31
   3.5 Mobile marketing as a trend...........................................................................................32
   3.6 Critics on mobile phone..................................................................................................34
   3.7 Mobile marketing strategies............................................................................................35
   3.8 Mobile customer relationship.........................................................................................38
   3.9 Mobile marketing potential benefits...............................................................................38
   3.10 The future of mobile marketing.....................................................................................41
   3.11 Research hypothesis.......................................................................................................42
4 Empirical study.........................................................................................................................45
   4.1 Background information of the case study company.......................................................45
      4.1.1 Sephora presentation.................................................................................................45
      4.1.2 Sephora mobile marketing contribution.................................................................46
   4.2 Questionnaire, survey, results, analysis............................................................................49
      4.2.1 Survey output...........................................................................................................49
      4.2.2 Survey analysis/elaboration....................................................................................56
      4.2.3 Reliability test.........................................................................................................63
   4.3 Interview interpretation and results................................................................................63
5 Analysis and discussion............................................................................................................65
6 Conclusion...................................................................................................................................68

Thesis Final Project “Mobile Marketing and customer loyalty & Satisfaction: Sephora Case Study” Page 4
6.1 Further research........................................................................................................69

7 Implication to Sephora..................................................................................................69

References
Appendix
1. INTRODUCTION

The first chapter will present the goals of the research, the questions, and the hypotheses of the study. Later on throughout the paper, the research disposition will be discussed.

1.1 Problem Background and Discussion

Market changes: Relationship marketing and customer relationship management are two topics that have been dominating marketing strategies for close to two decades now. A number of different factors contribute to these trends, factors including the transition to service based economies, advances in communication, logistics, computing technologies, increased global competition and faster product commodization have created a remarkable “Relationship-based loyalty” to companies compared with other marketing mix factors. (Robert W. Palmatier, 2008)

Corporations have to develop and evolve in parallel to the rapid changes in technology, and this means marketers are facing an era where new markets are constantly being established; markets that grant access to communication channels that have never been used before. In the past, traditional marketing focused on the business itself, and the manufacturing companies. Modern marketing has a complete new set of rules where losing customers is not an option. In order to retain customers, the main aim of marketing is to focus on the customers, and to create what is referred to as ‘Relationship Marketing.’ In relationship marketing, focus is put on the person rather than on the business.

The key drive to customer loyalty and retention is the customer satisfaction itself (Donaldson, B. and O’Toole, T., 2007). Therefore, companies are putting all their effort into identifying the needs of their customers, and making attempts to satisfy their needs by delivering high quality and value for them, (kolter, 1999). This could eventually lead to a loyal relationship in the long run. According to a research done in 2009 by Datran Media, customer loyalty lies at the base and heart of any marketing mix. This research has claimed that more than 70% of companies
focus on learning customer behaviour, while a 60% focus on customer retention and loyalty programs; and lastly, a 40% focus on trying to win old customers back. (marketingProfs, 2010).

Customers are the most valuable assets for any company, and therefore, satisfying the customer’s needs comes first. It is these key factors that keep topics such as customer loyalty a constant prevailing issue from the top levels of a company down to the last levels. In order to succeed in reaching those values, intense communication and interaction must be present to strengthen the bond between the two ends. (Donaldson, B. and O’Toole, T., 2007).

In addition to everything discussed, it is important to acknowledge that marketing has now developed into a stage referred to as the information age and later, relationship age (Keith, F. and Tahl, R., 2005). The innovative communication technology we use at present is playing a major role in the contemporary markets. For instance, traditional marketing was limited to only a few channels of communication such as telephones, radios, posters and televisions. However, this is not the case in the present age. The advanced development of information and communication technology has enabled a wide spread of channels that have never existed before. Internet and wireless, for example, have changed the rules of the marketing game. Recently, the introduction of mobile devices and smartphones has taken these changes further.

**Mobile Marketing:** Mobile marketing is still considered a fresh marketing technique that is opening new doors. With the latest creation of smartphones we could agree that mobile marketing will not be getting tired or boring anytime soon. Smartphones have changed everything we've come to know about mobile phones in only a very short amount of time. Smartphones are now loaded with the most modern functions imaginable, functions such as GPS access and professional camera use along with plenty of other beneficial applications such as television, banking and socializing. According to Mobithinking.com 27% of the 4 billion mobile phones in use are smartphones, and by 2018, all phones that will be sold will be smartphones. Mobile marketing will be the main advertising channel used by marketers (fiegerman, 2011). By 2014, mobiles should take over desktop Internet usage, and mobile marketing will account for 15.2% of global online ad spend by 2016 (Berg insight, 2012). Mobile marketing is expected to
be the number one advertising platform and channel by 2020, surpassing TV, radio and Internet from the engagement or advertisement revenue perspective (Waele, 2010).

According to the mobile marketing association France (MMAF, 2013), two over three mobile phones sold in France are smartphones, and the number of smartphone users has reached 23.8 million people. In terms of use, more than 72% of mobile users use the mobile Internet every day or almost every day. There are more than 6.9 million people who download mobile applications every month. The implementation of tablets has also boomed in recent times, (+77% between the first and last quarter of the year) to reach over 14.1% of French households.

With the latest figures from the Garter, the market for mobile advertising for 2013 represents a whopping $11.4 billion, as against $9.7 billion from 2012; an increase of 18.7%. The market should further accelerate as the research firm expects $13.5 billion in 2014 and no less than $24.5 billion in 2016. Director of research at Gartner, Stephanie Baghdasaryan, says, “The market for mobile advertising is growing faster than we predicted due to the booming market of smartphones and tablets, and the evolution of consumer behaviour.”

**Mobile Marketing in Fashion:** By definition, fashion is a term for popular style and practice; it also implies the newest creations. Lately, more and more fashion corporations are starting to drop the use of traditional channels, such as television and magazines, and have chosen to go digital. Fashion corporations are starting to adopt the latest marketing trends in order to keep up with their consumers. The use of blogs and social media has become very popular, as well as a new virtual realm that includes mobile technology and virtual reality. The young consumer of today, born in the information age, was raised with technology and Internet that was easily accessible. This makes them the most important target group for any fashion corporation. The mass production no longer fits to serve the needs of the young consumers. All Fashion corporations need to implement and develop new creative and innovative tools in order to communicate and attract these consumers and build brand loyalty.

Within the field of fashion marketing, very few companies have adapted to using mobiles as a
marketing channel. In fact, only two thirds of the brands have websites that are optimized for mobiles. In short, although the adoption of mobile marketing is still marginal within the fashion industry, some brands have quickly realized the benefits they could reap by implementing mobile marketing. Retailers such as Christian Dior, LVMH and many more have integrated mobiles into their marketing channels, and consider it as their main future marketing potential. They have created simple web pages and applications for mobiles, where they can send their latest offers, information and reminders, personal accounts, location maps and many other features. Sephora has been designated as one of the companies that has already mastered mobile marketing as one of its main marketing tools. According to a study done by L2 Prestige in 2012, Sephora ranked number one out of a hundred other fashion and luxury goods companies in implementing mobile marketing. Retail fashion stores are starting to implement mobile marketing as their main channel to interact and keep in touch with their customers and to promote their loyalty by strengthening customer relationships. This new interactive technology can help businesses in engaging with their customers by developing relationships and communication with individual customers and also enable customers to gain access to information faster and simpler (Godin, 2006).

**Mobile Marketing Trends:** Mobile marketing has come to change the rules in the advertising game. With the advertising market in a recession, traditional advertising channels such as T.V, radio and print advertising are going down (New York Times 2013). Billions of advertising euros are now being shifted away from traditional marketing to online and mobile marketing. Advertisers are now focusing on building their online image towards an audience that has already shifted. Telecommunication systems have come into the heart of business; with the main income coming from the services the mobile can provide and not the device itself.

More and more businesses are starting to jump onto the mobile marketing trend in order to build and boost customer loyalty and in turn increase interaction and communication with their audience; the aim being “customer satisfaction”. For example, Ralph Lauren was one of the early adopters of mobile marketing. They launched a mobile marketing loyalty program which included behind-the-scenes video and photo montage of the design and casting processes, exclusive runaway footage and interviews with the designer, online shopping and access to
special offers and discounts for app users.

In spite of all this, mobile marketing is still an underrated marketing tool and many businesses continue to be hesitant of the results that it could bring to their business. According to “Business Insider” Mobile Internet connection has already exceeded fixed Internet usage such as PC and laptops, while the mobile usage continues to increase. Usage of all other forms of media, including T.V, radio and magazines, are on a very significant decrease. Nevertheless, mobile spending and market shares count for only a small fraction of the overall digital marketing budget. A large 10% of the consumer’s time is spent on mobile, while 39.4% of advertisements are spent on emailing, 23.4% on search, and 7.1% on display, 6.3% on direct mail and 4.7% on social media. This channel represents only 1% of mobile ad spent.

Over all, if companies don’t adapt to the changes and stay with the old traditional approaches, they risk missing out on the great potential of this channel, as it proves to be the most direct way to create customer loyalty and satisfaction.

![Percentage of Web Traffic from Mobile Devices](image-url)
Studies on mobile marketing: Mobile marketing has generated significant interest recently, and thus has become a hot topic to analyse and study. However, as an academic research stream, mCRM is relatively new and there is yet to be a solid correlation or association between mobile marketing and customer relationship management. The first stage of research had shown that the first study of mCRM was made in 2005. After 2005, the subject started to pick up significant attention by the academics; regardless of it being at the beginning phase. With a significant increase in mobile phone users, businesses started to change the way they were operating. It was smartphones in particular that changed the certain aspects of businesses. Not only did they make everyday tasks much easier, for example the ability to connect to a wireless internet outside of an office or home location, but smartphones also created opportunities for businesses, in terms of marketing and advertising. Regardless of the sudden boom in popularity, for businesses and consumers alike, it still took a long time to measure actual results. People were using mobile phones, and businesses were also incorporating mobile marketing into their strategies, but consolidating these aspects took more time, and therefore results were scarce and hard to predict in the beginning. For example, Liljander et al (2007) studied how the mCRM services were perceived by the loyalty programs of airline customers. The key findings proved that the customers at that stage were not yet ready to embrace the mobile medium or to use an airline’s CRM program. At present, customers seem more ready to adapt and use this channel. For this reason, the significance to analyse and explore mobile marketing and its relation with customer loyalty has risen. In conclusion, it could be agreed upon that mobile marketing is still an emerging marketing channel with a lot of potential. This would be indispensable for businesses from all types of backgrounds; especially in retail and fashion, where it can help them keep up with the fast developing markets and customers. Therefore the main aim of this research is to give more insight into this fresh subject, and to also fill in the gaps of previous research.

2. Aim & Purpose

The main objective of this thesis will be to examine the use of mobile marketing as a successful marketing medium, and the various effects of customer relationship management and loyalty that it can produce. This will be done by examining a case
company, Sephora.

3. Thesis statement

Mobile marketing and mCRM: Sephora France Case Study – The outcome of customer loyalty and satisfaction by the implementation of mobile marketing.

4. Research questions

Main research questions: What is the correlation between mobile marketing and customer loyalty? How can mobile marketing leverage the customer relationship management in the fashion industry?

5. Research Hypotheses

With the phase of theory building, literature study and the use of secondary research data, assumptions are formulated as hypotheses, with the purpose of examining the relation between mobile marketing and customer relation and loyalty. Hypotheses are formulated for this research as following:

• There is a clear relation between mobile marketing and customer satisfaction and loyalty.

• Mobile marketing is an important marketing channel that creates a relationship of communication between the customer and the store.

• Mobile marketing is an effective direct marketing technique and good channel to deliver information based on customer needs.

6. Research dispositions

i. A title page: presents the name of the university, the title of the research paper, date of preparation, the name of the author and the tutor.
ii. Acknowledgement

iii. Abstract page: shows a general picture of the paper including aim of the study, methods used, results and contribution of the study.

iv. A content page: presents the list of the content with page numbers.

1. Introduction: By starting with the background literature, the introduction explains the motivations, aims, problem formulations and delimitations of the study.

2. Methodology: The methodology provides an outline of the research methodology and the approach to data collection and data analysis method.

3. Theoretical Discussion: The theoretical discussion provides information based on the theoretical models and assumptions made by various studies in literature. A model of the research is also formulated.

4. Empirical Study: The empirical study presents a general report of the case study, and the results of the questionnaire and interviews.

5. Analysis/Discussion: Analysis and discussion of the results found in the case study, by the reflection of both, the empirical study and theoretical study.

6. Comments/conclusions: The results and discoveries of the research study with comments and suggestions. Future studies are also suggested.

7. Implementation for Sephora: presents comments and suggestions specifically for Sephora.

8. References: provides the list of all references, which have been used in the paper according to the Harvard system in an alphabetical order.

9. Appendix: provides the appendix shown in the research.
7. Delimitations

The chosen research subject could have been interpreted by many different resource possibilities. Knowing that the research was done based on an academic approach with limited resources and budget, some compromises had to be done to keep going with the research and manage to get the best results out of it.

For this research, the focus is on the fashion/beauty and cosmetic industry in France and its implementation, use and its relation between the mobile marketing and the customer loyalty and satisfaction, which means that the study includes only a specific market. Furthermore, the study was based on only one case company, Sephora, which is considered the most successful company in terms of implementing mobile marketing in France and the world as a whole and possessing the biggest market share in terms of sales. The survey was conducted in different cities with various social, education and demographical levels that vary from a city to another.

2. Methodology

In this part of the research paper, there will be more elaborate formulations of the research problem. All the different research approaches will be discussed, including the case study and questionnaire. A presentation of the research process, data collection and analysis will also be discussed.

2.1 Choice of the subject

The smartphone revolution cannot be ignored. On a personal level, I have built a strong relationship with my smartphone since becoming a user. It has become a part of my everyday life and daily routine. The numerous tasks that my smartphone can help me with have changed my perspective on mobile phones completely, and it is this common phenomenon, that others
also feel, that has intrigued me. Mobile phones these days are no longer just for phone calls and text messages, but also receiving and sharing information, interaction, direction and much more. The smartphone has proved to be the most personal and advanced technological device ever created. In addition, smartphones have created a huge potential for a new marketing channel that is more personal, portable, persistent and intelligent.

Studies made by the mobile phone market have stated that by 2018 all mobile phones sold will be smartphones, and most B2C businesses (restaurants, fashion retailers, lifestyle and home leisure) will adapt to smartphone friendly marketing.

However, even though the potential for smartphones and mobile marketing is generally agreed upon, the knowledge on what mobile marketing really is and how it can affect the consumer's brand awareness and satisfaction is still not sufficient. Therefore, the main aim of this research is an attempt to find the answers to the numerous questions that are found on the topic of mobile marketing. This will be done by systemic research and a case study analysis of Sephora – the biggest cosmetic and fashion retailer in France. Sephora now runs more than 250 shops around the world and is the number mobile marketing adopter in France (L2 Prestige.2012).

2.2 Research approach

**Research method:** A scientific approach will be used for the research of this paper in order to yield the most accurate results. The main goal of the research will be to investigate the new phenomenon of smartphones and mobile marketing, and to acquire knowledge not previously discussed before. The scientific method is taken into consideration to the research objectives, by focusing on empirical evidence as well as analysing the results and conclusions in relation with the hypotheses.

The two main methods for analysis in research are the deductive and inductive techniques. Deductive reasoning is a "top-down" approach that flows from a general perspective down to a more specific perspective, whereas inductive research is a "bottom-up" approach that flows from specific observations first, and gradually develops into a more general perspective. In the

---

Thesis Final Project “Mobile Marketing and customer loyalty & Satisfaction: Sephora Case Study”   Page 15
case of this research paper, an inductive approach won't be suitable as the topic lacks the resources and background needed to start from any specific place.

Therefore, a deductive approach will be carried out for this research paper. Furthermore, both empirical and theoretical research will be used in this paper. The empirical part of the research will explain the theories and distinguish the predictions and assumptions for further research. To study and justify the correlations and interrelationships between variables, theoretical facts should first be verified and tested in an empirical study.

Hypothesis by definition is a “pre-analysis” that plays a big role in the interpretation and narrowing down of theoretical results. It is a prediction that is supported with expected science. Thus, having a hypothesis is a necessity in order to test theoretical evidence with empirical evidence. This is done by studying and analysing the links and relationships between the independent and dependent variables in order to increase objectivity and eliminate biasness. For this research, the hypothesis plays a dominant role in delimiting the different areas of study.

**Research Design:** The research has been done by looking at different areas, angles and perspectives to provide a clear understanding of the different parts of the research problem (Dhwan, 2010). Moreover, this will give us a clearer image and reduce the obstacles that the study could encounter. As a result the research design was built as the following:

i. **The Literature Review:** The hypothesis and literature review were formulated and built with the use of secondary data and information acquired by research made earlier in time.

ii. **The Survey:** A survey was made, under the form of a questionnaire, which targeted a specific segment of the population who had experience with the topic at hand. The choice of the experience survey was done to extract valid data for the research study, as well as to provide comprehensions by linking the different research variables.

iii. **Qualitative Interviews:** Interviews were conducted to obtain additional information from the case company’s managers and to support and validate the findings of the study.
**Research Approach:** For the research approach, both quantitative and qualitative methods were used. Using both methods provided this research with the necessary statistics needed, as well as adding reliable and accurate responses from the census gathered. Quantitative research is based on the quantity of a certain number of people surveyed, and thus the numbers of your measurement come first. A qualitative approach results in a more in depth look into your statistics, which would include gathering opinions and reasons from who you are interviewing or surveying. In the case of this research, both methods complement each other and provide us with valuable content. The qualitative approach assisted with comprehending the needs, wants and use of mobile marketing from the perspective of the customer. For the quantitative approach, the two main statistical tools used were SPSS and Microsoft Excel, which helped to arrange the results in an organized way, and therefore made it easier to draw assumptions related to the hypothesis.

**2.3 Case Study Approach**

A case study approach is one of the best ways to decipher complex subjects. This approach can help strengthen and increase the content of the research by providing the right tools to explore and analyse a real life situation. The case study approach allows us to link and compare with theory and gives us concrete insights about a specific case or subject (Yin and Powel, 2009).

To have a deeper understanding about the chosen subject, the company Sephora was chosen for the case study. As mentioned before Sephora has ranked number one in the use of mobile marketing in France (L2 Prestige, 2012) and represents a good example for other retailers from the same market, as it occupies more than 50% of the cosmetics and fashion market shares in France and continues to spread to other different European countries such as Italy, Spain and Germany. Sephora is considered one of the first adopters of mobile marketing as a strategic channel, and has proved to be the leader and pioneer, "The Queen of mobile marketing".

The history of Sephora and its involvement in mobile marketing was examined through secondary data found on the internet, their homepage, mobile app and their annual reports.
published for the public. A questionnaire and interview were both made on the case study as well, which is in this case, Sephora.

2.4 Data collection

To find the right answers for the research questions, primary and secondary researches were used to gather and collect the data needed. By definition, primary research approach is the collection of insights from customers that were never made before, whilst secondary research approach is based on the collection of insights that have already been established and tested by researchers.

Background Study: The background study is based on independent secondary research that has already been established as plausible material. With the support of secondary research, we can assess new information and find the flaws and drawbacks in our research. Thus the secondary research has also helped us evaluate and conclude our research as a whole.

Theoretical study: The theoretical research study is done with the support of the secondary data such the GGSB Library website, journals, books and website articles.

Empirical Study: All the data collected was composed through the use of primary and secondary research. The primary research approach was done through both the quantitative method, which in the case of this research, is a questionnaire, and the qualitative method, under the form of interviews. The revision, study of articles, annual reports and literature had helped support the data collection through the secondary approach.

1. The questionnaire: The questionnaire was distributed to 80 different Sephora customers in five different cities in France. The cities selected were Paris, Lille, Grenoble, Lyon and Juan les pins. The main goal of the questionnaire was to get the customer’s perspective on mobile marketing and its correlation to customer loyalty. The questionnaire was not focused on a selective range of customers, but instead a broad group of people from different demographics.
Although it is clear that young people make up the majority of smartphone users at present, the decision of targeting all types of Sephora customers was taken because studies have proven that by 2018 all mobile phones sold will be smartphones (Waele, 2010). Therefore, different point of views coming from a wider spectrum of people would be of much higher value in the near future.

The questionnaire passed through two different phases of tests, which was necessary in order to give us the most accurate and valuable data needed. Firstly, a survey was given out on the comprehension of the questions and the given experience of answering them. The survey was then modified to a more simplified version where technical questions were broken down to be read more easily, furthermore, open-ended questions were either deleted or shortened. Business and marketing terms were replaced by more natural terms, which made the questionnaire more understandable and relatable to the customer. The main purpose was to have a clear and simple questionnaire that would get the most valuable data.

The questions of the survey were made in an ascending order, starting with general and basic questions that helped the respondents familiarize with the brand as well as generate concern on the subject, and then they reach a section of more critical and developed questions. This form of questionnaire was built according to the research study. The survey was translated into French in consideration to the mother tongue of the majority of respondents.

The respondents were able to the fill up the questionnaire under the supervision of the researcher to avoid any misunderstandings and oversights. As mentioned earlier, the survey was conducted in different branches of Sephora in a number of different cities, which gave us the result of 80 different and unique responses.

2. **The interview:** In addition to the surveys done with Sephora shoppers, interviews were conducted with the managers of Sephora. These interviews were done in order to get a better understanding of the company’s mobile marketing system, as well as the different perspectives the staff held on customer loyalty its relation to mobile marketing.

Due to confidentiality reasons, the chief marketing managers of Sephora were not so keen or
easy going about answering many questions on their marketing schemes. Whilst attempting to interview chief digital and search marketers from the department store, I simultaneously began to interview different store and floor managers in the different cities visited. Short interviews were also made by phone and email.

In a similar manner to the survey questions, the interviews were formed in an ascending manner, which started off with general questions and developed into more advanced questions on mobile marketing and customer loyalty.

### 2.5 Data Analysis

The approach to data analysis is based on the different statistical tools, made available by SPSS programs, which varied between standard deviation, average and median statistical instruments.

**Theoretical study:** The information and data gathered and collected at the theoretical study phase were examined by using the hypothesis approach. This approach guides the testing of the results and findings and sets the direction throughout the whole research.

**Case study:** The knowledge collected on Sephora's activities in mobile marketing are analysed and then studied. As mentioned earlier, specific points and valid theories are used as a focus. Some of these points are mobile marketing, customer involvement, and communication between the two ends (customer and company), loyalty, satisfaction and the company-customer relationship.

**Questionnaire:** The questionnaire was built on the basis of descriptive analysis. The data that was gathered was analysed by an SPSS program, which helped in linking the results to the research hypothesis. This helped in identifying and building the correlations between the different research variables, to confirm any assumptions and finally, build conclusions.
2.6 Research Process

**Steps in research:** The research follows the standard format of a general research paper. The research design is based on a chronological order of progression, which helps guide the readers by creating a simple flow of understanding. This is done by starting with the research problem and going through the six different steps that would lead to a scientific conclusion.

![Diagram of Research Process]

- **Research Problem:** Exploratory study, as well as research proposal, background problem, purpose of the research, problem formulation and delimitations are discussed.
- **Literature review:** Detailed literature review for a better understanding of the underlying concept.
- **Hypothesis:** Formulation of the research hypothesis constructed in regards of the literature review and theoretical study.
- **Data collection:** Data collection are done through primary and secondary researches that includes scientific literature, survey and interviews.
- **Problem Exploration:** Research hypotheses are examined and verified in relation with the empirical study as well as the questionnaire and the interviews.
- **Data Analysis:** The data collected are studied, examined and formulated into findings.
- **Conclusion:** The findings are formulated into conclusions, comments and suggestions.
2.7 Research Validity and Reliability

With the correct interpretation of the theoretical study and a thorough examination of the empirical study, the validity and reliability of the research could be regarded as credible. Using the two perspectives between Sephora and staff of Sephora, as well as its consumers, has increased the objectivity and provides the research with a balanced and fair viewpoint.

The background research study is based on the different resources from the library of Grenoble Ecole de Management, which includes numerous scientific and academic textbooks, as well as journals, which cover direct marketing, customer relationship management, customer behaviour and mobile marketing. Internet sources such as the Mobile Marketing Association France and Sephora's main website also provide the research study with reliable resources. The case study of Sephora is the base of the empirical study, which has allowed for an in depth investigation and a real concrete example of the examination theory. Sephora, the case study company, is the number one retailer for cosmetics and fashion in France and is referred to as the best in implementing mobile marketing as one of its main marketing channels (L2 Prestige, 2012). Sephora's market share increased through the years, reaching 33% in 2013 (le Figaro, 2013) and has been named the “Queen” of mobile marketing. It is therefore an excellent role model for other retailers in France; as well retailers all over Europe.

In terms of what concerns the research, the main focus is on the validity and reliability. With the qualitative aspect, some hypothetical risks should be taken into consideration. The people chosen for the interview from Sephora’s company could provide the essential information, which benefits the overall research study. Questions were formulated in ways that were directly related to the research hypotheses. Nonetheless, there is the possibility of the responses from the interviews not being a hundred percent correct or accurate. This is due to the fact that some of the responses would intervene with the confidential laws of the company and the public image they maintain. Therefore, this threatens the reliability of the qualitative research. At the same time, since all the interviewees represent the same company, Sephora, the answers and results are objective and this makes it difficult to ration the reliability level. These factors and their effects will be carefully considered when analysing and interpreting the results.
On the other side, the quantitative research has passed through different stages of formulation and testing, which reduce the reliability inaccuracies. The questionnaire has passed through two stages, where respondents were asked about taking the survey and about their opinions of the questionnaire and study itself. With the help of the answers, the surveys confusion and misunderstandings were drawn and taken into consideration for the purpose of reducing the inaccuracies; which increased the quality of responses and the bulk of information received. The questions were built with regards to the main research questions and hypothesis. The questionnaire is short and clear and asks for straightforward responses, which in turn increases the chances of producing accurate and valid answers.

There are a few questions in the survey that would require detailed and technical responses from mostly, smartphone users. This creates a threat to certain groups of people such as respondents who aren't familiar with smartphones. Therefore, the reliability of the results might be reduced to that particular segment of the population. A little more than half of the respondents are below 28 years old, which results in a positive slope of the standard deviation curve, which is different from the normal symmetrical curve that should be expected. When it comes to the hypothesis-testing phase, those factors should be taken into consideration and it remains fundamental to consider that the sample does not represent the whole population but rather the specific Sephora target; a young middle-aged group. This specific target group might also be representative for other similar businesses which target the younger age group of mostly smartphone users who are skilled with mobile technology. Thus this research provides a comprehension about the young target market of today and the one for tomorrow.

3. Theoretical study

In this part of the research study an analysis will be taken on the concepts and the components of the research. Later on, based on theoretical discoveries, the research hypotheses will be presented.
3.1 Mobile Phone

A brief history and short description of mobile phones will help in understanding its present day development, and furthermore, its future potential. Mobile phones now offer wireless connectivity and communication; these features enhance the phones flexibility and add to its increasing social needs. All in all, the development of this platform is moving forward in a very fast way (Boudriga, 2009).

Mobile phones have passed through different phases of development in a relatively short amount of time. During the beginning phase, mobile phones were based on what is referred to as, Cellular Networks, which were implanted in different sites and permitted mobile users to have mobile calling flexibility. The success of the first phase of mobile cellular phones was a breakthrough and was adopted fast by the market. This led the road to further development.

It was during the second phase of development that cellular networks were replaced by digital networks. This change of platform increased the popularity of mobile phones all over the global market (Smyth, 2000). Mobile marketing as a tool started to take shape during this second phase and media data began to be endorsed. Along with this phase, new exciting mobile features were introduced; features such as SMS, ringtones and Internet access.

The immense success of the second mobile generation led to the fast development of the third generation. The third generation of mobile phones introduced packet switching; previously known as circuit switching. Today’s mobile phones carry a wide range of options starting with short messaging service (SMS), Multimedia Messaging Service (MMS), Internet, GPS, Maps and Games.

Meanwhile the popularity of mobile phones started to create a space of potential, not only for the manufacturers, but also to every company that could take advantage of the various features
that mobile phones offered consumers (Barutcu, 2008). It is the right time now to exploit the unlimited opportunities that mobile phones can offer. Mobile phones have spread all over the world; two phones per person in some regions, according to research, which was definitely not the case ten years ago (Friedrich et al., 2009).

According to a recent research done by Barutcu, on the customers’ approach using mobile phones and marketing, it was stated that the developments in communication technologies are not only limited to providing new marketing channels to companies, but also in shaping how the companies react to their future business and marketing decisions. Ling (2007) has analysed and discussed the effects and influence of mobile phones and consumer behaviour in society, and has stated that mobile phones have changed the guidelines of human life. Mobile phones have made accessibility significantly easier; they have added security and safety to people all over the world. They have changed the coordination between the social and business behaviour and actions. The modern information technology age has taken over people's lives, whether rich or poor, beginning with the daily consumer life. These factors have automatically changed business communication for the long run, and how businesses create and apply their marketing strategies.

In terms of race, ethnicity, religion or gender, there are no borders or limits for mobile phone users. On the contrary, mobile phones have been adopted on a huge global scale and cultural differences presented even more opportunities rather than barriers or threats to manufacturers. According the studies done by the Mobile Marketing Association (MMA), mobile phones have become the most personal technological device. Young adults specifically have created a dependency and addiction on mobile phones.
Mobile technological development is so fast that companies are now required to keep an eye on the latest trends and prove consumers with the best usage benefits and technological innovations (Friedrich et al., 2009).

### 3.2 Customer Loyalty

Customer loyalty is the most important asset for any successful business. The main goal for any company is to create the maximum market share and customers. This is the end point to reach
and this is done by extensive implementation of tactical and operational strategies (Dade, 2007).

It has been argued that customer loyalty stems from two approaches from two different standpoints. These are “attitude” and “behavioural”. The attitude approach is based on the emotions and feelings of the consumers, in regards to the product, service or companies itself, whereas, on the other side, behavioural approach is based on repetitive purchases and product recommendations. (Hallowell, 2001)

It has been proven that retaining customers is less costly rather than attracting new ones. This is why customer retention has become one of the most important marketing strategies for all industries. Coyles and Gokey (2005) have stated in their article that companies must dig deep to discover the motives that shape customer loyalty, and not just look into the classic metrics that cause customer satisfaction, which could be deemed as superficial.

According to Hammond (2003), customer loyalty has a direct effect on the increase of sales revenue and to the product range bought by customers and suppliers; with the goal of retaining the current customer base.

Customer loyalty by definition means the attachment, dedication, and obligation to a person, product or a service. When it comes to the marketing context, loyalty is a feeling and behaviour of preference that consumers present towards a product or service (uncles et al., 2003). The definition of customer loyalty could be disagreed upon; however three general perspectives are agreed on and could be presented as following:

i. Loyalty that results in an attachment to a product or a service
ii. Buying behaviour subject to the uniqueness of customers
iii. Loyalty that arises from a trend of activities
According to Buttle (2006), loyal customers are the most important asset for any company; they can be highly influential and should act as the company’s ambassador or representatives who could attract new customers. Word-of-mouth for instance works as a very important advertising tool between consumers and is a principal force in the market place (Steffes & Burgee, 2009). Loyal customers usually engage in word of mouth advertising with the purpose of persuading other people to buy products. According to Jerveston (2008) customers take into consideration opinions of their friends and the people they admire more than any other marketing communication on a service or a product.

**Customer acquisition** is the efforts and attempts that a company makes to get a customer’s attention in order to engage them in action (Aryal, 2005). The long-term standpoint of this action is to expand and boost its customer base. Therefore, in order to have a stabilized customer base, companies should look to the long-term to achieve a maximum value (Zorn, 2009).
In the figure above the AIDA model was presented, which consists of 4 steps represented as attention, interest, desire and finally action that centres on customer acquisition (Aryal, 2005). At the first stage, getting customer attention is challenging due to a condensed and competitive market. New entrants, substitute products or services and high aggressive competition create a major threat to companies and make it harder for the customers to differentiate between the many alternatives present in the market (Porter, 2008). Therefore, companies need to make the effort for differentiation in order to grab the attention of the customers.

**Customer Defection** is when a customer abandons commitment and faithfulness to a company, service or product. Companies can naturally try their best not lose their customers, however, due to different reasons some companies lose their customers (East, 1998). Generally, customers feel most satisfied and content when they feel they are receiving the best for the lowest cost (Treacy & Wiersema, 2001). Therefore, defection could be related to a number of different elements such as dissatisfaction with quality, price or accessibility (Jones & Sasser, 1995).

**Customer retention** is the company’s positive attempt and achievement in making the customer buy the same product or service, or alternatively, buying different products from the same company (Buttle, 2006). Companies put the most effort in preserving the customers they have, rather than attracting new ones, knowing that it is easier and more efficient to retain a customer instead of attracting a new one (Khalifa, 2006). Thus, it is logical to say that the higher the level of retention, the higher possibility and tendency for customer loyalty (Rutelione, 2009) and the lower level of defection, results in higher retention, which would then create customer loyalty (Neumann, 1999).
3.3 Promotion

Promotion is a tactic that companies use with the purpose of making their products or services known in the market (McCarthy, 1978). Promotion is an indispensable point in marketing 4PS (Product, Place, Promotion and Price). It has been proven that good implementation of those four factors will result in positive business outcome.

The figure above represents the 7Ps of marketing model. Although promotion is only a small aspect of marketing in regards to the model, the success of integrating it into the different tactics, for example with products or price, provide huge advantages to marketing as a whole. In that sense, it remains as one of the most important and major key points in a marketing strategy. It is through promotion that companies can exercise a constant pursue of customers, and in the hyper-competition market at present, this makes promotion a paramount tactic in...
everyday marketing.

3.4 Mobile Marketing

Mobile marketing is a new born marketing channel based on mobile devises, and as of late, smartphones. As of now, all services that provide mobile devices produce smartphones as well. Smartphones have added value to, not only the producers but also the consumers. The added value of smartphones in comparison to previous mobile devises includes its superior technological advancement, which grants users with easy and cheap application functions. Therefore, not only do smartphones provide a better version of basics we were used to with previous mobile devices, such as calling and SMS, but also a complete new set of options which include internet, maps and GPS, professional camera with video use and a whole new set of what is referred to as 'apps', which we have never experienced before. Users of smartphones can check timings of a movie showing in the cinema, save meetings on digital calendars, book flights tickets and shop online and much more.

Mobile marketing as a definition is a method of marketing that allows companies to communicate and interact in a very efficient and direct way with their target market; consumers with mobile phone devices. Thus, mobile phones have proved to be the most personal technological device ever made, making mobile marketing the most direct way to reach out to consumers at any time and place (MMA, Mobile Marketing Association). Mobile phones now hold a reputation of being one of the most popular products to buy in the market. Due to this fact, the mobile phone industry has a nature of very fast paced development, in other words, mobile phones are constantly changing and getting more advanced. When it comes to mobile phones, there is a constant flow of newer and more modern cutting edge technology influencing companies and marketers. This gives them the opportunity to target a broad scope of the market, with more particular consumer choices and better tailored messages. Throughout the last decade, new marketing channels have been created and developed to carefully target the consumers with tailored personalized messages. This has resulted in the formation of many new direct marketing programs (Roach, 2009).

Mobile marketing has proved to be different from other traditional marketing channels; it is
marketing with a highly developed technological device using interactive wireless media, which had previously never been used before. This form of marketing delivers to consumers what they want with the price, time and location (Carroll, 2010). According to the Ling 2009, the popularity and likeability of mobile phones throughout the years has significantly benefited marketing, for companies from all backgrounds. Simultaneously, this creates a correlation between marketing potential and future development of mobile phones. A clear positive relation between the two ends is present, mobile phones and the emergence of new global opportunities in marketing.

The benefits of mobile phones can range from simple access to emails, to the use of internet in random locations, to shopping online without the use of a computer. These benefits, as well as many more, can be represented as:

- A way to stay in touch and close communication
- Very efficient, targeted and timely (anywhere, anytime)
- Simple interface and personalized messages

For instance, SFR, a French telecom company, sends exclusive promos and SMS to their consumers on a weekly basis as a way to remind them of the company and to keep an interaction whereby a loyal relationship is maintained.

"Bon Plan -20% sur les ecrans plats ce mercredi et jeudi à la Fnac avec le code promo 928000006"

Which means “Good Deal: -20% on the entire flat screens this Wednesday and Thursday at la Fnac promo code 92800006”

This sort of message is a perfect example of a timely interaction that gives weekly offers exclusively to consumers.
3.5 Mobile marketing as a trend

The vast developments in wireless Internet technology and mobile phones have resulted in the birth of a new revolution under the name of Intelligent Location-based Services. This provides location-based information to the mobile holders in relation to their taste and preferences. The location based features work differently from the text messages and traditional mobile features, in that, they appear under the form of what is referred to as push notification, which uses different screen alert features on mobile phones. This works tremendously well for marketers by giving them the opportunity to grab the attention of holders whenever and wherever.

Eight-hundred million of the seven billion people around the world are connected to, arguably, the most famous social media platform in the world, Facebook; along with a hundred-forty million connected to the micro-blogging platform Twitter and countless others connected to similar platforms such as LinkedIn, Google+ and Yahoo. Users of smartphones are now able to connect to these social platforms through their phones, regardless of time or location. Marketers are now aware that their customers could be connected to social media at all times of the day in any location worldwide. Also, marketers know that incorporating social media is significantly low in costs. Therefore, reaping the many benefits of the combination between social media and marketing is relatively easy, and not complex. Numerous companies are now trying to grab portions of different segments of the population around the world through these platforms (Econsultancy, 2012). This huge and rapid growth of different technologies has resulted in a significant decrease of costs in terms of marketing, and has proved to be a great force in influencing trends and changes (Hubpost, 2009).
The table above highlights that 96.2% of the world’s population use mobile phones and shows that on average, at least one mobile phone per person in developed countries, and seven over 10 persons have mobile phones in developing countries. According to the International Telecommunication Union in India and China, three-hundred million new mobile subscriptions have been recorded for the year of 2011. Mobile phones have become an essential and indispensable element in life. For the year 2012, 1.3 billion mobile phones were sold (Dotmobi, 2012).

### 3.6 Critics on mobile phone

Privacy and security can be a major threat for mobile marketing; the fact that consumers could be reached anytime and anywhere on mobile phones can cause certain issues. Another major privacy problem is the location based tracking applications that can define the exact location of the mobile users through GPS system that offers very important information to the companies and helps in creating optimal offers and services. According to different researchers, the...
location based mobile application is one of the most promising applications ever made so far and benefits the mobile marketing and commerce. According to Roach (2009) the mobile holders that chose not to give their information to the companies might perceive such mobile marketing as marketing spam that invades their privacy and could distinguish it as similar to telemarketing and emails spamming, which might harm the future of this channel and even the image of the brands and services using it.

During the Internet boom, spam began to take commonplace. Mobile marketing is on the pre-boom phase and might face the same in the future if it is not controlled well (Levy, 2003).

To limit such negative outcomes, it is necessary to have the option of opt-out unwanted messages for customers; since this new channel seems to be a rich field for collecting information and tracking customer’s behaviour. With the opt-out option it could be more convenient for mobile holders and could build trust and acceptance, it could also impact positively on the mobile marketing as a whole.

3.7 Mobile Marketing Strategies

The main aim of a marketing strategy is to study and plan the needs of consumers and understand what products and services interest them. In that sense, they could figure out who to target and what to sell. The three main points in which marketing strategies depend on are needs, satisfying the needs and retaining and keeping the consumers (Armstrong, 2008).

Abiding to new trends with consumer habits and tastes, and changing strategies accordingly, has proven to be a success for marketers. Thus, we could say that there is a strong relation between the customer’s needs and the marketing strategies taking place in the background. Since the customers’ needs and taste will always change and develop, marketing strategies will also continue to develop in the same ratio.

Marketing Strategies have evolved throughout the years in the following direction:

- Production strategies where the production mattered most and companies tried to produce as much products as they could.
- Product focus, where companies tried to deliver the highest quality of products.
- Selling focus where companies focused on selling what the company produces rather than looking at the wants of the market and customers.
- Market focuses where companies try to identify the market and customer’s needs and wants and try to create product and services upon that to satisfy them.

At the same time, mass media advertising is no longer considered the same successful tool as before, it has become less effective due to the fragmentation of mass markets; and in reaction one-to-one marketing has taken over.

Mobile marketing is one of the many one-to-one marketing strategies that should stay consistent with the overall marketing strategy of a company. Mobile marketing strategies include SMS, MMS, e-mails, Mobile Webpage Mobile applications and many others.

3.8.1 SMS

Short message services, otherwise known as SMS, was one of the first and most efficient mobile marketing strategies to directly reach customers. In the most common cases, text messages are sent to the existing customers who had subscribed to receive this service. Subscription commonly takes place on the webpages of the company, where the customers fill in their personal details and then agree to allow the company to send them text messages. In certain cases, marketers send voluntary messages due to high market competition. This could sometimes be considered as a violation of rights. According to the MMA, the sender should have the approval of the receiver before directing any sort of message or commercial. In these cases, businesses usually liaise with companies who are specialized in big data collection and big customer databases that have already agreed in receiving such messages and adverts. SMS as a direct way of mobile marketing is still considered to be the number one platform, with more than 8 trillion messages sent in 2011, according to dotMobi.

The successful reputation of SMS as a mobile marketing channel is linked to the low cost input as well as the available benefits that allow companies to send big numbers of SMS in one go for minimal costs. Benefits also include personalizing text messages if necessary.
The table below highlights the mobile marketing revenue and estimates in different regions around the world.

<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>2011</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>304.3</td>
<td>701.7</td>
<td>5,791.4</td>
</tr>
<tr>
<td>Western Europe</td>
<td>257.1</td>
<td>569.3</td>
<td>5,131.9</td>
</tr>
<tr>
<td>Asia/Pacific and Japan</td>
<td>868.8</td>
<td>1,628.5</td>
<td>6,925.0</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>196.9</td>
<td>410.4</td>
<td>2,761.7</td>
</tr>
<tr>
<td>Total</td>
<td>1,627.1</td>
<td>3,309.9</td>
<td>20,610.0</td>
</tr>
</tbody>
</table>

**3.8.2 Mobile Web**

Mobile web enables mobile phone and tablet users to surf the Internet using a wireless network. Companies are now creating web pages that can be accessible through mobile phones and tablets, which would allow consumers online access to virtually everything they could find in the physical stores. According to statistics made by Dotmobi in 2012, half a billion people had accessed the Internet in 2010, and that number is expected to double in 2014. Some other studies have shown that a quarter of mobile web users don’t surf the web from the traditional desktop computer anymore and therefore it is really important for businesses to build mobile web to keep up with their customers.

Sephora, for example, has launched its mobile website as well as its mobile application, and has given their customers the choice to access their mobile web website and application without using their desktop computers. They have also created access to ordering products online and a popular offers section.

**3.8.3 Mobile Applications**

Mobile applications have become very important tools that could link customers to the companies and vice versa. Mobile apps have become an essential platform of communication to most companies. Mobile applications offer users a big range of services that are accessible with a couple of taps on a phone. Mobile applications consist of software that is preinstalled on a
phone or downloaded by a mobile user. They provide a quick and direct way to the chosen service provider.

3.8 Mobile Customer Relationship Management

Customer Relationship Management lies at the base of any business plan for most companies. CRM is what creates and fortifies the bond between the two ends (Company and customer). Mobile customer relationship marketing has gone forward in boosting potential through cutting edge mobile technology that enhances traditional CRM and satisfied a wider scope of customer needs and wants.

3.9 Mobile marketing potential benefits

As mentioned previously, the most valuable asset for any company to have is customers. This element lies at the base of any marketing strategy. Mobile marketing is a cutting edge development now, catering benefits to both customers and the companies themselves.

Potentials can be presented as the following:

- The satisfaction of the customers
- Communication level with the customers and the company
• Customer value and brand awareness

**Customer satisfaction** can be represented as the exchange or transaction between the company and its customers, with the aim being to reach all expectations of the customers. According to Gilmore and McMillan (2010), customer satisfaction is the outcome of a company’s promises in relation to a customer’s expectations.

According to certain experts, companies should be moderate with their promises to customers, which would mean to promise little and give greater value (Sorescu, 2007). It is worth noting that in the case of the cosmetics and fashion industry, competition remains significantly high; causing an intense push with promises to customers, in order to maintain a presence in the market. Moreover, a lot of promises can force the company to perform better, which leads to higher results and better performance in the market (Prasanna, 1991).

With the innovative developments in mobile applications, companies have the chance to provide customers with many different facilities. People no longer need to travel to a store to buy what they want; they could find the products they want online. Alternatively, they could also locate physical stores online through location based GPS systems. All online facilities can increase customer satisfaction and help companies to further understand the behaviour and needs of their clients.

In terms of communication between customers and businesses, people are now wondering whether mobile marketing can be a complete substitute for the customer/company relationship. This question can be answered in a number of different ways. In comparison to other medium channels that link companies to their customers, mobile marketing seems to be most direct way (Arnbjerg, 2004). At present, thousands of apps and social media pages have been created and put at the disposition of individuals and businesses, where they can stay connected at absolutely zero cost (Palmer, 2009). This has shown significant operational benefits for the companies that are getting involved (Palmer, 2009).

When it comes to mobile customer relationship management, an information system can easily be installed to collect all the different and useful data from their connections with customers.
This can be useful for different sectors of the industry when it comes to implementing strategies. (Walton, 2005).

When used efficiently, information and data statistics can be immensely beneficial for providing insights about the consumers. For example, data showing a pattern of consumer behaviour could probably influence shop staff at the second level on how to assist customers in the best possible way, in that case customers feel more comfortable in sharing their personal information with the company and will be surer that they are not outsiders (Thurau, 2010). This mutual exchange from both sides creates trust between the two parties and makes the customers feel more attached and loyal to the company and their store.

Furthermore, data collection in customer relationship management helps store managers understand the exact needs and preferences of their customers, making it easier for them to organize their stores accordingly and stay informed on orders and supplies of their store (Karjaluoto, 2008).

**Customer value** is what the consumer gets in return for what he gives for a product or a service (Hallowell, 1996). The following four points can define customer value:

- Price competitiveness
- Uniqueness and broadness of assortment choices
- Convenience shopping superiority
- Special Customer service

E-commerce has brought many benefits to the shopping experience by making it easier for customers to shop from anywhere, at any time in a couple of clicks on the web. Simultaneously, mobile marketing has come to boost this experience as well, for example, customers can receive the latest offers and price promotions on their phones. Due to the data collected by the company, they can send out customized messages and promotions depending on the preferences of their customers. These efforts definitely result in increased customer value with zero cost for the company and the customers.
Great customer service is what every consumer is looking for. Customers these days are more exigent, caring for every detail of what service or product they are buying. The Internet makes information easily accessible; most people can easily find information on products services or even companies themselves, creating a tremendously competitive environment in the market. Thus, companies need to try to satisfy the demands of all customers, using every channel available.

In order to stay up to date, companies have to dig through all the new and upcoming trends taking place between consumers and the market. As discussed earlier, mobile phones are, at present, the most direct channel to reach consumers and also the best way to sustain a relationship with them. For example, in the case of Sephora, because they have records of information on their consumers, they can send automated messages after a transaction is made. In another case, if a customer hasn’t made a transaction in a certain amount of time, another sort of automated message will be sent as a reminder on their products or current offers. Even if these tactics seem somewhat easy, they are surprisingly effective. This tactic, above all, creates brand awareness and upholds a superior type of customer service.

3.10 The future of mobile marketing

With the cutting edge technology that mobile phones have reached, a lot more is yet to come. For instance, with the introduction of GPS and Google Latitude, marketers are now aware of the exact location of their customers anytime and anywhere. This can help marketers in tracing their clients and sending personalized messages according to their location.

For example, a text message is sent to a person driving from Marseille to Paris, “Welcome to Paris! We imagine you had a long journey from Marseille! Please stop over to use your bonus fidelity card in our restaurant, only a 5 minute journey! Guess what – we also have your favourite meal!” With the following scenario, the receiver of the text will most likely be tempted and the chances of him or her driving to the restaurant will be higher. It is these kinds of personalized messages that are generated from the data collected on customers, and also how marketers benefit from location applications.
3.11 Research Hypotheses

Based on the theoretical research that we have already conducted on the customer loyalty, three suggestions were justified. There is a clear interrelation between the customer loyalty, customer satisfaction and the communication with the company as a whole.

1. A clear relation exists between mobile marketing and customer satisfaction.

Customer loyalty at a first level is directly influenced by the customer satisfaction (Hallowe, 1996). Moreover, a good relationship between a company and its clients does not count if the clients are not satisfied with what they are receiving. Therefore, the level of loyalty a customer upholds towards the company is directly related to their own satisfaction by and from the company. Customer satisfaction can be described as the difference between the expectation and the perception that the customer receives towards a good or service that they buy or consume. If a customer, for instance, is content with the good or service that he consumed, the probability of that customer choosing from the producer are much higher.

To be able to prove that mobile marketing can result in the creation of a successful relationship between consumer and company, which will then develop into customer loyalty, should first be verified. In theory, the most personal device a customer can own right now is a mobile phone, and companies from all different levels are trying to leverage their activities with mobile phones. So the equation or the algorithm can be proven, since the mobile phone is the most personal and closest device to humans beings, and as discussed earlier satisfaction comes from an effective relationship and communication with customers, which is at the same time the door
for a healthy successful relationship, so as a result it could be said that getting in touch and reaching the customers via their personal mobile devices can result in satisfaction at an ultimate level (Chen, Hsieh, 2009).

Due to the high competitive market these days, companies should always try to pursue and obtain consumer loyalty whilst also trying to satisfy them with their product and services.

2. **A correlation between Mobile Marketing and the communication between the two ends customers and the company.**

There is always a start point to everything, and that goes for the relationship between consumers and companies as well. Effective marketing can first begin with understanding the clients and the market. How strong the bond can get can further on would describe the measure of loyalty between the two ends. The emotional connection between the consumers and the company is usually the job of the service employees. If a company fails to create a relationship with its customers it might result in losing them to other competitors. In conclusion, a clear and honest relationship with active communication can fortify the bonds between the consumers and companies, and if a good relationship is present, this will definitely lead to loyalty in the future. These days, social media platforms are booming continuously, at a very high rate, giving the chance for users and consumers to be active players in influencing and getting influenced by the companies due to easy interactions wherever and whenever (Hennig-Thurau, 2010). In other words, mobile marketing can influence this relationship immensely. Consumers not only want to buy products and services from a store, they also want to find a place or a store where they can belong to and feel comfortable in, which could give them what they need, and on a more developed level, can become a household name. At the same time, consumers need to know what and where to buy things, as well as detailed information which could give them insights on the quality and how they can use the product of service they buy (Parasuraman, 1985). In the case of Sephora, for example, the mobile application offers special cosmetics that can be used upon seasons or maybe occasions, where customers can try it without even buying it through their phones, and not to forget that the store also offers discounts and customized
special packages to the customers based on the information collected earlier and the past purchases and transactions.

To summarize what was argued in this section, mobile phones, as discussed before, are the most personal device and the closest to the human beings, therefore active communication between the consumers and the company can be secured through this cutting edge channel. Thus in other words, Mobile marketing definitely has an impact on the relationship between the two ends.

3. **Mobile marketing as an effective communication channel and transfer of information.**

An important question to ask is whether mobile marketing can be a good medium for information sharing and transfer between the companies and customers. For a customer, information is one of the most important aspects before and after the purchase of any product or service, so having the access to the right information at the right time and in the right way could be a positive added value and good impact on the customers. In some cases, it would be risky to flood a customer with too much information, which may or may not be useless to them. Although, it is still very important to make the consumer aware that they always have the right for information. (Chen, Shang, 2009).

Mobile devices provide numerous advantages to current marketing tactics; although it is currently challenging to measure the extent of how effective mobile marketing is as the research it entails is still in an experimental phase. That is not to say that any of the current research is not worth analysing. On the contrary, the popularity of the subject means that there is an abundance of both established work and developing work, and people have already given the established work the exposure it needs. For example, certain tactics have already been proven to show effectiveness in mobile marketing. Exploiting content, customization, personalization and using customer control features are all ways to contribute in effective mobile marketing. According to Hosseini (2011), the fact that users can give permission to companies to use their information, allowing companies to text them later on, can be seen as very influential advertising. Smuntkump (2009) has discussed how mobile marketing has a great influence on
the products, the price, promotion and place – the usual 4 Ps of marketing – in addition to influencing the consumer, communication and cost convenience. In his research, Smuntkup states that what makes mobile marketing such a unique channel is the ability and flexibility it provides in spreading unique personalized information in such an interactive way, disregarding place and time. Companies are already benefiting from, and further exploiting these elements in their marketing strategies.

In terms of fashion and cosmetics customers, most consumers want to know about common matters such as store opening and closing times, the latest offers and discounts, products in stock, newest and discontinued stock and mobile phones provide the perfect channel to share this information whether by SMS, mobile applications or mobile web. The risk of misinformation is lower when reaching customers through their mobile phones (Atewel, 2005).

4. Empirical Study

4.1 Background information of the case study company

For this part, a discussion will be made on Sephora and its contribution to mobile marketing. Lastly, the results of the research analysis and questionnaire will be presented.

4.1.1 Sephora

Sephora is a visionary beauty-retail concept founded in France by Dominique Mandonnaud in 1970. Sephora’s unique open-sell environment features an ever-increasing amount of classic and emerging brands across a broad range of product categories such as skincare, color, fragrance, body and smile care, and hair care, in addition to Sephora’s own label products (Sephora.com, 2013)

These days, Sephora’s gigantic success is not limited geographically to France only, but has a significant presence around the world with more than 1300 stores operating in 27 different countries. Sephora’s strategy is based on adapting to the external conditions and continuously...
developing in relation to the demands and wants of the market in order to stay the leading cosmetics store.

Sephora operates with independent stores in different countries with their own merchants and owners, all with agreements to Sephora’s mother company. However, on a supportive level, Sephora provides to all needs and care in all areas from marketing to logistics and integrated marketing communications (Sephora.com, 2013).

Sephora has succeeded in reaching its target customers, this was justified in 2012 when their market share increased by 7.1% and they brought in 755 million Euros in sales, despite the European crisis and harsh competition (Federation française de la parfumerie selective, 2012).

4.1.2 Sephora’s mobile marketing contribution

Sephora has proven to be one of the most popular cosmetic stores on an international scale. In 2009, Sephora started to incorporate mobile marketing as one of their main mediums to engage with their customers and further develop the stores shopping experience. After collaborating with a mobile marketing company, Sephora chose to enlarge their shopping portfolio by optimizing the mobile-website, as well as launching their own application “Sephora To Go”. In addition, Sephora began to experiment with QR code campaigns and attempted to leverage in-store access to iPads, as well as the latest addition to Apple’s Passbook feature.

Over the past few years, Sephora’s applications have developed to be one of the most used apps in the history of retail application, ranking 3rd for lifestyle apps and 19th place to all free apps. Success has also been apparent in their 300% increase in mobile shopping and 400% increase in iPad traffic to Sephora.com, and a 20% of their overall traffic coming from mobile devices.
SMS: Sephora doesn’t generally use SMS as some of their close competitors. SMS in Sephora’s agenda is only used for communication and marketing purposes, they occasionally use it as a channel to send advertisements. They also use channels such as emailing and posting letters to increase the bound and communication with their customers.

For instance, Sephora SMS is used to provide customers with any addition information. To be more specific and concrete, Sephora would send an SMS to inform the buyer of their order confirmation or when the payment was successfully done, otherwise to also track the status of a shipment.

Mobile Homepage: Sephora has been the proven leader of the game since the launch of their website in 1999, continuing to be ahead of their competitors and remaining the pioneers with cutting edge strategies and customer facilities. Sephora clearly understood the potential smartphones and tablets had because they began to endorse their use relatively early in comparison to their competitors. By the end of 2009, Sephora had already started incorporating this next level technology into their marketing strategies. They realized early on that their consumers had also developed and changed with the technology, and understand that this would make them more informed and more critical about the products they buy from Sephora with so much access to free information. In order to adapt to that, Sephora first launched their mobile friendly website “Sephora To Go” that gave consumers the option of accessing it from their mobile phones. With the huge success of their website, they decided to add new features to further enhance it. They added a space where customers could read and rate product reviews, this option was hugely successful for both Sephora customers and Sephora staff as it kept an active engagement between both. President of Sephora Direct, Julie Borstien, has stated that “Sephora to go” was one of the first mobile friend websites used for ratings and reviews in the history of the digital mobile marketing age.

Mobile Application: With the huge success of “Sephora to go” website, Sephora decided to move forward in their strategy while keeping up with the current market and by the end of 2010, Sephora launched its official “Sephora To Go” on iPhones, and androids by early 2011. The

(Mashable.com, 2012)
application was rated 4 stars on the app store and has further developed by giving users the option to surf products available in the store, letting them know the latest offers and releases as well as an M-commerce option where customers can purchase directly from the app. This is all in addition to reviews and ratings, tutorial and usage videos, barcode scanning and the ability to customize product packages. By the end of 2011, Sephora developed an app that made it easier for customers to shop by forming a magazine directly linked to Facebook and Twitter feeds, as well as the company’s own Youtube channel (Kats, 2011).

By the beginning of 2012, Sephora adopted the gift card trend and made it accessible on their application, in addition to the Sephora fidelity card that was part of the app. In this sense,
Sephora has given their customers all the facilities in one app that’s easily downloadable on any smartphone, an app that still gets updated on a daily basis, making it one of the best mobile applications in the world of mobile marketing.

Overall, Sephora acted on the huge potential mobile marketing held early enough making the merge so successful. They realized how it could benefit them in increasing customers and communication levels between them and their new customers, which would increase customer satisfaction and loyalty. These elements will be observed in details in the next part of this research paper by looking attentively at the results of the questionnaire surveys and interviews.

4.2 Questionnaire survey result analysis

In this part of the research study, the results of the questionnaire survey will be analysed and discussed. As mentioned earlier, the survey was distributed to different cities in France, cities including Paris, Lille, Grenoble, Lyon and Juan Les Pins to 80 different Sephora customers. The results will be represented in this section to summarize the responses into an analysis.

4.2.1 Survey’s output

75% of the total survey respondents were female and 25% were male. The average age of the respondents of the survey was between the ages of 18 and 28 years old with a majority of 60%.

For the third question of the survey, customers were asked if they use a smartphone or a standard one as well as the type or the brand of the iPhone and the results were as follows, 65% of the total respondents use a smartphone, that was divided at its turn between 58% for android and 33% for iPhone, whilst 35% still use the standard mobile phone. Furthermore, a clear interesting relation between the age and the type of phone was found between the age of the mobile users and the type of the phone that they use. As the ages increase the number of smartphone users decrease, showing a clear majority of young smart phone users.
Mobile type by age:

In continuation with the results of the survey, it was clear from the results analysed that people with a standard phone, limit their use to the calling and SMS, 100% and 95% consecutively and 33% of this users use other features such as music and MMS and games. At the same time, those who own a smartphone utilize different functions on their phones much more than the standard phone holder.
Customer use of the mobile phone:

Going further in the results analysis, it becomes clear that people with standard phones don't access a lot of internet from their phones, with a 16% recorded, whereas, people with smartphones have a recorded 73%. Results for calling and SMS are somehow similar between the categories, but the difference is clear when it comes to the email use, where standard phone users were at 0% comparing to 98% for the smartphone users. At the time, the 62% of the smartphone users use Mobile apps and 58% social media.

After analysing the questions on SMS and advertising, results showed that most Sephora consumers think that publicity by the SMS are informative, effective, and fast but can be disturbing and annoying sometimes. At the same time, 33% of those respondents said that SMS is not the main advertisement channel and not a lot of advertisement SMS comes from this channel.
Customers’ opinion about SMS Advertisement:

Regarding the type of retailers that send SMS, it was found that clothing/fashion stores and cosmetic/beauty stores occupy the highest ranking, with 54% and 33% consecutively. 72% of the customers have received or receive SMS advertising on their phones, 61% of them use the SMS offers, however only 3% actually use the offers, with 12% using them often, 36% from time to time and 49% rarely.
How often do you shop at Sephora

From the chart above we can see that the majority of the customers shop at Sephora once a month with a majority of 37%, and 27% 2 to 3 times per month and 25% 1 to 6 times a year which is relatively high for a cosmetic/fashion/beauty store, proving an existing group of loyal customers that come back on a regular basis.

<table>
<thead>
<tr>
<th>Do you shop at other than Sephora</th>
</tr>
</thead>
<tbody>
<tr>
<td>No i shop only at Sephora</td>
</tr>
<tr>
<td>Yes, if other stores have cheaper and better offers</td>
</tr>
<tr>
<td>Yes, but i shop at Sephora most</td>
</tr>
<tr>
<td>Yes, I prefer other store more than Sephora</td>
</tr>
<tr>
<td>Yes , If there is no Sephora arround</td>
</tr>
</tbody>
</table>

20% of respondents said they would rather shop at another place because they find better prices and offers, whilst 56% of the customers are loyal to the stores which they shop, only at Sephora or mostly a Sephora, which is still a relatively high percentage of loyal customers that most company dream of.

45% of Sephora's customers have already used the “Sephora to go” application, mostly for
product reviews 33%, Offers 20%, Loyalty card 18%. Furthermore, 79% of those who never used the app before would like to use the app to access their personal profile and keep up to date with the latest products and offers.

71% of the respondents have stated that they would like to receive more information from Sephora with regards to new information on products and offers, as well as discounts, beauty tips and advertising.

Regarding the way consumers would like to receive such information, the majority preferred SMS, Newsletters and mobile applications, as well as well letters by post.
When it came to the question of the information received by the customers somehow affects their opinion about Sephora, a clear correlation was apparent between the different variables. As it is clear in the graph that follows, it seems that the more information consumers get on the products of Sephora, the higher chances the store has with creating a more positive image. 52% said that if they receive more information on the Sephora products, offers and tips, it would give them a chance to know more and get informed, and in that case they would prefer Sephora more than the other competitor store.
45% of the respondents have stated that the use of their mobile phone is increasing with time and that they would use it more often in the future.

At the end of the survey question, 79% of the customers had responded positively to the efforts and the Sephora Mobile marketing strategy. Most felt that Sephora should keep up and broaden their work with their use of this interesting channel. However, older customers don’t really see the difference about having or not having a mobile marketing strategy which relates to the first correlation that states that older people tend to defy the use of the smartphone and would clearly won’t benefit from the mobile marketing strategy of Sephora.

### 4.2.2 Survey analysis/elaboration

The survey was analysed and built on the following categories of hypothesis:

H.1 There is a clear relation between mobile marketing and customer satisfaction and loyalty:

Hypothesis 1-1: There is a correlation between the customer loyalty/satisfaction and the information wanted:
• H0: There is no relation between customer loyalty/satisfaction and information wanted
• H1: There is a relationship between the customer loyalty/satisfaction and information wanted

Table 1: Correlations between customer loyalty/satisfaction and Information wanted.

<table>
<thead>
<tr>
<th></th>
<th>Customer Satisfaction</th>
<th>Information wanted by customers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer Satisfaction</strong></td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig.(2-tailed)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>82</td>
</tr>
<tr>
<td><strong>Information wanted by Customers</strong></td>
<td>Pearson Correlation</td>
<td>,303**</td>
</tr>
<tr>
<td></td>
<td>Sig.(2-tailed)</td>
<td>,066</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>82</td>
</tr>
</tbody>
</table>

**The correlation is meaningful at the 0.01 (2-tailed)

Looking at table one, it is clear that the level of the coefficient between the two variables presented is around 30.3%. This explains the presence of a medium level of positive nonlinear correlation present between the previous two variables showcased. The meaningful degree level in this test correlation is at 1%, which is lower than 5%. In that case the hypothesis HO falls down and is rejected and the dismissed and the other hypothesis H1 is accepted and validated.

In that case H1 is validated and confirmed and shows that the customers that wait and look for
the information on their mobile sent by Sephora are mostly satisfied customers. So in that case we can say that Sephora has to provide the information needed by mobile to keep the level of satisfaction.

**Hypothesis 2**: Mobile marketing is an important marketing channel that creates a relationship of communication between the customer and Sephora a cause satisfaction.

- H0: No relationship exists between communication between Sephora and its customers and their satisfaction.
- H1: a relationship exists between the communication between Sephora and its customers and their satisfaction

<table>
<thead>
<tr>
<th></th>
<th>Customer Satisfaction</th>
<th>Communication between Sephora and its customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfaction</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig.(2-tailed)</td>
<td>.506**</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>82</td>
</tr>
<tr>
<td>Communication between Sephora and the customers</td>
<td>Pearson Correlation</td>
<td>.506**</td>
</tr>
<tr>
<td></td>
<td>Sig.(2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>82</td>
</tr>
</tbody>
</table>

Looking at the table it is obvious that the level of coefficient correlation between the two
variables above is 56%. This number is translated into a high level of positive nonlinear correlation between the two variables represented in the table. Concerning the degree of meaningful level in this table is also at 1%, which is definitely lower than 5%, which means that the H0 is not valid. On the other side, H1 is confirmed as a valid hypothesis, which verifies that the more the customers feel connected, the stronger the communications levels get between (Sephora and the customers), which overall improves customer satisfaction. In that case, Sephora should keep or increase the level of communication with customers through the mobile channel.

Hypothesis 2-2: a relationship exists between the image of Sephora and their Mobile communication with their customers.

- No relationship exists between the image of Sephora and their Mobile communication with their customers.
- A relationship exists between the image of Sephora and their Mobile communication with their customers.

<table>
<thead>
<tr>
<th></th>
<th>Mobile communication between Sephora and its customers</th>
<th>Image of Sephora conceived by customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfaction</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig.(2-tailed)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>82</td>
</tr>
<tr>
<td>Image of Sephora</td>
<td>Pearson Correlation</td>
<td>,314**</td>
</tr>
<tr>
<td></td>
<td>Sig.(2-tailed)</td>
<td>,004</td>
</tr>
</tbody>
</table>
Looking again at the table above, it is clear that the level of correlation coefficient between the two variables represented in the table is 31.4%. This is translated into having a medium level positive nonlinear correlation between the variables studied. The degree of a meaningful level in this table is also at 1%, which is definitely lower than 5%, confirming the rejection of H0 and validating the H1. Based on the results it confirms the hypothesis that the better and the more the mobile communication level it will definitively give the customers a better image of Sephora. Increased mobile communication will allow the customers to know more and find out more about Sephora and its products and as a result, give the company an added value in comparison to other competitors, not to forget that communication between the two ends will always make the customer remember Sephora. Sephora should therefore keep up with its mobile application and mobile strategy.

**Hypothesis 3: Mobile marketing is an effective direct marketing technique and a good channel to deliver information based on customer needs.**

**H3-1:** A relationship exists between Sephora’s mobile marketing investment and the information customers are seeking.

- H0: no relationship exists between Sephora’s mobile marketing investment and the information customers are seeking.
- H1: a relationship exists between Sephora’s mobile marketing investment and the information customers are seeking.
<table>
<thead>
<tr>
<th>Investment in mobile marketing</th>
<th>Pearson Correlation</th>
<th>Information and offers sought by the customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sig.(2-tailed)</td>
<td>0.439**</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>82</td>
<td>82</td>
</tr>
</tbody>
</table>

Looking at the table above, it is clear that the level of the correlation coefficient between the two variables represented is 43.9%. This is translated into having a medium level positive nonlinear correlation between the variables studied. The level of the degree of meaningful level in this table is also at 1% and which is definitely lower than 5%, which confirms the rejection of H0 and validates the H1.

H3-1 validate that the customers that accept and would like to have information from Sephora thinks that Sephora should keep up on developing its mobile marketing strategy.

Hypothesis 3-2: A relationship exists between Sephora’s mobile marketing investment and its
customer loyalty and satisfaction.

- **H0:** no relationship exists between Sephora's mobile marketing investment and its customer loyalty and satisfaction.
- **H1:** a relationship exists between Sephora’s mobile marketing investment and its customer loyalty and satisfaction.

<table>
<thead>
<tr>
<th>Investment in mobile marketing</th>
<th>Pearson Correlation</th>
<th>Sephora's mobile marketing investment</th>
<th>Customer satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sig.(2-tailed)</td>
<td></td>
<td>1</td>
<td>.460**</td>
</tr>
<tr>
<td>N</td>
<td></td>
<td>82</td>
<td>82</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer Satisfaction</th>
<th>Pearson Correlation</th>
<th>.460**</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sig.(2-tailed)</td>
<td></td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td></td>
<td>82</td>
<td>82</td>
</tr>
</tbody>
</table>

Looking at the table above it is clear that the level of the correlation coefficient between the two variables represented is 46%. This is translated into having a medium level positive nonlinear correlation between the variables studied. The degree of meaningful level in this table is also at 1%, which is definitely lower than 5%, which confirms the rejection of H0 and validates the H1.

H3-2 validates that customers can be satisfied if they receive the information they want through their mobile and supports Sephora’s mobile marketing strategy.
4.2.3 Reliability test

A Reliability test was done to verify the internal consistency. As we can see in the table that follows, the reliability test was of the questionnaire based on the statistical study that shows it is stable and justifiable. Based on Cronbach’s Alpha, the coefficient of reliability is around 72%. At the same time, the consistency of the correlations of the three different variables of the research: customer satisfaction, communication and mobile marketing varies between 0.7 and 0.8 which confirm and validate that there is an inter-correlation and in that case the outcome and the research results are consistent.

Case Processing Summary

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cases Valid</td>
<td>82</td>
<td>100</td>
</tr>
<tr>
<td>Excluded</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>82</td>
<td>100</td>
</tr>
</tbody>
</table>

Reliability Test

<table>
<thead>
<tr>
<th>Cronbach’s Alpha</th>
<th>N of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.0716</td>
<td>3</td>
</tr>
</tbody>
</table>
4.3 Interview interpretation and results

In this part of the research paper, the interviews will be discussed. As mentioned earlier, the interviews were done with store managers and employees of Sephora, in Paris and Grenoble. The interviews were done mostly face to face as well as by phone.

1. Marie Lefebvre – Store Manager Sephora Paris – Champs Elysées

The interview was done face to face after taking an appointment with Marie at Sephora’s store in Champs élysées – Paris. To answer the question of our interview Marie answered that Sephora is one of the first companies in the beauty/cosmetic fashion industry that had a mobile marketing strategy, SMS offer and a mobile application. “It is very important to stay up to date with the market and to follow the trends and the behaviour of the customers, knowing that mobile and smartphone are on the rise for the last couple of years, why not invest into it? It is a new revolution and a new important marketing channel that cannot be ignored.”

Marie discussed how she has noticed from her clients that the use of smartphones is increasing in a very dramatic way, and knowing that their main customers are young people this means more use of their phones. She said that the “Sephora To Go” application has been present for a while now, but its success is still increasing continually, and apart from the mobile application the company is also connected with its customers by the social media platforms such as Facebook and Twitter. With regards to the questions about the relation between mobile marketing interaction and customer satisfaction and loyalty, Marie said that not only does the mobile marketing interaction cause the customer satisfaction, but it also plays a big role in keeping up with the customers in general and helps with informing them about the latest products and offers. “The company tries to make their customers the more satisfied they can”

To conclude the interview with Marie, she stated that Sephora will always innovate and develop its mobile marketing to keep up the best interaction with its customers and try to satisfy their wants and needs.
2. Didier Robin – Floor manager Sephora Place de victor Hugo – Grenoble

The interview was conducted on the phone, the answers were not really different from the previous interview with Marie, but Didier added that the mobile marketing strategy, specifically the mobile application of Sephora, facilitates the work of the people working at Sephora because of the information that it’s always spread through this application. Customers seem to be more informed and have more information about what they need. For example, the barcode option on the app will facilitate to provide the customers with the right information, in addition to the reviews. And not to forge the try it on application that allows the girls that wants to try the nail polish on their own mobile app. “less work for us and them too, and in the end, everyone is happier”.

5. Analysis and Discussion

For this part of the research, a discussion will be conducted on the theoretical and empirical results, as well as the research limitations. In other words, an attempt will be made to answer the big questions of this research.

To summarize the results and graphs of the survey questionnaire, it can be concluded that there is a clear relation between the two variables, mobile marketing and customer loyalty. These results should be combined with the results of the interviews made with Sephora’s managers, who clearly confirmed that, the relationship between mobile marketing and customer loyalty is very well validated and a contingent aspect of their jobs. Even though these factors are based on theoretical study, the interpretations of the results are necessary in order to make definite and final conclusion. In theory and through definition, customer satisfaction is the result of the transaction where it either matches or exceeds the expectancy of the customer. Pearson correlation between customer satisfaction and the information provided by Sephora regarding the mobile channel supports and further validates looking back at the Pearson correlation test that was previously conducted.

With consideration to the first interview conducted with Sephora floor manager, Marie
Lefebvre, where she states that customers demand to have more information, and a monumental part of working for Sephora is to be able to provide their customers with the best possible tactics to satisfy their needs. During the second interview, done with Sephora floor manager – Grenoble, Didier Robin, he stated that the purpose of the mobile marketing strategy, which includes SMS, the application and the mobile web, is to provide the customer with accessible and high quality information that is needed in order to keep this connection and to retain the high level of satisfaction for the customers. The theory also states that if you define the needs and wants of the customers, it can leverage their level of satisfaction and fortify the bond with between the two ends. Based on the research that has been conducted throughout this paper, there is credible proof that the more Sephora communicates with their customers, the higher the level of satisfaction will be. In other words, satisfaction from the customer’s perspective is affected by the level of interaction and communication from Sephora; specifically through the mobile market channel. However, in order not to generalize the findings, it is important to stress that the population distribution in this research paper is mostly of a younger generation. Based on the findings, the younger the population is the higher probability there is of smartphone users and active communicators. Therefore, the ideal way of communication between Sephora and the clients is with owners of smartphone.

According to the different studies that were presented earlier for this research paper, it could be argued that mobile marketing is growing and spreading around at a very high level and it is inevitably creating new opportunities and new ways for companies to stay engaged with their consumers. Therefore, it’s important that companies take advantage of the present in order to succeed in the future, especially with regards to marketing plans. Mobile marketing is on an upward trend and this is justified when looking at the number of application downloads every day. With consideration to minimal facts that have been discussed in this paper, for example, that by 2018 all mobile phones that will be produced will be smartphone (L2 prestige & apple Inc 2012), one cannot ignore that mobile marketing an enormously growing business. According the research findings, it is clear that for people that are able to get information through the mobile channel are mostly satisfied with the high levels available. Those same customers have also shown support to the efforts done by
Sephora to provide them with the information. At the same time, looking at the focus group of Sephora, it is mostly young people between the age and 18 and 40 that consumes the kind of products (cosmetics, fashion and perfume), so that confirms that Sephora’s mobile strategy is valid and successful. Nonetheless, Sephora should not ignore the other age brackets with knowledge that the presence of smartphones for this target is lower than the groups between the ages of 18 to 40. In that case, a conclusion can’t be drawn for this specific age group and the correlation between mobile marketing and their satisfaction can’t be validated.

Going back to the interviews that were conducted for this research and according to Marie Lefebvre “the mobile application is one of the most successful application in our area and it is one the most important things for Sephora’s store sale” and “Knowing that Mobile and smartphones are on a rise for the last couple of years why not invest in it, it is a new revolution and a new important marketing channel that can’t be ignored”. These two quoted sentences verify the theory of the communication and interaction between the company and its customers that assure a level of trust and build strong bonds and satisfaction. These same interactions help the company to inform the customers and build some sort of emotional attachment for the company itself and its products. Sephora could be an example for other companies use the mobile marketing effort to enhance the relationship with the customers and make it strong.

To get to the final part of the analysis, it can be confirmed that based on the empirical study with the support of the theoretical framework the outcome of the results confirm the theories presented. Even though with our specific sample group, it is clear that there is a correlation present between the mobile marketing strategy and the customer loyalty and satisfaction. Sephora the company conducts a customer satisfaction survey every year, and it is present on their own website and from the results and based on other research conduct by L2 prestige in 2012 for example it seems that Sephora is ranked one of the highest level of customer satisfaction and to be more precise they are the first the leaders and the name queen of mobile marketing doesn’t come from the absolute. In other ways looking at this research on all its different parts, Sephora is doing a great job when it comes to mobile
marketing and the customer satisfaction is directly related to that.

6. Conclusion

The main aim of this research paper was to examine and observe a valid association between mobile marketing and customer satisfaction with loyalty. The research was shaped on the basis of theoretical and an empirical study, by conducting a survey questionnaire and two interviews with Sephora managers. The questionnaire was targeted toward a particular population, Sephora customers. With regards to the results, a positive relationship between mobile marketing and customer satisfaction with loyalty could be confirmed. Furthermore, in order to avoid generalizations with the results, the limitations of the research should be taken into consideration. Considering that the majority of people represented in the survey were younger people with smartphones, it should be concluded that the survey can’t represent Sephora’s target market as a whole. Whilst this research paper has shown the engagement between mobile marketing and customer satisfaction, it definitely can’t be generalized in terms of the whole population. Unfortunately, alternative age groups and brackets are excluded due to the low number of smartphone users.

Regarding the interviews, it was very hard to get in touch with the mobile marketing managers, the strategies makers and the decision persons for some confidential reasons, at the same time we had the chance to interview the floor managers that confirmed that mobile marketing has a big impact when it comes to store sales and customer loyalty and satisfaction. But still their answers to the questions were basic enough but enough to validate the research conducted. Furthermore the level of reliability should questioned at this level because it might be biased knowing that they work at Sephora and it is their duty to show the best part an good news of Sephora.

More research should be one on this newly studied subject, as said many times before Mobile marketing is still a very new subject of marketing study and hopefully more concrete study will come and be reviled when the majority of the population will be smartphone holders, in that case it will be easier to determine the relation in a more concrete way and add it to theory and the researches that was already found.
Moreover a clear remarkable relationship is present between the hypothesis and the results found, Mobile marketing has proved to be an important and indispensable channel that businesses have to adopt and don’t neglect its potentials and advantages. In that case and from the results found in this research paper, businesses should take the example of Sephora connect with their customers through this young marketing channels that can take the relationship between the two ends to a different level.

6.1 Further research

Mobile marketing as a whole is still a new channel and not a lot of research has been done concerning this specific subject, this is why the research should be more developed and continued in the future. To have a correct research, survey should maybe conducted in a various scale of time covering different sample and also should include the study of other competitors in the same market. In that case, a better study for the mobile marketing as whole and will allow the comparison between different big players in section of fashion/Beauty and cosmetics.

What would be ideal in the future and to reduce the level of subjectivity it would be good to look at the income statement of Sephora try to compare the number of sales to the mobile marketing expenses and try to find the correlation between these two variables. In that case the study and the data itself will be more concrete and solid and will give a clear interpretation and understanding of the effects of mobile marketing on the customer satisfaction and loyalty.

7. Implication for Sephora

Sephora is the number one cosmetics/Beauty brand in France and its customers seems to have a special relationship and trust with the store. Based on the finding and the research that has been conducted, some suggestions can be useful for the future mobile marketing implementation of Sephora and other businesses. The sample chose for our research should be taken into consideration and should be understood that we cant generalise about the results found because it doesn’t really represent the whole population.
To begin with, Sephora should take into consideration that approximately 71% of the respondents that took to the questionnaire seeks mainly offers and discounts as well as product information and beauty tips. This justify that customers would like to be informed about the store, the company and its products. When providing the customers with the right information and the offers that they seek, a positive impact will surely affect the sales as well as the customer’s satisfaction and loyalty.

Customers showed to have preference to receive information and offers from Sephora on their phones, where 24% prefer by SMS/MMS, 23% by newsletter and 16% by Sephora’s mobile app at the same time 79% said that they will use Sephora’s application in the future. So Sephora should push their customers to use the application and maybe create some sort of special offers and discounts for those that use it, which might encourage them to adopt it and use it more frequently.

Moreover and according to the research that was conducted, it have been proven that communication and constant interaction with the customers work fine to retain the existing customers and cause loyalty and work great to attract new ones as well. The better the communication between the two ends the better understanding that results in the creation of a good relationship, high level of satisfaction, brand awareness which results in better perception of Sephora and finally customer loyalty.

To conclude, it is clear that mobile marketing is still a young fast developing marketing channel, however considering investing in it can bring a lot of advantages, leverage and take the relationship between the company and its customers to a different level. Businesses and companies should ignore the potential of the mobile marketing and should take the Sephora’ implication as an example.

Finally, for a better comprehension of the effects of the mobile marketing as a marketing channel, more research should be conducted in the future that measures the outcomes of the implementation in comparison to the investment made.
References:

- Bradshaw, David and Colin Brash. 2001. Managing customer relationships in the e-business world: how to personalise computer relationships for increased profitability. International
Journal of Retail & Distribution Management, 29 (12), 520-529
Electronic Commerce Vol. 8, No.1, pp. 55-79.


- Justin (April 29, 2011). Three Ideas for Integrating CRM Into Your SMS Marketing
Appendix:

Mobile marketing and customer loyalty and satisfaction survey questionnaire

Hello,

This survey will take only 5 minutes of your time. Concentrate on your experience while using device (smart-phone or tablet) and its relation with customer satisfaction and loyalty. Be free to answer as you wish since this questionnaire is anonymous.
Sex
- Male
- Female

Age
- Moins de 18 ans
- 18-28
- 29-39
- 40-49
- 50-59
- Plus de 60

Quel type de téléphone portable vous avez ?
- Standard
- iPhone
- Android
- Autre Smartphone
- Je ne possède pas de téléphone

Que pensez-vous de la publicité par SMS ? (Veuillez cocher 3 à 5 options qui correspondent à vos choix)
- Informatif
- Intrusive
- Efficace
- Gain de temps
- Beaucoup de SMS
- Pas trop de SMS
- Nombre modéré de SMS
- Fais confiance
- Irritant
- Risque d'intrusion
- Autre
- Sans opinion

Quelles sont des commerces en détail que vous voudriez recevoir leurs messages ou avoir leur appli mobile ?
- Supermarché
- Fashion boutique
- Cosmétique et beauté
- Pharmacie
- Autre
- Rien

Si vous recevez des offres, à quelle fréquence les utilisez-vous?
- Chaque Fois
- Souvent
- Parfois
- Rarement
- Jamais

Avez-vous d'autres magasins de beauté autre que Sephora ? Pourquoi ?
Avez-vous déjà utilisé l'application Mobile de Sephora “Sephora to Go”? Si oui cochez les choix qui correspondent à votre utilisation.

- Localisation
- Shopping
- Réseaux Sociaux
- Blog
- Moteur de recherche
- Achats/Paiement
- Try it on
- Compte personnel
- Youtube
- Barcode
- Avis de clients
- Carte de fidélité
- autre
- Rien

Quel type d'information vous obtenez de Sephora?

- Offre / Réduction
- Publicité
- Invitation
- Information sur la transaction
- Inspiration et Conseil
- Offre d'emploi
- Localisateur de Magasin
- Information sur les produits
- Competitions
- Rien du tout

Comment aimeriez vous recevoir les informations et les offres de Sephora?

- Appels téléphonique
- SMS/MMSS
- Email
- Sephora to Go app
- Réseaux sociaux
- En Magasin
- Site Web de Sephora
- Site mobile
- Je ne veux pas recevoir d'information et d'offres

Si vous avez sélectionner SMS/MMMS, quelles sont les raisons ?

- Rapide
- Directe
- Pratique

Est-ce que cela affecte votre vision de Sephora si vous recevez des offres par téléphone mobile?

- Oui, j’aurais plus d’information sur Sephora et ces produits
- Oui, je préférerais Sephora Plus que les autres magasins concurrents
- Oui, cela me permet de acheter plus de chez Sephora
- Oui, j’achèterais plus de chez Sephora
Oui, ça me rappelle constamment de Sephora
Non, ça change pas mon avis de Sephora s’ils ont une application mobile, Web ou SMS

Croyez-vous que le téléphone mobile sera utilisé pour améliorer la satisfaction des clients à l’avenir si Sephora propose des services mobiles que les consommateurs veulent?

- Oui
- Non

Croyez-vous que le téléphone mobile sera utilisé pour améliorer la communication entre vous et Sephora dans l’avenir?

- Oui
- Non

Que pensez-vous de l’avenir du marché de la téléphonie mobile et de la Publicité sur les Mobiles ?

- Je vais utiliser mon téléphone portable plus largement pour en profiter plus de services par téléphone portable qu’auparavant
- L’utilisation de mon téléphone portable va rester la même

Pensez-vous qu’il est important pour les entreprises comme Sephora d’élargir leur focalisation sur les téléphones mobiles pour attirer plus de futurs clients dans le futur?

- Oui, il est important de rester à jour pour rester au niveau de concurrence avec les autres
- Ce ne changera rien.
- Non, Sephora n’est pas dans un secteur où l’utilisation du téléphone mobile est essentielle pour la compétitivité dans le