

White Paper

- August 2004 -

# Mystery Shopping:

*The essential element in a complete service delivery strategy.*

## Introduction

Mystery shopping is a long-established research technique that uses shoppers who are given guidelines to evaluate and monitor customer service, operations, employee integrity, merchandising, and product quality anonymously. Mystery shopping fills in a gap of critical information between operations and marketing. Mystery shopping is used on the front line to collect data that helps determine the service contact experience of customers and prospects when they visit or call your company.

Though many marketing research firms conduct mystery shopping, technically, mystery shopping is not marketing research. It is more closely related to operations research. Mystery shopping complements an organization's service delivery strategy. The data derived is the essential gauge in assessing the actual service delivery strategy standards as outlined from the onset of your organizations service delivery strategy implementation.

## What is Mystery Shopping?

A mystery shopper is a third party evaluator who visits a business to analyze customer service, product quality and store presentation. Inspectors are trained in all aspects of service quality, follow specific instructions during a visit and complete written reports after leaving the store.

This provides managers and employers with an unbiased evaluation of their operation's quality, service, cleanliness and value, with the goal of improving productivity, efficiency and profitability. By seeing exactly how employees interact with customers, management can identify and correct any problem areas. We've all seen the employee who tucks in his shirt and straightens his tie when he hears the boss is making the rounds. But with mystery shopping, organizations can objectively evaluate employee performance without being threatening or giving the impression of spying on staff. More importantly, the interaction experience can be reported from the customer's perspective.

## Why Do You Need Mystery Shopping?

While many organizations spend significant funds on employee training, very few businesses reinforce the training with a monitoring program. Since research has demonstrated that the majority of information obtained during training seminars is quickly forgotten, and it takes at least 30 days to develop a certain behavior, it's important for organizations to continue reinforcing key points and standards. Today's successful

businesses must commit to ongoing employee development, and mystery shopping is one good way to keep employees on their toes.

Organizations also invest in considerable budgets in advertising and marketing campaigns. Marketing research will provide the necessary data for the effectiveness of reaching your targeted audience however; there is no reportable data on the actual customer experience when they come in contact with your advertising and ultimately visit your premises. This is where your organization finds it difficult to gauge the actual experience of a customer when they visit your branches or locations.

Mystery shopping provides organizations an opportunity to evaluate their services under a “controlled” environment and “controlled” situations. Utilizing this approach, organizations are able to simulate situations and evaluate specific performance areas of their frontline staff (e.g. angry customer, refunds, demanding customers).

## **Mystery Shopping Facts**

Mystery shoppers must follow specific guidelines on what to do during an evaluation and shop at specified locations they may not normally visit.

Mystery shopping is typically more operational in nature and is most often used for quality control, training and incentive purposes.

Mystery shoppers are recruited based on specific profiles that closely match a company's real customers not participants that are sampled at random from a qualified population to represent a larger population.

Mystery shoppers are asked to be objective and explain observations in comprehensive reports that are objective and guided; they are not encouraged give their subjective opinions freely.

Mystery shopping reports on specific visits or calls - each evaluation can be used independently to make improvements to operations and training.

Mystery shopping should not be used alone to determine customer satisfaction - it can complement, but not replace traditional customer satisfaction research. You can't predict or measure customer satisfaction using mystery shopping because customer satisfaction is a subjective topic based on what real customers think.

Mystery shoppers are not real customers - they know what to evaluate before entering the store and they may not typically visit the store they are evaluating thus eliminating any biasness from any preconceived perceptions.

## **Types of Mystery Shopping Methods**

As with marketing research, there are many different types of data collection methods for mystery shopping. Some of the more common mystery shopping data collection methods include:

- In-person/on-site *shopping*;
- Telephone *shopping*;
- E-commerce Web site *shopping*;
- Hidden video/audio recording;
- Full narrative *shopping* (qualitative);
- Checklist *shopping* (quantitative);
- Purchase & return *shopping*;
- Discrimination (matched-pair) testing.

## **Mystery Shopping Questionnaire/ Evaluation Form Design**

Questionnaires for mystery shopping evaluations should be designed to provide objective, observational feedback with a system to allow for checks and balances. Criteria to be evaluated must be objective rather than subjective. Typical retail mystery shopping questionnaires cover: greeting, customer service, facility cleanliness and orderliness, speed of service, product quality, and employee product knowledge.

Unlike marketing research questionnaires that employ Likert scales for ratings, mystery shopping questionnaires ideally use only binary ("yes" or "no") questions. For certain questions, shoppers may be required to provide open-ended narratives for clarification of observations. Multiple response questions are used to allow shoppers to check off the features and benefits that are mentioned during the shop. Most shopping questionnaires include a "general comments" section that encourages shoppers to remark on anything they find significant or interesting during the shop.

For mystery shopping questionnaires, some questions may be more important than others - a point/scoring system for questions can emphasize the most important issues. If using a scoring system, (recommended), establishing appropriate weighting of questions is critical. This weightage should be in line with your specific needs. Some questions may not need to have points allocated to them at all, but may be necessary for background of the shop experience. Shoppers' evaluations may be questioned and/or appealed once the facility knows that a mystery shop has occurred.

## **Benefits of Mystery Shopping**

What are the benefits of a mystery shopping program?

- Monitors and measures service performance;
- Improves customer retention;
- Makes employees aware of what is important in serving customers;
- Reinforces positive employee/management actions with incentive-based reward systems;
- Provides feedback from front line operations;
- Monitors facility conditions – physical asset protection;
- Ensures product/service delivery quality achieves established standards;
- Supports promotional programs;
- Audits pricing and merchandising compliance;
- Provides data for competitive analyses;
- Complements marketing research data;
- Identifies training needs and sales opportunities;
- Educational tool for training and development;
- Ensures positive customer relationships and experience on the front line;
- Enforces employee integrity.

## **Make the Most of Your Mystery Shopping**

With a mystery shopping program, companies can revisit and establish customer service guidelines, monitor and reward excellent performance. As management guru Tom Peters says, "What gets measured gets done."

Once shopper reports are compiled, sharing those results with operations, training and other key personnel is the important next step in a program's success. Make it a positive, motivating experience that rewards people for a job well done while identifying areas where training may improve customer service and sales.

Mystery shopping can be used as a marketing and training tool to help ensure a company's communications, service, and operational objectives are being carried out on the front line. An established, ongoing program, where employees know that any customer may be the mystery shopper, is more effective and objective than sporadic audits.