Taking The Mystery Out Of Mystery Shopping

What Is Mystery Shopping?

- **Mystery Shopping is the practice of using trained shoppers to anonymously evaluate customer service, operations, employee integrity, merchandising, and product quality**

- **Mystery Shopping goes by many names:**
  - **Secret Shopping**
  - **Mystery Customers**
  - **Spotters**
  - **Anonymous Audits**
  - **Virtual Customers**
  - **Employee Evaluations**
  - **Performance Audits**
  - **Telephone Checks**

Why Use Mystery Shopping?

- **When location, pricing, and product assortment are no longer unique, service is often the key to success or failure**
- **It costs 10x more to get a new customer than to keep an existing one**
- **One unhappy customer will tell five other people of their bad experience with service**

- **Why customers leave:**
  - **69% poor customer service**
  - **13% poor product quality**
  - **9% competitive reasons**
  - **5% other**
  - **3% move away**
  - **1% die**
- **"What gets measured, gets done"** *- Tom Peters*

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 - asset protection
- Ensures product/service delivery quality

What Are The Benefits of a Mystery Shopping Program?

- Supports promotional programs
- Audits pricing and merchandising compliance
- Allows for competitive analyses
- Compliments marketing research data
- Identifies training needs and sales opportunities
- Educational tool for training and development
- Ensures positive customer relationships on the front line
- Enforces employee integrity

The History of Mystery Shopping

- **Initially, mystery shopping was a technique used by private investigators to prevent employee theft - primarily at banks and retail stores**

- **In the 1940s, Wilmark coined the term "mystery shopping" and began using the method for evaluating customer service**

- **In the 1970s and 1980s, Shop'n Chek popularised mystery shopping by gaining extensive publicity**

- **In the 1990s, fueled by the internet, the mystery shopping industry experienced rapid growth and acceptance**

- **In the 2000s, the creation of software packages, such as SASSIE and Prophet, have revolutionised the industry**

Mystery Shopping Today

- **Worldwide growth of industry**
  - **Nearing $1.5 Billion (USD) worldwide**
- **More focused on improving customer service than on policing bad employees**
- **Clients becoming more sophisticated in use of mystery shopping**
- **Faster reporting from field to client using the internet**
- **More diverse and specialised services**

The Internet's Impact on the Mystery Shopping Industry

- **Wide-ranging impact - with shoppers, clients, and providers**
  - **Many shopper oriented websites and ListServs exist to assist shoppers with education and finding jobs**
- **Internet provides more reach and exposure for mystery shopping services**
- **Faster and less expensive shopper recruiting**
- **Faster and less expensive data collection**
- **Faster, automated reporting processes**
- **Increased need for validation of data**

Who Uses Mystery Shopping?

- **Any business/organisation that needs to monitor its operations, facilities, product delivery, and service performance**

  - **Banks**
  - **Retailers**
  - **Manufacturers**
  - **Call Centres**
  - **E-Commerce Services**
  - **Government Agencies**
  - **Hospitals**
  - **Franchise Operations**
  - **Promotions Agencies**

  - **Hotels**
  - **Restaurants**
  - **Movie Theatres**
  - **Recreation Parks**
  - **Transportation Systems**
  - **Fitness/Health Centres**
  - **Property Management firms**
  - **Freight/Courier Services**
  - **And many more**

Who Provides
Mystery Shopping Services?

- **Mystery Shopping Specialists**
- **Marketing Research Firms**
- **Private Investigators**
- **Merchandising Companies**
- **Training Companies**
- **Advertising/Promotion Agencies**
- **Others**

Mystery Shopping Methods

- **In person/On-site shops**

- **Telephone shops**

- **E-Commerce website shops**

- **Hidden video/audio recording**

- **Full narrative shops (qualitative)**

- **Checklist shops (quantitative)**

- **Purchase and return shops**

- **Discrimination (matched-pair) testing**

How is Mystery Shopping Done?

- **Step 1: Setting Objectives and Goals**
- **Step 2: Program and Questionnaire Design**
- **Step 3: Defining and Recruiting Shoppers**
- **Step 4: Data Collection**
- **Step 5: Data Preparation**
- **Step 6: Reporting**
- **Step 7: Review Findings and Repeat Steps 3-7**

Step 1: Setting Objectives and Goals

- **Start by asking *"What will we do if we knew the answers?"***
  - Make sure the answers are actionable
- **Emphasis should be on reinforcing existing training, desired behaviours, and standards compliance**
- **The key factor is to clearly establish where you are, where you want to be, and how mystery shopping can help get you there**

Step 2: Program and Questionnaire Design

- **A mystery shopping program works best when it is not a mystery for employees to know what is expected of them**
  - Announce and promote the program in a positive manner
- **The questionnaire, or evaluation form, should satisfy the objectives of the program, yet be focused and concise for quality of information and accuracy of shopper reporting**

Step 2: Program and Questionnaire Design

- **Questionnaires must be designed to provide objective, observational feedback with a system to allow for checks and balances**

- **Typical retail mystery shopping questionnaires cover:**
  - *Greeting, customer service, facility cleanliness and orderliness, speed of service, product quality, and employee product knowledge*

- **Questionnaires should be easy for shoppers to complete and should include specific examples where necessary to clarify the point of evaluation for the shopper**

Step 2: Program and Questionnaire Design

- Ideally, only "yes" and "no" questions will be asked, and all "no" questions will require a response from the shopper for clarification

- Multiple response questions are used to allow shoppers to check off the features and benefits that are mentioned during the shop

- Include a "general comments" section that encourages shoppers to remark on anything they find significant or interesting during the shop

Step 2: Program and Questionnaire Design

- Some questions may be more important than others - a point/scoring system for questions can emphasise the most important issues

- If using a scoring system, which is strongly recommended, appropriate weighting of questions is critical

- Some questions may not need to have points allocated to them at all, but may be necessary for background of the shop report

Step 3: Defining and Recruiting Shoppers

- **Almost anyone can be a mystery shopper - however, shoppers should match clients' "real customer" profiles**

- **Most mystery shoppers are average consumers, typically working part-time as either independent contractors or employees, who are given guidelines on how to complete the assignments**

- **Shoppers are recruited through classified advertising, internet websites, email, or referrals**

Step 3: Defining and Recruiting Shoppers

- **Most shopping providers have candidates submit a detailed application, at no cost, and match shoppers with assignments based on the demographic profile of their client customers**

- **There may be special requirements for the shop**
  - **For example, must wear glasses to complete an optical shop**

- **Shoppers may be qualified on the phone, via internet, or in person, and may often be required to perform test shops to evaluate their skills before doing an actual assignment**

Step 4: Data Collection

- **Shopping programs require a tremendous effort in recruiting, qualifying, scheduling, training and managing shoppers**

- **Individual shopper reports must be distributed, collected, and reviewed in a short time frame**

- **It is not uncommon for shoppers to drop assignments during a shop period**

- **Progress of each shopper in the field should be monitored to ensure timely reports**
  - **Hint: Establish early deadlines for completing reports**

Step 4: Data Collection

- **Provide shoppers with specific shopping scenarios and clear written guidelines**
  - **Be consistent in shopping. Shoppers should ask for the same products and ask the same questions at all stores**
- **Criteria to be evaluated must be objective rather than subjective**
  - **Mystery shopper observations are limited to a choice of fixed alternatives**
- **Shoppers' evaluations may be questioned and/or appealed once the facility knows that a mystery shop has occurred**

Step 5: Data Preparation

- Every shopper report must be checked for validity, accuracy, consistency, and objectivity

- Run quality control checks on completed shopper reports before distribution to the client

- Shoppers may need to be contacted to confirm or validate their reports

- Many providers will process data to provide a laser-print output of individual shopper reports

- Quantitative data should be tracked using relational database software

Step 6: Reporting

- A shopping report has a short shelf life
- Individual store reports must be tabulated and distributed to the stores within 30 days of the shop - much sooner, if possible
- Summary reports for each district, region, division, department, etc., must be easy to read and understand
  - Make sure management can use the reports effectively
- The internet is making reporting faster and easier for providers, shoppers, and clients

Step 6: Reporting

- **Category summaries make reporting easier to analyse and understand**

- **Category scores are based on an accumulation of points from individual questions within each category**

- **A summary page with all category scores and location, shopper and date information is very useful for quick understanding of performance**

Step 7: Review Findings and Repeat Steps 3-7

- Once shopper reports are compiled, sharing those results with training and other 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

- An established, ongoing program, where employees know that any customer may be the mystery shopper, is more effective and objective than sporadic audits

How to Make The Most of Mystery Shopping Programs

- **Let employees know the program is in place and what is expected of them**
  - **This alone will often change behaviour**
- **Promote extensively with signs, cards, etc.**
- **Have a plan for publishing and using the findings**
- **Realise that shop scores are more reflective of the organisation than the individual**
- **Always use reports in a positive manner to gain acceptance of the program**
- **Use the reports to target training and operational adjustments**
- **Provide rewards for excellent reports**

How to Make The Most of Mystery Shopping Programs

- Share the evaluation form with employees and management before initiation - get their input on the questionnaire
- Evaluate only those things that can be changed
- Use binary questions (Yes/No) as much as possible
- Use open ended questions to explain special circumstances
- Use category summaries to easily identify key areas
    - Phone, Greeting, Service, Demonstration, Facility, etc.
- Use a point/scoring system for benchmarking and to track trends

How is Mystery Shopping Different From Marketing Research?

- Mystery shopping is a "cousin" to marketing research (related, but not the same)
- Mystery shopping is typically more operational in nature than marketing research and is most often used for training and incentive purposes
- Marketing research involves determining real customer and prospect opinions, perceptions, needs, and wants
- Mystery shopping fills in a gap of information between operations and marketing

How is Mystery Shopping Different From Marketing Research?

- **Mystery shoppers are not real customers - they know what to evaluate before entering the store**
  - **They may not typically visit the store they are evaluating**
- **Mystery shopping should not be used alone to determine customer satisfaction**
  - **It can compliment, but not replace, satisfaction research**
- **Mystery shopping is not predictive of every customer's experience**
  - **Unless sufficient samples are taken and data analysed in aggregate**

Pricing Considerations

- **Costs for mystery shopping services can vary considerably depending on:**
  - Method of evaluation
    - Physical visit, telephone, internet, etc.
  - Complexity of shop requirements
  - Geographic area to be covered
  - Number/frequency of visits and/or evaluations
  - Difficulty in recruiting and shopper incentives
  - Reimbursable expenses
  - Reporting requirements - types of reports and report distribution method

How to Choose a Mystery Shopping Provider

- **Knowledgeable about design, data collection, analysis and reporting**
- **Customer service and satisfaction attitude**
- **Reputable in industry**
- **Sufficient resources to meet demands**
- **Geographic coverage meets client needs**
- **Experience in category or similar categories**
- **Experience with required specialised services**
- **Licensed when/where necessary**
- **Member of Mystery Shopping Providers Association (MSPA)**

Current Issues and Challenges in the Mystery Shopping Industry

- Legal issues regarding private investigator licensing requirements
- Tax issues regarding employment of shoppers
- Consumer scams
- Maintaining shopper quality and integrity
- Faster delivery of reports without sacrificing quality of data
- Educating consumers, clients, prospects, and providers on realities of mystery shopping
- Wide variety of providers and services

Hoed Mystery Shopping

- **Highly experienced Customer Experience Management company**

- **Industry's largest database of active Mystery Shoppers in New Zealand and Australia**

- **Questionnaires tailor made to client's specific standards**

- **Comments collected from Mystery Shoppers provide a clear and objective "story" of the interaction**

- **Mission:**
  - *To gather, analyse, and report relevant performance data that allows your company to respond quickly to service issues and helps you achieve breakthrough levels of service performance and customer satisfaction*

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