
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 ListSerts 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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