

Mystery Shopping: Age-Old Research Method Now Used To Help Solve New Age Business Problems

By Paul C Lubin

Mystery Shopping has become increasingly popular to companies for addressing today's business issues.

The early programs had, as their goal, to evaluate retail conditions—what products were available, whether one product was recommended over others, or how prominently a product was displayed and where.

These early programs were deemed “observational” because the program objective was to have the shopper observe and record what he or she saw.

Mystery shopping became much more useful when mystery shoppers posing as customers or potential customers—based their evaluations not only on observations but also upon actual retail transactions—for example, purchasing a product from a sales clerk at a department store, opening an account at a bank or buying gas.

Mystery Shopping Comes of Age

Mystery shopping was initially thought of as subjective, lacking reliability and a qualitative technique. By increasing sample sizes (number of shops), standardizing the persona of the shopper and providing reports quickly in an easy to access format, the findings have become more reliable and actionable.

Most companies got their feet wet in mystery shopping programs by conducting the programs annually or at least every two years. Now management realizes that mystery shopping done infrequently does not motivate employees to improve performance. By using shoppers on an ongoing basis, employees aware that mystery shoppers might visit are more careful about how they treated customers. This helps improve sales and customer service.

Management has come to recognize the importance of developing a sales culture, as well as improving service and customer satisfaction. As a result, mystery shopping has become a popular and powerful tool.

In addition, the technique is now being applied to address business and legal risk. By implementing a mystery shop program a company can limit inconsistent sales and service across its branch and store network and thereby help maximize revenues relative to costs. And government regulators and enforcement agencies (HUD and State Attorney Generals) use the technique to detect discrimination and unfair sales practices.

A mystery shop program can also help a company defend itself against allegations of misleading sales practices and discrimination. These allegations can have a significant impact on reputation and can result in significant legal costs and monetary penalties. The technique profiles the sales and service process and can tell whether customers are being treated fairly and whether legal and regulatory requirements are being followed.

Implementing mystery shopping

A carefully structured plan is needed to implement a successful mystery shopping program.

1. *Determine the objective.* It might be to measure and motivate adherence to sales and service guidelines. Or to assess sales and service practices versus the competition. Then again it might be to check on compliance with regulatory guidelines and the law.
2. *Select the right form of mystery shopping.* Ongoing or Tracking programs—monthly or quarterly—will help continually measure and motivate employees. They spot issues quickly. Diagnostic mystery shopping programs uncover specific areas where sales and service can be improved. They are conducted once or twice a year.

3. *Determine the delivery channels to mystery shop.* Today companies market to customers through a variety of channels, Mystery shopping each of these channels helps the company maximize its sales and service.
4. *Simulate an actual customer experience.* It's best to do this by recruiting professional mystery shoppers who match the profile of your customer base. The shoppers should be objective and smart. This will help limit shopper detection.
5. *Recruit mystery shoppers who represent the demographic composition of the customer base.* Most mystery shoppers today are females working part-time. Females may or may not be treated the same as males. The same is true for whites, African-Americans and Hispanics, etc.
6. *Train the shoppers.* The training should cover the program objective unless it is for legal or regulatory compliance. If it is for legal reasons, check with legal counsel before informing the shoppers about the objective. Review the scripts and conduct role-plays to ensure the shoppers are comfortable with the scenarios.
7. *Inform your employees (but do not tell them when or where the shops will occur).* This will communicate to employees the importance management places on adherence to its sales and service guidelines.
8. *Develop a questionnaire that is easy to understand and complete.* A complicated and hard to understand questionnaire detracts from accuracy and reliability. Be sure that the shoppers complete the questionnaire immediately after completing their assignments. This will help ensure accuracy.
9. *The shopper questionnaire should be edited.* Review the questionnaires before providing feedback to your employees. Using an internet based reporting mechanism helps prevent the shoppers from entering inconsistent answers. You will still need to review the verbatim comments offered by the mystery shoppers. If there are inconsistencies between the comments and

what the shoppers recorded you will have to speak to shopper to resolve the issue.

10. *The mystery shopping reports should clearly identify your strengths and weaknesses.* The reporting program should provide the flexibility to provide feedback to your stores, branches and employees
11. *The reports should be provided as quickly as possible to the employees shopped.* Providing the information quickly increases the actionability of the information since managers can more quickly address and remedy problems. Consider having the shoppers transfer the answers they recorded on the paper questionnaire to an internet questionnaire.
12. *Develop a numeric scoring system that objectively measures employee performance.* This will help you easily identify the degree of adherence or non-adherence to your sales and service guidelines and policies.
13. *Consider including the results in an incentive program.* The mystery shop score should be used with other performance measures, retention, sales growth, profits, etc to help motivate and reward employee performance.
14. *Coach your employees based on the results.* The mystery shop results should be used to help coach and train. By describing the results to retail employees they are consistently reminded the company is measuring adherence to its sales and service standards.

The Benefits of Mystery Shopping

The turn of the century has brought with it diverse and new markets (African Americans, Hispanics, Asians, females, seniors and so forth), new technologies and instantaneous information. Consumers are information hungry. They react quickly, especially when they are not treated well or even worse discriminated against. This heightens the importance of ensuring that customer needs are met. Wall Street, consumer advocates, the media, Washington and

State and local regulators are more involved than ever. Wall Street wants to make sure that your company is maximizing revenues and minimizing expenses. Consumer advocates and law enforcement want to make sure consumers are not misled and have equal access to goods and services.

Mystery shopping will pinpoint your strengths and weaknesses and help you take maximum advantage of sales and service opportunities. It can help increase market share and profits while ensuring that sales and service practices are fair and equal.

Unlike customer satisfaction research that measures what customers remember and perceptions, mystery shopping captures information at a moment in time when the employee is serving the consumer. It takes into account customers and potential customers. It profiles the customer-employee interaction and tells you whether it is consistent and of a nature that adheres to your standards, while maximizing customer satisfaction and sales.

Companies face many challenges today. Mystery shopping can play a prominent role in your sales and service strategy. It will help you ensure optimal performance across multiple delivery channels while maintaining management oversight of sales practices for legal reasons. And mystery shopping will help you reinforce the importance of sales and service to the frontline staff. Ultimately this will help improve sales and shareholder value by controlling attrition and improving customer loyalty.

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