

A Survival Guide To Mystery Shopping

by *David Lithwick*

Introduction

Mystery shopping is gaining recognition as companies seek quicker, hands-on direction to level their playing field. However, companies should take the time to learn about mystery shopping before deciding which supplier they will use. The more buyers assess their own needs and educate themselves on the range of services offered by suppliers, the more successful the outcome will be.

10 Guidelines to Follow

1. *Design the mystery shop to reflect your specific needs.*

There are a number of mystery shopping applications. These include identifying customer service gaps, establishing a standards guide, paring down channels and uncovering competitive intelligence.

(See exhibits A & B showing two different applications of a battery mystery shop.)

2. *Review internal research, sales and customer service studies to ensure a clear understanding of your information gaps.*

For example, if 25% of first time users are returning a product within the first 6 months of purchase, a mystery shop will uncover new insights and verify assumptions for this high rate of return. The 25% return rate becomes the guideline to build the mystery shop report on. Otherwise you will be overwhelmed by a mass of data which an unfocused shop yields.

3. *Carry out some of your own shops before approving a proposal.*

Remove the 'nice to know' questions, visualise what you would like the report to look like and draft some tables to show the supplier. The more you know, the more aggressive the report findings will be.

4. *Do not get trapped into shopping every single outlet.*

There is a greater likelihood of errors when too many outlets are shopped. While research specifies error margin and statistical reliability, mystery shopping does not. Unless you are mandated to shop every outlet, we suggest shopping fewer outlets, but shopping each one twice to increase objectivity and accuracy. Otherwise you will alienate one manager too many by reacting to an isolated incident.

5. *Make sure the shoppers fit the profile of your customer.*

It makes no sense to send interviewers for a mutual fund mystery shop, if they have never purchased a mutual fund. The problem compounds itself when branch staff complain that they were shopped unfairly.

6. *Write a list of instructions for the mystery shopping firm.*

You should advise them on the hours of the day to avoid shopping (e.g. morning rush hour), who they should speak to (e.g. bank manager versus teller), how long the shop should be (at least 20 minutes for car dealers), etc.

Exhibit A

Battery Mystery Shop

Focus: Competitive Intelligence

Store	Ridgeway Auto	Batteries r Us	Acme Hardware
Brandname	'Easy Run'	'Eternal'	'Rapid Charge'
Model	313	75	99
Price	\$89.99	\$79.99	\$90.99
Installation Fee	\$12.00	\$12.00	\$8.95
<i>Other Pricing</i>			
* credit for trade in	\$5 off	5% off	no
* coupons	\$4.50	\$4.00	no
<i>Warranty</i>			
* Length (months)	seventy two	sixty	sixty
* Free Replacement	first 12 months	first 12 months	first 16 months
<i>Prerotation Cost</i>			
* Based on Selling Price	yes	yes	yes
* Standard Calculation	yes	yes	yes
* Commencement	13 th month	13 th month	17 th month
* Average Monthly Rate	\$1.25	\$1.33	\$1.26
<i>Merchandising</i>			
* Focus On	Price Savings	Price Savings	Variety
* Signage	Extensive	Extensive	Minimal
* Battery Displayed	yes	yes	no
* Leave Behind Material Available	yes	yes	no

7. Insist that the firm carries out a pre-test and faxes you a topline.

If the firm shies away from the commitment, they lack the necessary manpower/analytical resources to meet your expectations.

8. Request that you personally meet the shoppers.

If you are unable to meet every shopper, then have the supplier produce an instruction video outlining your specific concerns. The shoppers must appreciate the sensitivity and understand the objectivity behind the task.

9. Insist on a 5% contingency.

Shops can go awry. A shopper fails to visit all the branches, another interviews the wrong sales staff, a third does not show up. The results are incomplete reports or studies that were rushed through. A contingency removes this pressure.

10. Ensure that the report includes recommendations, key observations, rating tables, benchmarks, detailed findings and explanation of methodology.

If you do not, you may receive a report filled with qualitative speculation, poorly rationalized conclusions and motherhood recommendations.

Conclusion

Mystery shopping is an effective tool to assess immediate problems and opportunities. It must, however, be used judiciously ●

Exhibit B Battery Mystery Shop Focus: Customer Service

Name of Rep: John Smith
Store: Ridgeway Auto
Date: August 9, 1995

1. What overall rating would you give the rep?
Poor good excellent
2. Why?
He clearly lacked product knowledge and was not interested in servicing us.
3. What suggestion, if any, do you have on how the rep can improve?
Enrol him in a training workshop.

Customer Servicing

- | | | |
|------------------------------------|-----|----|
| ● were you greeted? | Yes | No |
| ● rep friendly? | Yes | No |
| ● rep enthusiastic? | Yes | No |
| ● rep informed you about features? | Yes | No |
| ● rep informed you about pricing? | Yes | No |
| ● rep informed you about terms? | Yes | No |

Sales Performance

- | | | |
|-------------------------------------|-----|----|
| ● probed your needs? | Yes | No |
| ● tried to sell you on a promotion? | Yes | No |
| ● asked for your name & phone #? | Yes | No |
| ● gave you leave behind literature? | Yes | No |
| ● tried to close the sale? | Yes | No |

Net Impression

- | | | |
|----------------------------|-----|----|
| ● Would you buy from them? | Yes | No |
|----------------------------|-----|----|