

Financial institutions are unquestionably one of the most frequent users of mystery shopping.

by David Lithwick

## the abc's of bank mystery shopping

### INTRODUCTION

Financial institutions are unquestionably one of the most frequent users of mystery shopping. Whether the need is to collect competitive intelligence, assess sales and service performance or pinpoint where sensitive information is being leaked within the bank, mystery shops are well suited to provide the necessary findings to meet these information needs.

There are three key reasons banks rely on mystery shopping for important decisions:

- the sheer number of bank branches and call centres in Canada that can be shopped;
- the easy access to information, as in many cases, it is just a matter of walking into a branch or dialing a 1800 number to reach the call centre; and,
- a number of the banks offer similar products thereby making benchmarking fairly easy to do.

### GOAL

This article will provide a brief overview of four popular mystery shop applications (RRSPs, wills and estate planning, small business and call centre responsiveness) used in the banking sector, as well as some tips on conducting banking mystery shops.

If you work in a non-banking sector, you may still find this article helpful, as the templates presented can be readily transferred to other sectors such as insurance, fast food and packaged goods.



**RRSP Branch Shop**

**How Banks Use This Information** – To determine gaps in signage and the sales process. These shops (which can include shopping competitors for comparison) are typically done at the end of January or early February so that findings can be acted on prior to the peak RRSP sales period.

**Areas Frequently Investigated** – Signage, greeting, information dissemination, competitor interest rates and sales delivery.

**Sample Size** – minimum of 50 shops.

**Level of Difficulty** – not difficult.

**What Is Often Overlooked** – When investigating competitor bank interest rates, shoppers will only record the posted rate versus seeing what additional percentage points can be negotiated with the branch (e.g. an extra 1/2%).

Branch	1	2	3	4	5	6	7	8	Total	%	Rating *
<b>Signage</b>											
• RRSP posters on branch windows		x			x				2	25%	Poor
• RRSP banners displayed									0	0%	Poor
• RRSP counter cards displayed	x			x					2	25%	Poor
• RRSP brochures displayed	x	x		x			x	x	5	63%	Fair
• RRSP electric billboard set up	x								1	13%	Poor
<b># “Yes” Scores/Possible 5</b>	<b>3/5</b>	<b>2/5</b>	<b>0/5</b>	<b>2/5</b>	<b>1/5</b>	<b>0/5</b>	<b>1/5</b>	<b>1/5</b>	<b>10/40</b>	<b>25%</b>	<b>Poor</b>
<b>Greeting</b>											
• Inquired how they can help	x					x	x		3	38%	Poor
• Asked for shopper’s name				x		x	x		3	38%	Poor
• Pivoted shopper to a branch RRSP rep	x		x	x	x	x			5	63%	Fair
• Was there an RRSP rep. to assist shopper	x	x	x	x	x	x			6	75%	VG
• Waited less than 5 minutes to meet rep	x	x	x	x	x	x			6	75%	VG
• Were organized to service customers	x	x	x			x	x		5	63%	Fair
<b># “Yes” Scores/Possible 6</b>	<b>5/6</b>	<b>3/6</b>	<b>4/6</b>	<b>4/6</b>	<b>3/6</b>	<b>6/6</b>	<b>3/6</b>	<b>0/6</b>	<b>28/48</b>	<b>59%</b>	<b>Fair</b>
<b>Information Dissemination</b>											
• Benefits of an RRSP	x	x	x	x	x	x			6	75%	VG
• RRSP loans	x	x	x	x	x				5	63%	Fair
• RRSP savings account	x					x			2	25%	Poor
• RRSP GIC		x	x	x	x	x			5	63%	Fair
• RRSP equity indexed			x			x			2	25%	Poor
• RRSP mutual funds	x	x	x	x	x	x			6	75%	VG
• Self-directed RRSPs	x	x							2	25%	Poor
• Purchasing RRSPs by phone									0	0%	Poor
• When the deadline to apply is		x				x			2	25%	Poor
• RRSP Promotion/Contests	x								1	13%	Poor
<b># “Yes” Scores/Possible 10</b>	<b>6/10</b>	<b>6/10</b>	<b>5/10</b>	<b>4/10</b>	<b>4/10</b>	<b>6/10</b>	<b>0/10</b>	<b>0/10</b>	<b>31/80</b>	<b>39%</b>	<b>Poor</b>
<b>Sales Delivery</b>											
• Led conversation	x	x	x	x	x	x			6	75%	VG
• Enthusiastic	x	x	x			x			4	50%	Fair
• Patient	x	x	x	x		x			5	63%	Fair
• Probed shopper on their needs		x	x	x		x			4	50%	Fair
• Walked shopper through RRSP brochures				x					1	13%	Poor
• Tried to close sale					x	x			2	25%	Poor
<b># “Yes” Scores/Possible 6</b>	<b>3/6</b>	<b>4/6</b>	<b>4/6</b>	<b>4/6</b>	<b>2/6</b>	<b>5/6</b>	<b>0/6</b>	<b>0/6</b>	<b>22/48</b>	<b>46%</b>	<b>Poor</b>
<b>Total # “Yes” Scores/Possible 27</b>	<b>17/27</b>	<b>15/27</b>	<b>13/27</b>	<b>14/27</b>	<b>10/27</b>	<b>17/27</b>	<b>4/27</b>	<b>1/27</b>	<b>91/216</b>	<b>42%</b>	<b>Poor</b>
<b>Percentage</b>	<b>63%</b>	<b>56%</b>	<b>48%</b>	<b>52%</b>	<b>37%</b>	<b>63%</b>	<b>15%</b>	<b>4%</b>	<b>42%</b>		
<b>Rating *</b>	<b>Fair</b>	<b>Fair</b>	<b>Poor</b>	<b>Fair</b>	<b>Poor</b>	<b>Fair</b>	<b>Poor</b>	<b>Poor</b>	<b>Poor</b>		

\* Rating Definitions: Excellent (85%-100%), Very Good (75% - 84%), Good (65% - 74%), Fair (50% -64%), Poor (Under 49%)

**Wills and Estate Planning Shop**

**How Banks Use This Information** – Banks want to benchmark how their specialists perform compared to the industry norms. This information identifies areas where gaps exist and indicates training required to offset shortfalls.

**Areas Frequently Investigated** – Signage, greeting, referral process, sales delivery, competitive fees and professionalism.

**Sample Size** – 5 to 20 shops.

**Level of Difficulty** – Difficult (This research needs to use shoppers who can appear to have the personal net worth and genuine need for advice on wills and estate planning. These shops also require the time and budget to do two shops per inquiry: appointment set up and meeting per inquiry).

**What Is Often Overlooked** – This two-step shop can be time-consuming. It may take one or two days for the specialist to call back and another one to two days for the meeting to take place.

<b>Table 1 - Getting Appointment With Specialist</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
Who did shopper speak to?	Receptionist	Customer Service	Receptionist	Branch Mgr	Receptionist
How long was the conversation?	5 minutes	2 minutes	7 minutes	10 minutes	1 minute
What did the branch person say after you told them your scenario?	This branch does not handle wills and estate planning. Call head office	Their bank does not handle wills and estate planning	Need to make an appointment with a specialist.	He could not put me in touch with a specialist most suited to meet my needs	Did not think that they do wills and estate planning. Best to go on their website
Did they refer you to any brochures?	Yes	No	Yes	No	No
Did they take the time to listen to your needs or did they dismiss you before you finished explaining?	Listened	Dismissive	Listened	Dismissive	Listened
How would you rate the willingness of branch staff to discuss wills and estate planning with you?	Good	Poor	Good	Poor	Good

<b>Table 2 - Meeting With Specialist</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>Total</b>
How long did the meeting last?								
• 60 minutes	x		x	x				3
• Under 30 minutes					x	x	x	3
• 90 minutes		x						1
Demonstrate an understanding of your needs?								
• No	x		x	x		x	x	5
• Yes		x			x			2
Explain fees?								
• No	x		x		x	x	x	5
• Yes		x		x				2
Cited advantages of their wills and estate planning services?								
• Yes	x	x	x		x	x	x	6
• No				x				1
Recommend a specific package?								
• Yes	x	x	x	x		x		5
• No					x		x	2
Provide you with any advice?								
• No	x		x	x	x	x	x	6
• Yes		x						1
Try to close the sale?								
• No	x	x	x	x	x			5
• Yes						x	x	2

Small Business Shop

**How Banks Use This Information** – 1) When they want to identify internal service gaps relative to competitors, or 2) are planning to launch a new product and wish to audit competitors offering similar products.

**Areas Frequently Investigated** – Interest rates, loan application, new product offerings and fees.

**Sample Size** – Minimum of five shops per competitor.

**Level of Difficulty** – Not difficult.

**What Is Often Overlooked** – The definition of “small business” can differ widely among banks and hence needs to be reconciled. For example one bank may define it by annual sales, another by number of transactions and a third by credit needs.

	A	B	C	D	E	F	Total
<b>Account Servicing</b>							
Will there be an account mgr assigned to me?							
• No		X	X	X		X	4
• Yes	X				X		2
What training do they have for small business?							
• None			X		X	X	3
• Taken courses	X			X			2
• Commercial banking experience		X		X			2
<b>Chequing/Savings</b>							
What options do you offer small business?							
• No frills account	X		X	X		X	4
• Business professional account		X			X	X	3
• Interest earning account	X			X		X	3
What advantage does your account offer?							
• Service at a minimum charge	X			X	X	X	4
• Electronic banking services		X	X		X		3
• Tiered interest rates	X	X					2
• Special processing for currency handling				X			1
What are the transaction and monthly adm. fees?							
• Per transaction	\$0.70	\$0.00	\$0.75	\$0.75	\$0.75	\$0.75	
• Monthly fee	\$5.00	\$5.00	\$0.00	\$0.00	\$15.00	\$5.00	
<b>Other</b>							
What key advantage does your payroll service offer?							
• No set up fee	X	X		X	X		4
• Service designed for small accounts					X	X	2
• Easy to use		X	X				2
What key advantage does your credit card offer?							
• None	X	X			X	X	4
• Annual fee waived, if do not carry balance				X			1
• Free weekend travel insurance			X				1

# Tips

**1.** Make sure that the shoppers you choose are credible and fit the profile of a typical customer in the area being shopped. For example, you would want to use seniors for a retirement shop.

**2.** Use shoppers who are actually in the process of signing up for the product/service or account that you will be mystery shopping. For example, if you plan to do a mystery shop on car insurance, it would be beneficial to use shoppers who are actively looking to either purchase car insurance or switch insurance providers.

**3.** Select shoppers who will be diligent in documenting results. Mystery shops are based on third party observations, so the ability of each shopper to provide accurate and meaningful reports is critical.

**4.** Make sure your questions can be answered definitely (e.g. ‘yes’ or ‘no’). This adds precision and reduces vague evaluations because you are forcing your shoppers to answer one way or the other. You can always include a section for comments to supplement findings and allow shoppers to add ‘colour’ to their observations.

**5.** Carry out a pre-test.

**6.** Debrief your shoppers after reading their reports to clear up any vague or inconsistent answers.

**Call Centre Responsiveness Shop**

**How Banks Use This Information** – To see how their call centre responds to customer inquiries (e.g. complaints, requests for product information, purchases).

**Areas Frequently Investigated** – This will depend on the purpose of the mystery shop. For example, to evaluate how product or service inquiries are handled, you would likely investigate greeting, needs assessment, information provided and sales delivery. On the other hand if you are evaluating how well reps perform in directing calls to specialists, you would need to measure greeting, effectiveness of the referral procedure and specialist follow through.

**Sample Size** – 20 to 50 shops.

**Level of Difficulty** – Depends. (There is little difficulty if the shopper is simply inquiring about a product or service, but substantially more difficulty if the shop assesses how well reps transfer callers to a specialist and subsequent specialist follow through.)

**What Is Often Overlooked** – The “grave yard’ shift (from 12:00 am to 8:00 am) and the possibility that the call centre is smaller than anticipated with multiple shoppers ultimately speaking to the same rep.

	Wave 1	Wave 2	Total	%
<b>Greeting</b>				
Total Calls Made	22	22	44	100%
• # Calls answered by 3rd ring	18	22	40/44	91%
• # Calls answered after 3rd ring	4	0	4/44	9%
• Shopper greeted by live person	3	11	14/44	32%
• Shopper greeted by voice mail	19	11	30/44	68%
• Shopper was satisfied with how they were greeted	12	11	23/44	52%
• If not, why?				
- No instructions on voice mail as to who else caller can speak to	x	x		2
- Time frame in which message would be returned was not clear	x	x		2
- Had to try 3 people until someone was able to help	x	x		2
- Respondent answered with first name only		x		1
- Respondent did not ask how they can be of assistance		x		1
- Respondent's voice mail did not state their availability		x		1
- Respondent was abrupt		x		1
<b>Transferring the Call</b>				
Total Calls Made	22	22	44	100%
• Number of calls that were transferred	0	4	4/44	9%
• Asked to hold while being transferred	0	4	4/4	100%
• Staff offered to stay on line while you were being transferred	0	1	1/4	25%
<b>Returning Caller's Message</b>				
Number of Messages Left	19	11	30	100%
• Number of calls returned	15	4	19/30	63%
<b>Handling the Call</b>				
Total Number of Calls Where Contact Was Made	20	17	37	100%
• Displayed confidence	18	14	32/37	86%
• Demonstrated desire to help	18	17	35/37	95%
• Pleasant	18	19	37/37	100%
• Patient	18	18	36/37	97%
• Thanked shopper for calling	9	5	14/37	38%
• Shopper satisfied with how his/her question was handled	18	16	34/37	92%
<b>Overall Rating</b>				
• Excellent	5	1	6/44	14%
• Very Good	12	8	20/44	45%
• Good	1	6	7/44	16%
• Fair	0	2	2/44	5%
• Poor	4	5	9/44	20%

**CONCLUSION**

Bank mystery shopping has been around for years. When I completed my first bank mystery shop 18 years ago, I remember one of the research managers mentioning that she learned mystery shopping from her boss, who had learned it from his boss, etc., etc.

I suspect that 100 years ago Canadian bankers would make it a point of visiting their competitors. It was likely the easiest and quickest way to learn what a competitor was doing to grow their customer base.

And I would also wager that mystery shopping will be around for a long time to come.

*David Lithwick is a senior partner at Market Alert. He can be reached at (416) 932-9820 or david@marketalert.ca.*