



Nine Steps to an Effective Mystery Shopping Project

If you are reading this report it means that you are considering implementing mystery shopping as part of a customer experience program for your company. Instead of dashing blindly ahead you want to benefit from the knowledge and experience of others who have 'been there done that'.

Congratulations. It's the smart thing to do.

It is much better to build on the experience of others and learn from them rather than starting from scratch. It's the best way of avoiding the pitfalls that, let's face it, dog so many mystery shopping programs.

At best, a mystery shopping program can give you great insight into your customers, what they get and what they want, and what will keep them coming back. It can be a great staff motivator, and it can ensure that your company standards are kept up. Unfortunately, many mystery shopping programs fall short of this. So let's take a step by step approach to make sure that yours is a success story – not the other!

STEP 1: BE CLEAR ABOUT YOUR OBJECTIVES

Many companies go into customer experience programs with no real clarity about what they expect from them. This means that they have no clear idea of what they are going to get out of their program, and so no way of evaluating its effectiveness.

A good start is to think about the relationship between your customers and your business. It's helpful to think about your customers' experience as a journey. Think of their interaction with your company in its entirety, from the first contact, through the completion of the purchase to the post sales experience. Typically the customer journey encompasses:



- Checking out your website (and usually your competitors' websites also), possibly a web contact.
- Phone call – a query about the product or service, or your business
- Visit – the customer visits your business and interacts with your staff. Depending on the type of business they may or may not make the transaction on the first visit. The visit will encompass:
 - Finding the premises, parking, and the impression from the outside
 - Entering the premises – first impressions and greetings
 - Browsing / locating the items of interest
 - Interacting with staff about product / service details
 - The decision to buy / not buy
 - Making the purchase
 - Post purchase experience
- Ongoing relationship and support

Many businesses see the elements of the customer journey as discrete, and often only review one part. This is usually because different parts of the company are responsible for different aspect of the interaction. For example, the call centre will deal with phone queries, the IT section with the website, yet another with post sales service.

To the customer, however, it's all the same experience. If one part of it falls short then the other parts suffer too. For example, if the customer cannot find the information he / she wants on your website then they will simply move onto a competitor's website. Or they may get put on hold without an explanation and simply hang up. Then your company doesn't get the chance to show how great the in-store experience is.

This may sound daunting – and it is if you are doing it for the first time. That's why you partner with someone who has the experience of doing this and can guide you through how to analyse it and set it up.

Now that you have step 1 underway then it's time for step 2. You don't need to wait until step 1 is finished, in fact its better that you don't. Getting them on board to help you is a good idea.

STEP 2 CHOOSE YOUR PARTNER

Early on in the process you should decide which mystery shopping company you are going to partner with. There are a lot of companies out there, some excellent, others not so. But how do you tell the difference? If you are the person responsible for your company's customer experience program this is a step you don't want to get wrong!

Luckily, there are some easy ways to sort out the good ones from the bad.

You may see that some mystery shopping companies state that the most important aspect of mystery shopping is the accuracy of the data. At first glance this seems logical, but it actually shows that they



have not really grasped the concept of experimental design and how good mystery shopping programs work.

Accuracy, by itself, does not actually mean anything. What is important about data is its reliability and validity. These are 2 separate things:

- **Reliability:** that the data gives results that are consistent (and repeatable)
- **Validity:** that the data measures what it is supposed to measure.

Without going into too much statistical detail, if both of these are not in place then the results are not going to be at all valuable to your company.

Shopper Quality and Selection

The quality of the shoppers, and how they are selected, is very important. So ask the company about their shoppers and how they manage them. Here's what to look for:

- **Training:** check that the company has an extensive training course in place that is kept up to date and covers all aspects of what to do and how to write reports.
- **Certification:** look for a company who requires shoppers to pass a test to show that they understand the principles of mystery shopping, have good observation skills and can write good English.
- **Mentoring:** look for a company that has ongoing mentoring of shoppers, preferably one who gives personalized feedback after every assignment and has a 'Valued Shopper' program in place (where excellent shoppers progress and get priority for jobs)
- **Scheduling:** this is very important: check that the company selects and individually assigns every mystery shopping assignment. If they have a job board where they post jobs and use a 'first in best dressed approach' or if they send out 'spray' emails and see who responds then move right along. This is not best practice and it will be reflected in your results.
- **Profiling:** check that the company can match the mystery shopper to your target customer.
- **Confidentiality:** you don't want your company results discussed on Facebook or Twitter, so make sure that the shoppers have all signed confidentiality agreements. You can be sure that companies who use Job Boards, Shopper Forums and spray emails to assign mystery shoppers are not concerned about your confidentiality!
- **Payments:** If the company does not pay fairly, for example if they are paying shoppers a paltry \$3 – \$4 per shopping job, or simply reimbursing purchases, they are not giving them the incentive to do a good job. Look for a company that guarantees a minimum of \$20 (plus purchase) per assignment.
- **Selection:** If they rely on a small pool of 'professional' shoppers you are not getting the true customer opinion and experience. While it may be a dream job to be a 'professional shopper',



it's not going to get your business real information from real customers. At the opposite end of the spectrum, be wary if they accept all comers. Here's how to find out:

HOW TO DO IT

ASK: How Do You Select Your Shoppers?

Ask how the mystery shopping company selects secret shoppers for an assignment. It is extremely important to the quality of the information you will get.

If they answer 'We post the job on our Job Board' then be wary. *This is the most widely used method, and it is guaranteed to get you a mystery shopper who is not matched to your customer base, and who has no motivation to do a good job. This is not best practice, and we suggest you look for a different company. It also means your company information will be 'out there' and not confidential.*

If they answer 'We have 'career' shoppers' or a 'We have a small pool of trained / expert shoppers' then be very wary. *Again, it is not best practice. You are not going to get demographically-matched mystery shoppers, so you won't get real customer opinions and reactions.*

If they answer '*We email all the eligible shoppers on our database*' it's better but still not good. While this is preferable to a Job Board or 'career' shoppers it still does not

get the best mystery shoppers, just the ones who have the time to monitor for new jobs and are quick to respond.

If they answer: '*We select shoppers individually for each job then based on their profile*' then you have hit the jackpot. Excellent! This way mystery shoppers can be matched to your customer profile, both demographically and on consumer preferences, selected on merit and they know that doing a good job means they increase their chances of getting more work.

Selecting a mystery shopping company that individually assigns demographically-matched mystery shoppers is the only way that you can rely on the information they provide. Information obtained from a company that does not do this should be treated, at best, as irrelevant and, at worst, as actively harmful

Quality Assurance

If you are going to depend on the information and base business decisions on it then you have to make sure that there is a solid QA process in place. Look for a company where every report goes through a QA process before it is accepted and made available to you. Here are some things to look for:



- Ensure that the QA process is not outsourced, but done by in-house staff who have been specially trained on each program.
- Check what happens if a report fails QA: the company should redo the shop at their expense.
- Online query facility: check that the company has a way for your managers to raise a query about a report directly with the company, and that there is a way of monitoring all queries and responses.

Questionnaires

Questionnaire building is a very skilled job that requires statistical understanding and training in questionnaire design. Unfortunately, the majority of mystery shopping companies do not have these skills, and a high proportion of questionnaires do not provide reliable, valid data. Here's how to check whether the company understands how to create questionnaires:

HOW TO DO IT

Ask to see a sample mystery shopping questionnaire in your industry area. This will give you a really good idea of the expertise of the mystery shopping provider.

If the questionnaires have long lists of yes / no answers then that is a red flag. This often happens with software package solutions and gives you a lot of unrelated data that cannot be easily analysed. On the other hand if it is mostly text answers then that is a red flag also. You will not be able to analyse your data at all! Here are some things to look for that will give you a clue as to the expertise of the company:

Check how long their questionnaires are. Long questionnaires are the less likely to get accurate information. Rule of Thumb - less than 1 page is too little, more than 4 pages is too much.

Check to see if each response is asking about a specific item of information. Also check:

- Are items within questions related?
- Is the information asked for something that the shopper can accurately answer?
- Do the questions cover all possible responses?
- Will the answers give you information you can work with?

Imagine that you are getting the output from the questionnaire. Could you work with it?

Check to see if the mystery shopper instructions are detailed and unambiguous.



- Do they follow the 'flow' of the visit?
- Do they correspond with the questions?
- Are they presented in reporting categories?
- Do they use photos & images to show what to look for?

Check to see if they have a wide range of question types.

- Do they have checkboxes AND radio buttons?
- Do they have List+ and List- questions?
- Do they have 'NetPromoter' or scale 1 – 10 type questions?
- Do they have hidden /delayed questions?
- Do they have business improvement (carry-forward) questions?

Reports and Analysis Tools

Reports should clearly show what was being looked for and how the location performed against each item. There should be clear where they scored or lost marks and no ambiguity about what they have to do to improve. The best companies will have a 'carry forward' facility where they nominate specific business improvement areas to be checked on the next visit to that location.

Here's how to check about reports and reporting systems:

HOW TO DO IT

Ask to see samples of the mystery shopping reports they are proposing, and ask to see a live demonstration or get a login to a demonstration system.

ASK for a login to a demo system. If they cannot offer a either a live demonstration or a login to a demonstration system then you know that their technology is not up to scratch and you are not going to get the service you need.

ASK if the reports come from a software package. Are they a mass of figures, with a claimed decimal place accuracy that cannot be supported by fact? If they are using a package such as 'Sassie' then there will be severe limitations on the design of your reports.

ASK if they have 'standard' reports and questionnaires that cannot easily be changed.

ASK if the reports are dynamically generated. This ensures that you can change what details are on the graph, and you know it is based on the latest figures. If they are static pdf-type reports that do not change with the latest results then this will not work for you.



ASK if there online graphing and trend analysis tools? Can you drill down to any level, roll up to the highest level? And are reports from all periods available online?

ASK if all reports are QA'd before release and online within 24 hours?

ASK if they have embedded photographs in reports? That you can click on to magnify and see more details?

Changes to your Program

Mystery shopping programs change and adapt over time, just like your business. Changes needs to be quick and easy, but also part of a controlled process to make sure that changes do not affect the continuity of data. The questionnaires must be able to be changed – perhaps business priorities have changed, or perhaps you are tracking promotions that change every month or so.

Here are the questions to ask:

HOW TO DO IT

ASK: Can you change question weightings and regenerate previous results? (Yes is good!)

ASK: Can you do changes to questionnaires without affecting continuity of results? And can you explain how you do this? (Listen for having grouped questions where the individual questions can be changed while maintaining the integrity of the groupings)

ASK: Do you charge for changes? (good companies don't charge for changes to current programs, but if you are asking for a completely new program there may be a charge.)

To check that the answers you get are what is actually going to happen, you need to check that the system the company is using can support their answers. Here's how to tell if they can live up to their answers:

HOW TO DO IT

ASK: Can you tell me about the software you use? There are 3 possible answers:

An 'Off The Shelf Package'. If a mystery shopping company relies on an off-the-shelf software package then there will be limitations on what the software can do, and how much change can be permitted. Usually you are limited to standard reports and standard questionnaires where changes are very minimal and within strict guidelines.



Outsourced development and maintenance (i.e. and external development company): Similarly, a company that outsources to an external development company for its systems has the same restrictions. Modifying and enhancing the system can take ages, be very expensive and in some cases may not even be possible. You may even be charged an hourly rate for changes, and you will certainly be in a priority queue and have to wait your turn with other priorities.

In-house developed proprietary system: This is what you are looking for. Look for a company who has developed their own systems, in-house, and who is able to be flexible and responsive. You need your mystery shopping company to be able to grow with you as your company and your needs change.

STEP 3 DO THE GROUND WORK

The next step is to work out who is involved in the running of the program and who will be affected by it. Some companies want to keep it completely secret, so that only a few select staff know that the program is going on. While we understand why some companies do this, we do not recommend it as an ongoing strategy. It may be good to get an initial benchmark, but in the long term employees will find out and will feel that they were not trusted.

We recommend that you let everyone know that it is happening, and why. Make it clear that it's to benefit them as well as the customers and to ensure that the business thrives. Emphasise that it is to find people doing a great job and recognizing, or even rewarding, them. Make sure that it is not presented as a 'witch hunt'! And of course, the best time to get staff input is before the program starts.

Openness about what the mystery shoppers will be looking for goes a long way to alleviating concerns. There is no reason not to share what the questionnaires look like, what the shoppers will do, what the reports will contain, who can see them and how they will be used. If the staff feel that they are trusted partners then they are more likely to enthusiastically back the program.

STEP 4 DEVELOP THE SURVEY (QUESTIONNAIRE)

Developing the questionnaire is something that you should do in partnership with your chosen mystery shopping company. Here is a really important tip: do NOT try to create the questionnaire yourself. This needs the expertise of someone trained in statistical analysis and questionnaire design.

You are the expert on your business and what information you want, and that is what you *give* to your partner. Then it is up to them to use their expertise to design a program to get you the information you want. If you have chosen correctly. They are the experts and you can trust them to get it right.

Even drafting what you think a report should look like is a good idea. But leave the actual questionnaire development to someone trained in the correct techniques.



One of the worst ways to start a program is to have a committee develop a questionnaire.

Don't do it!

You probably remember the old joke about the tree swing. Everyone will be coming from different perspectives and the end results will not be usable.

We are speaking from bitter experience. Committee-developed questionnaires are not a good thing!

what marketing suggested



what management approved



as designed by engineering



STEP 5 RUN A PILOT

The best way to find out if your questionnaire is 'doable' is to do it yourself. Take a copy of the questionnaire and put yourself in the mystery shopper's shoes:

- Can you follow the questionnaire?
- Does it follow the 'flow' of the visit for a typical customer? Or does it jump all over the place requiring you to remember unrelated bits of information?
- Is it separating the subjective ('feeling') questions from the objective (factual) questions? Check that no questions ask about both feelings and facts. Make sure that they are separate.
- Text questions. Are the text questions appropriately placed to enable you to explain your answers?
- Are the correct question types being used in the right places (radio buttons for only one right answer, check boxes for multiple, scales for rating questions, 'list +' & 'list -')
- Photos: can the photos be taken without drawing attention to yourself? Is it clear exactly what should be in the photo and from what aspect it has to be taken?
- Does it have delayed questions, so that you can give your thoughts and feelings after the visit when you have answered all the factual questions?
- Does it have 'unseen questions so that you can check recall not recognition?
- Netpromoter – does it have Netpromoter questions as standard?

what was manufactured



as maintenance installed it



what the customer wanted



Using yourself as a guinea pig enables you to check that your questionnaire is reasonable and is going to get you the results you want. Doing it before implementation is the best time to check so that things can be tweaked before you go live.



STEP 6 DETERMINE YOUR SHOPPER PROFILE

It is really important to make sure that the mystery shoppers are the same profile as your target customers. So your basic profile may contain:

- Age range
- Gender (if appropriate)
- Family circumstances – e.g. parents, pet-owners
- Family income – net income,
- Educational level – highest achieved
- Housing details: mortgage holders, renting
- Consumer habits– how many nights in hotels, eating out, current customers

Remember not to be too specific. While some businesses have very specific demographics (pet shops, surf shops, hearing loss centres, childcare centres) others have none (public transport, airlines, ISPs)

STEP 7 IDENTIFY YOUR USERS AND LOCATIONS

Identify the people in your company that need access to the results, and what results they need access to. For example:

- High level managers need access to all results
- Regional managers need access to the results within their regions, and the ability to measure against statistics for other regions.
- Location managers need access to their own results and the ability to compare themselves with the statistics for the other locations within their region.

It goes without saying that shoppers need to be able to correctly identify the location they are assigned to and the dates and times that the assignment can be done. Try not to be too restrictive about these.

For example, if you specify that assignments can only be done on a Monday or Tuesday because that is when you are not busy what you are going to get is the customer experience on a non-busy day. This might be completely different to what happens on a busy day, and you won't know! But if you are trying to find out how your staff cope with rush hour – say you had a group of fast food stores – then specifying 12 – 2PM would be a good idea.

STEP 8: START YOUR PROGRAM

Monitor the program as it goes. You should be able to watch this online, seeing when shoppers are assigned, accepted, completed and have passed QA. When they have passed they should be immediately available online.



Everyone that you have nominated as having access to the report should be notified automatically that it is available. However, this notification should be a link to the report, not the actual report itself. There must be a central place so that you are sure that everyone is seeing the correct (latest) version of the report. Plus it is more secure that reports being emailed and potentially falling into the wrong hands.

At the end of the period (month if you are doing a monthly program, or weekly, or quarterly) then the results should be 'rolled up' so that the statistics for the month can be available to everyone. An added bonus is if you have a mystery shopping company that will provide SMS reports that can advise managers how their locations have done, what they did well and areas for improvement.

STEP 9: MONITOR, REVIEW AND IMPROVE

Companies don't have mystery shopping programs just for fun. They are there to drive improvements!

If the program is designed and set up correctly then you will have clear, easy to understand results that focus on areas that are done well and areas that need to be improved. There is no point collecting a lot of information that you don't know what to do with!

That's where an experienced mystery shopping company can help you. By designing how to summarize and report your data you will be able to identify the specific actions that are required to delight your customers and keep them coming back – and improve your bottom line!

Good luck – and we would be delighted to help you! Just call us on 1300 132 481 and we are happy to have a no-obligation chat about what would work for you.

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January 2015



9 STEP PROGRAM

