

# Making the most of Mystery Shopping

**At 56 Degree Insight we firmly believe in reaching out to those who have expertise in complementary areas to ourselves. Clive Nicolaou is one of the most experienced Mystery Shopping experts in the country – and we are delighted to partner with his company – Service Science – on anything Mystery Shopping related. Here, Clive provides an overview of the science behind Mystery Shopping – and how it could help your business.....**

## INTRODUCTION

There is no doubt that when frontline teams are engaged with and support a programme of mystery shopping it is an effective tool for managing and improving customer service at the point of delivery.

However, even well-designed programmes can lose impetus and, as a result, their effectiveness over time. There are three main reasons:

- Neglect – where the organisation does not invest the time and effort required to ensure the programme keeps pace with changing operational standards
- Lack of ownership – where internal changes to personnel result in lost responsibility for a programme
- Poor focus – the information and feedback provided is not used by local team leaders and slips down their priority list

Quite often the outcome of these symptoms is much head-scratching, wholesale programme design or even more drastically, to seek an alternative method of measuring service delivery performance.

There are however some alternative approaches which can be used to completely transform the programme and restore it as an effective customer experience management tool. These are described below but, before doing so, it is important to recognise the fundamental principles for any successful mystery shopping programme:

1. Service standards should reflect customer expectations and be consistent with the value proposition offered
2. The standards measured must be communicated and teams trained in their delivery
3. Frontline teams must be engaged with the programme
4. Positive changes in service performance should be celebrated and recognised

There are four solutions outlined below which can help to reduce budgets and increase effectiveness of frontline service measurement.

## ENSURE DESIGN IS INTEGRATED WITH CUSTOMER FEEDBACK CHANNELS

Listening to your customers is critical to the success of your business. Collecting and analysing review and survey data from customers provides the diagnostic tools to understand your strengths and weaknesses (see our blog on Managing Your Online Reputation). For chains, analysis also provides insight to any systemic issues.

In order to leverage the valuable feedback about service, it needs to be converted to service standards so frontline staff understand what they need to do on a daily basis. Once they have been trained in, the consistency of delivery of the service standards can be measured using a mystery shopping programme.

Because the service standards have been developed directly from customer feedback, improvements in the service delivery performance will quickly convert to improvements in Online Reputation and operational efficiency.

It is also important to approach the measurement of service performance dynamically. As customer expectations change, the service standards need to be updated and therefore so does the measurement of those standards. See the section on Questionnaire Flexibility further down.

## OPTIMISE THE VISIT FREQUENCY

Most programmes are designed on the basis of visiting all locations during the course of each and every wave/round of visits. This is a sound approach for establishing a performance benchmark for the company as a whole and, to begin with, is an effective way to stimulate intra-company competition.

However, over time there tends to be a stratification in the performance of the stores: there will be a group of consistently high performers, a group of highly inconsistent performers and a larger group in the middle that moves neither up nor down. In this model resources are allocated evenly across the business which, it can be argued, is unnecessary and is detrimental to the inconsistent performing stores.

In simple terms the solution is to reduce the frequency of visits to the high performers and increase the frequency, and focus, on the inconsistent performers. The successful implementation of this approach is a little more difficult to achieve though.

The three steps below describe how to achieve this in a little more detail:

### *Step 1: Establish a company-wide performance benchmark over time*

It is only by running a programme of regular visits to all locations that a robust benchmark figure can be calculated - between six and 10 is a good range to consider.

A top and bottom threshold score can be agreed (the exact figure would depend on the highest and lowest scores, and the variation between them).



### Step 2: Define the qualification criteria for top and bottom

The frequency of visits can then be divided into three groups: the top group would receive far fewer visits; the middle group would continue with the normal frequency and the lower group would receive a higher number of visits per annual cycle.

Locations can move between groups depending on whether they are able to improve their overall scores and consistency.

### Step 3: Agree what actions local team leaders are responsible for and what support they will be given

This approach can release valuable funds as the total number of mystery visits can decrease. However, in order to achieve real change within the under-performing stores, those resources should be reinvested as training and people development support.

### QUESTIONNAIRE FLEXIBILITY

The vast majority of companies, both clients and suppliers, that use mystery shopping are quite rigid in their approach. They tend to favour a single questionnaire wherever possible, and are reluctant to make changes due to comparability issues. This is an understandable approach but is one of the contributory factors in programmes losing impetus and effectiveness.

Many businesses have to react quickly to changes in customer expectations, competitive activity, and both local and general economic factors. A mystery shopping programme is a perfect tool to react to these fast-changing conditions because it helps the frontline teams to understand what they should be doing differently, and how they have performed in that new task.

There are obviously considerations with regard to losing the continuity of certain fundamental measures but there are a number of ways around this problem, and the advantage to be gained by foreshortening the lead-in time of changes far outweighs the loss of some data continuity.

In addition to company-wide flexibility in questionnaire design it is sometimes desirable to flex the questionnaire based on performance of some stores versus others. So, if some stores underperform in service delivery at certain points of the customer journey, a more detailed questionnaire should be used at those locations. This allows for a more detailed analysis of the teams' performances.

Alternatively, if your business measures customer feedback through a variety of channels, and sufficient location-specific data are available then it is possible to identify the weaknesses from a customer point of view. It is not uncommon for a store to perform well in a mystery shopping programme but not so well through direct customer feedback. When this happens, it is most often down to a "people" issue such as poor attitude, disinterested staff or a poor team leader. By altering the questionnaire to reflect the issues identified by customers it is possible to bring the performance into focus.

It also important to recognise that additional senior management support, and increased resources, are necessary to underpin these changes - measurement alone will not solve the problems.

### COMPETITIVE COMPARISON

A fourth opportunity exists which is slightly different from the previous three and does not require changes to the ongoing programme.

Many companies carry out competitive visits to understand how they are performing against their local competitors. The host company's questionnaire is used as the reference point and the result is a comparable score which can be used to determine where the business out-performs, or under-performs, its competitors.

There is however an alternative approach which can engage your teams and stimulate ideas and their competitive spirit.

Instead of using mystery shoppers to carry out the competitor visits, it can be more useful and constructive to use members of your frontline team as the mystery shoppers. It is important that they are not too senior (area managers would be the most senior) as what they experience will be the most relevant to the frontline teams to whom they feed back.

They should fill out the questionnaires as mystery shoppers would, and reports should be produced, as they are in the main programme. Then, to get the most benefit from this approach, it is advisable to reinforce the reports with some additional, qualitative, feedback from the team members carrying out the visits after their visits. They should be debriefed after their visits by their own team and they can contribute to a blog, run workshops for other teams, or produce podcasts so others in the business can learn from their experiences.

### IN CONCLUSION

Mystery shopping is an effective tool but sometimes the process is given precedence over its purpose – to improve the customer experience. By adopting a flexible and adaptive approach to measuring performance, your business can ensure the effective change is achieved in the shortest possible time and resources are conserved and directed to where they are most needed.

### About Service Science

*Bringing Insight and Expertise together*

Service Science is a specialist market research agency focused on the hospitality, leisure and tourism sectors. We work with our clients to help them manage and improve the Customer Experience.

We have four practice areas:

- **Think Like Your Customers:** Using behavioural science techniques we provide real insight to help understand and influence customer behaviour
- **Online Reputation Management:** Through the monitoring and management of your Online Reputation we provide the means to increase loyalty and maintain your competitive edge
- **Service Quality Measurement:** Through mystery shopping, brand standards audits and survey tools you can deliver exceptional service that resonates with your customers
- **Employee Engagement:** Our innovative approach ensures your teams are motivated and engaged so they will deliver service that sets you apart

We'll help you access meaningful insight into your customers and your people to improve the service you deliver. Get the equation right and you'll create the perfect chemistry for your business.



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