

# Is your brand keeping its promise ???

## Use mystery shopping to find out

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It's really no big mystery. Say you're the CEO of a large retail organization. You decide to do a couple of store checks while you're running your weekend errands. Store A is understaffed on a busy Saturday; Store B is out of stock on a couple of key seasonal items. The staff is pleasant, but they don't attempt to cross-sell, and you wait longer than service standards call for at the checkout counter.

Monday morning you discreetly let your findings filter down to the appropriate operations managers. Two weeks later you return to see if the issues have been dealt with. That's the essence of mystery shopping. Every organization wants to know if its brand's promises and customer expectations are being met where it matters most — face-to-face with customers. The last place you want to learn that you're not executing at the store level is on the bottom line.

The urge to mystery shop is self-evident. But spot-checking each location periodically can be nearly impossible for companies with dozens or hundreds or thousands of stores. That's where mystery shopping comes in. As a qualitative market research tool, it gives retail organizations an unbiased, objective snapshot of their organization at any given moment.

### Not widely understood

Partly because of its nature (anonymous), and partly because it is relatively young as a discipline, mystery shopping is not as widely understood as other tools such as focus groups or customer satisfaction surveys. These research tools yield the information needed to ascertain what customers want, and what they expect from an organization in terms of products, quality and service. Based on this information, an organization can implement policies, design products and set service standards to meet customer needs and expectations. Mystery shopping is the connecting link to such research tools. Properly designed, a mystery shopping program tells you if your efforts are really fulfilling your brand's promise. Although mystery shopping can be applied to a variety of businesses, it has been used most effectively where the end result depends on a face-to-face exchange with customers.

### Many providers

It is difficult to quantify such a growing and changing industry, one that has international, national and regional players. However, executives of leading companies estimate mystery shopping to be a \$500 million industry.

For a relatively new area of specialized research, there is no shortage of companies claiming to be in the business. The annual *Quirk's* directory of mystery shopping providers lists over 300 firms. According to experts, there are hundreds of companies offering mystery shopping services, although many of these are local, or focus on a specific industry in a particular region of the country.

### Does mystery shopping really work?

As far back as 1954, business guru Peter Drucker observed that, "The main task of business is to create a consistent customer experience." McDonald's has built its brand around Drucker's advice ever since the franchise started almost five decades ago.

Jerry Calabrese is a McDonald's vice president in Chicago. Part of his job includes providing McDonald's field personnel and store owner-operators with store-specific metrics that they use to help assess and identify training opportunities in relation to overall customer experience standards. "We pretty much know why customers come to McDonald's," Calabrese says. "Some of the reasons include such things as hot, fresh food, accurate orders, clean facilities and fast, friendly service. Based on some of our earlier results we have seen a correlation between great execution against customer expectations and higher sales and profit performance. Our ongoing challenge is to measure store performance consistently and objectively against these important customer expectations. Mystery shopping is one of the tools we are using."

It can generally be stated that top performing stores receive higher mystery shopping scores than their lower performing counterparts. "And while there are many factors affecting sales and store profitability, it is safe to say that providing a great customer Experience is a key ingredient to driving a store's overall profitability,".

Mystery shopping also helps retailers that can't depend on several years' worth of repeat business to understand their customers. Mother's Work is a Philadelphia-based chain of 900 maternity fashion stores. "We have a very different set of customer service specs than other apparel retailers," says Samy Verdekal, communications manager at Mother's Work. "It's not as if we offer a brand experience that builds over many years. We only have a chance with customers two or three times in a nine-month cycle so we have to make an impression if we want to grow ahead of the birth statistics."

### Involve and inform employees

Mystery shopping is anonymous because it is designed to measure unrehearsed, real-life, and spontaneous employee behavior. By the same token, the mechanism that makes it effective can backfire if mystery shopping is used for the wrong reasons, or if it is implemented while employees are kept needlessly in the dark.

Providers cannot manage their clients' motives, but they universally recommend that companies involve, or at least inform, their employees about the program. Industry best practices show that employees expect to be evaluated, and accept the logic of anonymous, third-party participation as long as the standards are fair and the objective is to improve customer service. As a result, employees know they are subject to spot evaluation, they just don't know when or by whom. In the company's favor, it can be shown that customer service improves across the board in anticipation of a mystery shop evaluation.

REI is an outdoor gear and apparel co-op based in Seattle with 63 stores in 24 states. Carolyn McKernan, REI's marketing research manager, explains how REI has folded mystery shopping into an employee program that promotes customer service excellence. REI has labeled its mystery shopping program ROCS — an acronym for Recognizing Outstanding Customer Service. Any employee who achieves a perfect mystery shopping score gets a ROCS lapel pin attached to his or her signature green REI vest. The results of each mystery shop are available to the stores, so employees can monitor their own performance levels. In addition REI uses the results, in part, to determine the compensation bonus structure for its stores.

### Improve brand equity

Mystery shopping helps you determine if you have the programs and processes in place to improve brand equity, transaction by transaction. For most companies, brand equity appears on the balance sheet in the form of goodwill. The real question is: can you quantify that number, and more importantly, make it move in your favor?

"Customers relate to the sum of a variety of experiences when they think about brand," says Joe LePla, author and partner in Parker LePla, a branding consulting company. "All these elements, including the products and universal service standards, contribute to brand identity. And ultimately it is the brand to which customers become loyal more than the company or its products. So using mystery shopping to keep score of your brand, as it were, in terms of whether or not you are delivering your promise, only makes sense," he says.

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