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# IPSOS VIEWS

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## Seven Steps to Designing a **Better** Mystery Shopping Program

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Customer experience has always mattered. Countless research studies show that brands which put the customer first and deliver a superior experience relative to their competition achieve greater customer loyalty, higher profits and better returns for shareholders.

However, the stakes have never been higher than today. In the current age of customer-centricity, consistently delivering a positive customer experience has never been more critical, or challenging. A convergence of factors – heightened consumer expectations, a complex multichannel retailing environment, increased ease of online and mobile shopping and the power that social media has given individual consumers—makes delivering an exceptional customer experience increasingly difficult. Mystery shopping exists to alleviate these issues and concerns for organizations.

# WHAT IS MYSTERY SHOPPING?

Mystery shopping is an observational research methodology that ensures brands consistently deliver on the promises they make to customers. It leverages trained “shoppers” to interact with products or services across your organization and report back with a detailed and objective account of their experience. Mystery shopping helps companies to understand what their average customer is experiencing, discover which staff behaviors should be acknowledged or rewarded, and find which parts of the sales or customer service journey can be improved.

The results are aggregated and used to identify and remedy systemic breakdowns of the desired and intended customer experience. When used effectively, mystery shopping research can be a powerful performance management tool that creates awareness around important standards or initiatives and drives organisational behavior change—all in the spirit of better serving the customer.

However, in our experience of designing and implementing enterprise-wide mystery shopping programmes, we often find that organizations misuse the methodology. This results in a program that does not deliver tangible value to the business or meet the needs of stakeholders.

**When used effectively, mystery shopping research can be a powerful performance management tool that creates awareness around important standards or initiatives and drives organizational behavior change.**



So, while it's important to understand what mystery shopping “is” and how it can benefit your organization, it is also important to understand what mystery shopping is **not**:

- It is **not** a way to “spy” on employees to catch them in the act of doing wrong.
- It is **not** a replacement for voice of the customer (VOC) measurement or other forms of direct customer feedback. (Neither is VOC a replacement for mystery shopping).
- Lastly, mystery shopping is **not limited to** measuring compliance to brand standards in brick and mortar locations only. Today, a mystery shopping program can be deployed across any customer channel: in-store, telephone (retail location or contact center), and across online and mobile touchpoints (website, in-app, email, and so on).

# MAKING MYSTERY SHOPPING BETTER, BY DESIGN

Beyond these methodological considerations, when we diagnose what has gone wrong with many organizations' existing mystery shopping programs, we regularly find the issues are rooted in poor design.

In addition to adopting the tactics we warn against above, we also find that organizations routinely:

- **Ask the wrong questions**, too many questions, or questions that are not important to their customers.
- **Experience quality issues** originating from shoppers being recognized, which result in mystery shop inquiries that are time-consuming and divert the focus away from making organizational improvements.
- **Don't derive real impact or tangible business value** from their programs—often because they focus on the wrong metrics or don't properly analyse results and disseminate program findings.

Mystery shopping has moved beyond the tried and true checks and balances at locations, such as: “Was the location clean?” or “Did someone greet or thank you?”. Mystery shopping programs are now testing sales professionals to understand what they are recommending to customers and why, as well as their level of knowledge on a particular product.

Meanwhile, mystery shopping aims to better leverage technologies and gauge compliance. For example, the mobile payment space has seen unprecedented disruption with both financial and technology players providing consumers with new means to spend, transfer, and accept money. Ensuring that the digital wallet product is fully functioning and accepted at across locations has been critical to customer adoption.

At Ipsos, we've been looking at what needs to be in place to deliver better design, better execution and better impact across mystery shopping programs. We have developed seven specific steps and a proven blueprint that can be followed by organizations, regardless of their prior experience with mystery shopping. This guidance will help build a successful program and increase its return on investment.

In this paper, we present these seven simple steps that organizations can take to make a mystery shopping program that is **better**, by design.



**STEP 1:**  
START WITH  
STRATEGY



**STEP 2:**  
DESIGN WITH THE  
CUSTOMER IN MIND



**STEP 3:**  
DEFINE SHOPPER AND  
SHOP REQUIREMENTS



**STEP 4:**  
DESIGN A SOUND  
QUESTIONNAIRE



**STEP 5:**  
CREATE REALISTIC SHOPPER SCENARIOS  
AND THOROUGH BRIEFING MATERIALS



**STEP 6:**  
FORMULATE A SMART AND  
STRATEGIC SAMPLING PLAN



**STEP 7:**  
DESIGN AN  
ANALYTICAL PLAN



## STEP 1: START WITH STRATEGY

Like many other research programs, the absence of clear objectives that look to solve a specific business question through mystery shopping often results in a diluted program that does not deliver clear value. We recommend that businesses refer to their own organizational strategy for clear direction on their customer-facing initiatives and how you would like to leverage mystery shopping as a tool to enhance the customer experience. From there, it is possible to define clear objectives that align with the strategy and ensure the mystery shopping program addresses these objectives.

Here are a few thought-starters when looking for inspiration on designing your organization's mystery shopping strategy:

- Measuring adherence to specific brand standards or brand promises made to your customers.
- Mystery shopping your competition to better understand best practices and reasons for customer churn/defection.
- After a new product launch, measuring training effectiveness and/or point of sale signage compliance.
- Understanding how likely, or unlikely, it is to receive stronger recommendation levels from your brand's sales associates versus your competition.
- Measuring within all the channels that you invest in: across brick and mortar, contact centers and digital touchpoints such as website and social platforms.



## STEP 2: DESIGN WITH THE CUSTOMER IN MIND

Once a strategy has been developed, the next step for implementing a better mystery shopping program is to design with the customer in mind. One common mistake made by organizations is developing their programme based on what is important to them, and not their customer.

For example, while it might be important to you that your employees always wear a nametag, this may not be important to your customers. Instead, it might be more important that associates are friendly, helpful and knowledgeable. Furthermore, clean restroom facilities or a short waiting time during checkout might be more important to them than whether the associate attempted to upsell them to a more expensive product.

We use various techniques to ensure customer feedback is properly embedded in mystery shopping programs. These include customer journey maps, conducting driver analysis with the customer satisfaction data, and leveraging focus groups and pilots to inform the program design. Give thought to key "moments of truth" where you can either create pain or delight from the customer's point of view. What are the customer's expectations of you in these moments? Of your competition? What language does the customer use to talk about those moments?

We can also go well beyond these primary research methods, such as linking sales data to channels or individual locations and/or employee data. The program may also be tweaked over time to account for updated training techniques and promotional activities. But don't skip this important step. When organisations fail to look through the customer's eyes, it often results in adverse behaviors such as "score chasing" instead of driving outcomes such as reducing customer churn, improving satisfaction/likelihood to recommend or driving new customer acquisition and retention.



### STEP 3: DEFINE SHOPPER AND SHOP REQUIREMENTS

The next best practice is to define the shopper and shop requirements. We often see that companies are not deliberate or strategic in this step, which often leads to program results, unnecessary costs, or ill-informed insights.

Defining the shopper requirements starts with identifying the target customer profiles – ideally through customer segmentation data. It is important to consider both demographic and psychographic profiles of the customer base. Knowing that there will likely be multiple segments, determine which will be served by the mystery shopping program. You may decide to look at a nationally representative sample, or decide that there is a need to focus on a specific

or underserved segment. This will then lead to the “personas” that shoppers will need to fit, or the scenarios they will need to role play. (More on this in Step 5).

After defining the shopper, next is to decide the “rules” or requirements for the mystery shop itself. This will include specific points such as the stores you would like shoppers to visit (or contact centres and locations you’d like them to call), how many times you want to conduct shops, the time of day or day of week to visit, the length of time they should spend in store/on the phone, whether they will need to make a purchase, and so on.





## STEP 4: DESIGN A SOUND QUESTIONNAIRE

With an outline of the shop and shopper requirements, the next step is to design a sound questionnaire. This is the set of questions the mystery shopper will answer after interacting with the brand. It will capture what you are looking to measure and should be built in an organized and systematic manner.

In our experience, poor questionnaire design is the single biggest contributing factor for poor program design and quality issues.

The questionnaire must be kept largely objective, so avoid subjective, perception-based Likert-scale questions and opt for discrete, binary questions instead.

To avoid issues with shopper recall, questionnaires should be as short as possible (less than 30 questions is ideal) and always tied to the program objectives developed at the outset.

Finally, design the questionnaire scoring or weighting scheme by assigning points that are proportional and based on the importance of each question.



## STEP 5: CREATE REALISTIC SHOPPER SCENARIOS AND THOROUGH BRIEFING MATERIALS

The mystery shop scenarios and briefing materials should be designed in parallel with the questionnaire. The mystery shop scenario differs from the questionnaire as it is the script, situation or “persona” that the mystery shopper will roleplay while in the store (or on the phone, or online, depending on the interaction). Briefing materials serve to train the shoppers on how the interaction should play out. This is critical to ensure consistency, quality, and the overall success of the program, no matter the size or scale.

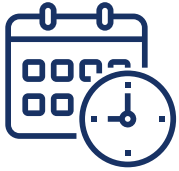
For years, shopper briefing materials have been deployed via written instructions that outline each step of the process. While this can be effective enough, designing a better program means leveraging technology across each phase—including the shopper briefing. Deploying video briefing

materials via short, engaging multimedia clips is an effective way to illustrate what you want the mystery shops to accomplish, while also showing the shopper where they may encounter pivot points during the shop scenario.

Also consider developing an online shopper certification to ensure they understand and have retained the materials. This gives the organization an added level of confidence and credibility on who is conducting the mystery shops and the results that come back.

Conducting calibration shops (several test shops conducted by programme stakeholders) is another best practice to ensure the planned mystery shopping program is feasible and capturing the intended information.





## STEP 6: FORMULATE A SMART AND STRATEGIC SAMPLING PLAN

The next step is to formulate a smart and strategic sampling plan. While there is no clear-cut answer to how many shops should be conducted, the number of shoppers or scenarios should be deployed, and/or how frequently locations should be visited, we can say for certain that the “every location, every month” method of mystery shopping is obsolete and will often result in spending more on mystery shopping than is required.

However, tying the sampling plan back to strategy and objectives will put you in a better position to answer these questions. Whenever available and applicable, there are several areas worth considering. For example:

- Leverage sales data to potentially shop at the highest (or lowest) grossing locations, as they may warrant more regular measurement.
- Leverage customer experience data to potentially visit lower-performing locations more frequently.
- If your organization receives a disproportionate number of customer complaints in particular geographies, regions or districts, it may make sense to mystery shop there more often.



We often help our clients “get more, for less” by deploying many of the tactics outlined above to develop a “smart sampling” approach. This involves combining program objectives, business or customer data (such as sales or customer satisfaction data) with statistical methods to determine the volume and frequency of mystery shops. Over time, the sample plan can (and should) be adjusted to meet the changing needs of the organization and customer. This will lead to stronger economies of scale and will optimize the program spend.

Designing a smart sampling plan also involves determining the right channels to shop (brick and mortar, contact centre, or digital) as well as developing the right mix of shop type and complexity.

We have helped countless customers optimize their budget by adding geo-location and crowdsourced MicroShops (short, tactical, crowdsourced mystery shops) into their overall mystery shopping program that can often be executed faster and cheaper than traditional mystery shops. Organizations need information and insights from the frontline faster than ever before, which the MicroShop technology helps to provide.

**“The ‘every location, every month’ method of mystery shopping is obsolete and will often result in spending more on mystery shopping than is realistically required.”**



## STEP 7: DESIGN AN ANALYTICAL PLAN

The last step in designing an optimal mystery shop program is to design an analytical plan. Too often, companies rush to field data without giving proper thought to insight creation, who will access the results, where and how. This often leads to a predicament where results aren't actionable, or don't return the answers needed to address a specific business question.

A full analytical plan must be developed before launching and executing the mystery shops. This is simply an outline of the reporting deliverable you expect to receive upon completion of the study, outlining the questions to be answered, a hypotheses to these questions, and a topic-by-topic assessment of the analytic approaches you will take to get there. A proper analytical plan can

help your team validate or refute the learnings at the end of a study. Be sure to identify the sub-groups of information that analysis seeks to understand– this could be a focus on geographies or sales channels, for example.

Another helpful feature to include as you address and analyse the findings is video feedback and the creation of a video highlight reel, which will put shopper sentiment and the drivers of joy, pain, and/or surprise during the shop at the forefront. Integrating video feedback can inspire the C-Suite, managers, and front-line workers to highlight the impact that everyone in the organisation can have in creating memorable experiences. This method also generates authentic content that can be shared at corporate events and through social channels.



## SUMMARY

A better designed and optimized mystery shopping programme will increase the long-term impact of this research method on your organization. By measuring the proper customer journey and the right channels, it is possible to drive improvements throughout

the business. Leveraging the tips given in this paper will help improve the design and operational execution of your mystery shopping program, but will also drive more impactful results and help to generate true behavior change across your organization.





Designing a Better  
Mystery Shopping  
Programme

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