DESIGNING A 'SMARTER' MYSTERY SHOPPING PROGRAMME

Seven steps to success

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AUTHORS
Nicholas Mercurio
John Flesta

IPSOS VIEWS

GAME CHANGERS

Ipsos

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 go through product or service interactions across your enterprise and report back with a detailed and objective account of their experience. Mystery shopping helps companies understand what their typical customer is experiencing, which staff behaviours should be acknowledged or rewarded, and 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/initiatives and drives organisational behaviour 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 organisations are misusing the methodology. This results in a programme that does not deliver tangible value to the business or meet the needs of programme stakeholders. So, while it's important to understand what mystery shopping 'is' and how it can benefit your organisation, it's 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 something wrong.
- It is not a replacement for Voice of the Customer (VoC) measurement or other forms of direct customer feedback. (Nor is Voice of the Customer a replacement for mystery shopping.)
- Mystery shopping is not limited to measuring compliance to brand standards in brick and mortar locations only. Today, a mystery shopping programme can be deployed across any customer channel: in-store, telephone (retail location or contact centre), and across online and mobile touchpoints (website, in-app, email, etc.).

CUSTOMER EXPERIENCE HAS ALWAYS MATTERED

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

Brands with the best customer-first approaches are consistently ensuring standards are met every time and at every touchpoint. In recent years, a convergence of factors – heightened consumer expectations, a complex omnichannel retailing environment, indeed convergent commerce, wide-spread adoption of online and mobile brand interactions and the power that social media has given individual consumers – has made delivering an exceptional customer experience increasingly difficult.

Mystery shopping exists to alleviate these issues and concerns for organisations.

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MAKING MYSTERY SHOPPING 'SMARTER', BY DESIGN

Beyond these methodological considerations, when we diagnose what has gone wrong with many organisations' existing mystery shopping programmes, we regularly find the issues are rooted in poor programme design. In addition to deploying one or more of the tactics outlined above, we also find that organisations routinely:

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

At Ipsos, we've been looking at what needs to be in place to deliver better design, better execution and better impact across our mystery shopping programmes. Regardless of your organisation's experience with mystery shopping, we have developed specific steps and a proven blueprint that should be followed to build a successful programme and increase its return on investment. Here are seven simple steps to make your mystery shopping programme smarter, by design:

STEP ONE:
Start with strategy

STEP TWO:
Design with the customer in mind

STEP THREE:
Define shopper and shop requirements

STEP FOUR:
Design a sound questionnaire

STEP FIVE:
Create realistic shopper scenarios and thorough briefing materials

STEP SIX:
Formulate a smart and strategic sampling plan

STEP SEVEN:
Design an analytical plan

STEP 1
START WITH STRATEGY

Like many research programmes, the absence of clear mystery shopping programme objectives that look to solve a specific business question often results in a diluted programme that does not deliver clear value. Reference your own organisational strategy for clear direction on your customer-facing initiatives and how you would like to leverage mystery shopping as a tool to enhance the customer experience. From there, define clear objectives that align with this strategy and ensure that these objectives are addressed by the mystery shopping programme. Here are a few thought starters when designing your enterprise's mystery shopping strategy:

- Measuring adherence to specific brand standards or brand promises made to your customers.
- Better understanding your own or your competitor's omnichannel and digitally convergent experience.
- Mystery shopping your competition to discover best practices, reasons for customer churn/defection, pricing strategies, and sales forecasting.
- After a new product launch, measuring training effectiveness and/or point of sale signage compliance.

STEP 2
DESIGN WITH YOUR CUSTOMER IN MIND

Once you have developed your strategy, the next step is to design with your customer in mind. One common mistake made by organisations is developing a mystery shopping programme that is based on what is important to them, not their customer.

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

There are various techniques we use to ensure customer feedback is properly embedded in your mystery shopping programmes. This includes using customer journey maps, conducting driver analysis with your Voice of Customer data, and leveraging focus groups and pilots to inform the design of your programme. 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 regarding those moments? Of your competition? What language does the customer use to talk about those moments?

It can also go well beyond these primary research methods, such as linking sales data to channels or individual locations and/or employee data. The programme may be tweaked over time

to account for updated training techniques and promotional activities.

But don't skip this important step. When organisations fail to view their programme through the customer's eyes, it often results in adverse behaviours such as 'score chasing' vs. driving outcomes such as improving satisfaction, and increasing customer acquisition, retention, advocacy and reducing cost to serve.

STEP 3 DEFINE SHOPPER AND SHOP REQUIREMENTS

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

Defining the shopper requirements starts with identifying your target customer profiles (ideally through customer segmentation data). You will want to think of both demographic and psychographic profiles of your customer base. Knowing that there will likely be multiple segments, you must determine which will be served by your mystery shopping programme. You may decide to look at a nationally representative sample, or you may decide that there is a need to focus on a specific or underserved segment. This will then lead to the specific 'personas' that shoppers will either need to fit or the scenarios they will need to role-play (which we elaborate upon in Step 5).

After defining who the shopper will be, you must decide the 'rules' or requirements for the mystery shop itself. You will need to think about specifics such as the stores you would like shoppers to visit (or contact centres you'd like them to place calls to/interact with), how many times you want to visit that store, the daypart or day of week to conduct shops, how much time the shopper will need to spend in the store or on the phone, whether they will need to make a purchase, etc.

STEP 4 DESIGN A SOUND SURVEY INSTRUMENT

Once you have an outline of what the shop and shopper requirements are, the next step is to design a sound survey instrument that best suits your strategy. This is the survey the mystery shopper will fill out after the interaction with your brand. The survey itself will capture what you are looking to measure and should be built in an organised and systematic manner. In our experience, poor survey design is the single biggest factor contributing to poor programme design and quality issues.

- Regardless of strategy, the survey must be kept largely objective. Avoid subjective, perception-based Likert scale questions within the survey and instead focus on discrete, binary questions.
- In a covert in-person setting, the survey should be as short as possible (less than 30 questions is ideal) to avoid issues with shopper recall and should adhere to the objectives you developed at the outset of the programme.

- In revealed audits, the survey can be lengthy and detailed but should be organised in a cohesive way that matches the expected visit flow or agenda of the auditor.
- For phone or digital mystery shops, take advantage of the shopper's ability to take notes and ask for more detail on the survey form.
- Finally, design the survey scoring or weighting scheme with a data-driven approach, by assigning points to each question that are proportional and based on elements identified in Step 2 (for example through a driver analysis).

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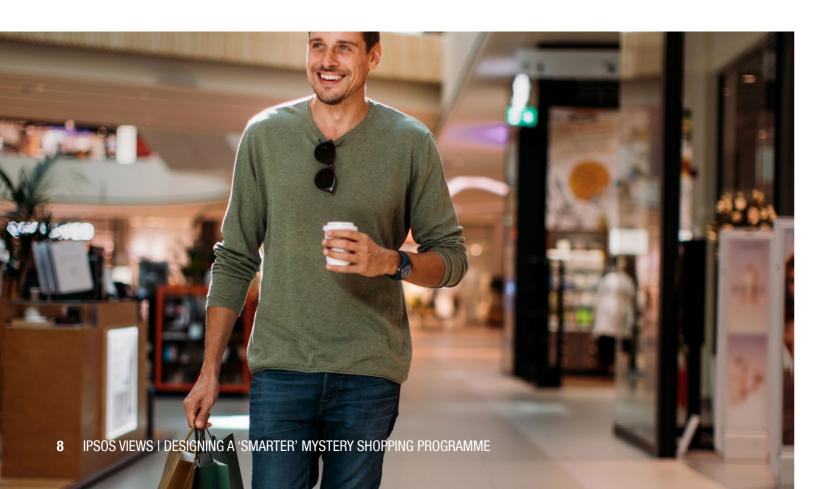## STEP 5 CREATE REALISTIC SHOPPER SCENARIOS AND THOROUGH BRIEFING MATERIALS

You should also design the mystery shop scenarios and briefing materials in parallel with the survey instrument. The mystery shop scenario differs from the survey itself as it is the script, situation or 'persona' that you would like the mystery shopper to role-play while in the store (or on the phone, online, etc. depending on your programme). Briefing materials are leveraged to train the shoppers on how the interaction should play out. This is critical to ensuring consistency, quality, and overall success in your programme, no matter what size or scale you are looking to deploy.

For years, shopper briefing materials have been deployed via written instructions that outline each step of the process. While this can be effective, designing a smarter programme means leveraging technology across each phase of the programme – including shopper briefing.

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

You should also consider developing an online shopper certification to ensure they understand and have retained the information. This allows for an added level of confidence and credibility throughout the organisation in who is conducting the mystery shops and the results that come back.

Another best practice includes conducting calibration shops (several test shops conducted by programme stakeholders) to ensure your intended mystery shop design is feasible and capturing the type of information you intend.

STEP 6 FORMULATE A SMART AND STRATEGIC SAMPLING PLAN

The sixth step is to formulate a smart and strategic sampling plan. There is no clear-cut answer to how many shops you should conduct, the number of shoppers or scenarios you should deploy, and/or how frequently you should be visiting a specific location.

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.

If you tie your sampling plan back to your strategy and objectives, you will be in a better position to answer these questions. Whenever available and applicable, there are several areas worth considering:

- 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 specific geographies, regions or districts within your organisations receive a disproportionate number of customer complaints, it may make sense to mystery shop them more often.

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

Designing a smart sampling plan also involves determining the right channels to shop (brick and mortar, contact centre, online and mobile) as well as developing the right mix of shop type and complexity. We have helped countless customers optimise their budget by including micro shops (short, tactical, crowdsourced mystery shops) into their sample plan that can often be executed more quickly and more cheaply than traditional mystery shops.

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> By measuring the proper customer journey and the right channel(s), you can drive improvements throughout the business. "

STEP 7 DESIGN YOUR ANALYTICAL PLAN

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

First, you need to develop a full analytical plan before launching and executing the mystery shops themselves. An analytical plan is simply an outline of the reporting deliverable you expect to receive upon completion of the study. The best analytical plans often work backwards, considering the business questions that need to be answered, who the stakeholders are, and how you plan to get the information to them. An underdeveloped analytical plan, or one that does not reach across all levels of the organisation, puts you at risk of having too much or unfocused data and falling short on actionability.

SUMMARY

A smarter designed and optimised mystery shopping programme will increase the long-term impact on your enterprise. By measuring the proper customer journey and the right channel(s), you can drive improvements throughout the business. Leveraging the tips above will help improve the design and operational execution of your mystery shopping programme, drive more impactful results and help create true behaviour change across your organisation.

Ipsos Channel Performance is the largest mystery shopping provider in the world. We complete well over a million walk-in, phone, and online shops every year across all industry segments and organisation sizes. Our clients benefit from our highly experienced team, global reach, local presence, research expertise, and innovative approach to designing and managing mystery shop programmes.

We partner with our clients to size channel opportunities, measure brand promises and execution, and drive compliance and sales conversions to improve performance across all sales and service channels – physical, contact centre, and digital – and help deliver profitable growth. Using our expert research services – Channel Sizing, Customer Counting, Mystery Shopping, and Execution Measurement – we deliver business impact via analytics, insights and advisory services.

FURTHER READING

- **Channel Performance Management**
  Three focus areas for driving growth
  https://www.ipsos.com/en/channel-performance-management

- **Take Mystery Shop Results to the Next Level**
  Need help activating your mystery shopping insights? Start with these key components
  https://www.ipsos.com/en-us/knowledge/customer-experience/Take-Mystery-Shop-Results-to-the-Next-Level-recording

- **How do you Mystery Shop an Omnichannel World?**
  The way we shop, and our expectations of the omnichannel experience, has changed. By following these steps, brands can further refine the shopping experience and drive retention and growth.
  https://www.ipsos.com/en-us/knowledge/customer-experience/how-do-you-mystery-shop-an-omnichannel-world

- **Mystery Calling: Dialling up your Contact Centre Performance**
  Discover how a well-designed mystery calling programme can drive loyalty and profits
  https://www.ipsos.com/en/mystery-calling-dialling-your-contact-centre-performance

- **Driving Compliance at the Frontline**
  Recommended reading for any organisation – regulators and the regulated – interested in ensuring that frontline staff are adhering to regulatory standards and are treating customers fairly
  https://www.ipsos.com/en/driving-compliance-frontline

- **Money Talks or Budget Walks**
  Delivering a Return on Customer Experience Investment: ROCXI
  https://www.ipsos.com/en/money-talks-or-budget-walks

- **The Forces of Customer Experience**
  The science of strong relationships
  https://www.ipsos.com/en/forces-customer-experience

- **Beyond Omnichannel to Convergent Commerce**
  Discover a selection of the latest convergent commerce insights and opinions from Ipsos
  https://www.ipsos.com/en/omnichannel

FURTHER LISTENING

- **Customer Perspective: An Ipsos podcast about CX and Channel Performance**
  https://www.ipsos.com/en/customer-perspective-podcast-about-cx-and-channel-performance

AUTHORS

Nicholas Mercurio - President, Ipsos North America

John Flesta - Senior Vice President, Client Success, US Channel Performance

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