



IPSOS VIEWS

# DEMYSTIFYING MYSTERY SHOPPING

Why organisations use Mystery Shopping, and its role within Customer Experience Measurement research

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This paper looks at the reasons why organisations use Mystery Shopping and why it is uniquely positioned to answer business questions that other research methods cannot. As well as examining the role of Mystery Shopping in the Customer Experience Measurement toolkit alongside other methodologies

such as Voice of the Customer (VoC) research, including when to use what, and why. In addition, the paper shows how Mystery Shopping has developed into a highly sophisticated research tool, which has clear commercial benefits for a wide range of organisations.

## Why Mystery Shopping is unique and how it differs from Voice of the Customer research

Mystery Shopping was introduced in the 1940s by companies wanting to investigate how retail employees were managing financial transactions, to identify potential fraud. While Mystery Shopping has evolved significantly from covert inspections of cash handling into a **highly sophisticated research tool**, the core purpose of Mystery Shopping to assess **how internal processes are working and employees are behaving** has not changed.

The unique advantage of Mystery Shopping is that it delivers **timely, objective,**

**detailed feedback** to organisations who want to know how **employees and processes** are performing during **typical interactions**. And because it is conducted across channels (physical locations, digital, contact centres<sup>1</sup>, and omnichannel), Mystery Shopping is essentially an assessment of **channel performance**.

A successful **Mystery Shop simulates a real interaction**, where the **employee believes they are dealing with a real consumer/customer** (without knowing

they are being assessed). This means that the Mystery Shopper, who is instructed in advance what to observe and evaluate in advance of the assessment, is able to give, detailed feedback on the employee's

performance. As such, the role of Mystery Shopping is to assess how the experience is delivered, not how the customer feels about the experience (that is one of the roles of Voice of Customer type research).

## An overview of Mystery Shopping vs Voice of the Customer

A common question from clients is 'when should I use Mystery Shopping and when VoC'. The answer is that whilst both methods have the same overall goal - creating great experiences and ultimately improving business performance - they

differ in who and what they research, how they are conducted and, often, in the business questions they answer. Gold standard programmes include both as part of an organisation's wider measurement and management ecosystem.



The core purpose of Mystery Shopping is to assess how internal processes are working and employees are behaving.



Table 1: A comparison Mystery Shopping (MS) and Voice of Customer (VoC)

	Mystery Shopping (MS)	Voice of the Customer (VoC)
Research focus and business outcomes		
Why/ what?	To assess <b>employee</b> behaviours, and processes during specific interactions	To assess <b>Customer</b> Experience – individual interactions to end-to-end relationships
Business outcome	Improved performance on: <ul style="list-style-type: none"><li>Compliance</li><li>Sales conversion</li><li>Product recommendation</li></ul> Plus, alignment with related CX Key Performance Indicators (KPIs)	Better experiences for customers leading to stronger relationships and the associated customer behaviours – increased: <ul style="list-style-type: none"><li>Retention</li><li>Share of spend</li><li>Advocacy</li><li>Operational efficiency</li></ul> And so greater Return on CX Investment (ROCXI)
How, who and what?		
How	Answered by Mystery Shoppers in real-time, with prior knowledge of the questions	Answered by real customers, typically post event
Who	Shoppers posing as prospective buyers (depending on purchase scenario, may include actual customers)	Customers
Survey KPI's	Assessments typically given a <b>'Mystery Shop'</b> score against a set list of actions or a pass/fail	<b>CX KPI</b> metrics to reflect business goals. <sup>2</sup>
Research Parameters		
Design elements	<ul style="list-style-type: none"><li>Questionnaire</li><li>Shopper Guidelines</li><li>Sample</li></ul>	<ul style="list-style-type: none"><li>Questionnaire</li><li>Sample</li></ul>

	Mystery Shopping (MS)	Voice of the Customer (VoC)
Questionnaire length	<b>Detailed</b> (30+ question)	<b>Transaction</b> (5 min)
Question types	Predominantly <b>objective</b>	Functional and emotional perceptions – <b>objective and subjective</b>
Sample structure	<b>Location-based:</b> <ul style="list-style-type: none"><li>Required (location/employee generally doesn't opt in to participating)</li><li>All locations in a network, or</li><li>A scientifically selected sample of locations based on footfall, sales etc.</li></ul>	<b>Customer based:</b> <ul style="list-style-type: none"><li>Representative of customer base/interaction, as appropriate</li></ul>
Sample size	<ul style="list-style-type: none"><li>&lt;100: Ad hoc / Compliance</li><li>&lt;1,000: On-going trackers</li></ul>	Depends on profile of customer base/interaction type/business need
Frequency	<b>On-going</b> or <b>ad hoc</b> (depending on the objective)	<b>On-going</b>
Actionability		
Data analytics	Conducted at a location level, using location-based metrics to understand trends in staff behaviour and the impact on key commercial metrics	Conducted across the business to identify return on CX investment (ROCXI)
Actionability	<b>Internally focussed:</b> <ul style="list-style-type: none"><li>Tactical feedback to individual teams and employees focussed on improving their performance</li><li>Strategic feedback to internal stakeholder teams to define key focus areas and training needs aimed at driving performance improvement</li></ul>	Tactical and strategic, including closed loop feedback to customers <ul style="list-style-type: none"><li>Enhance/(re)design experience</li><li>Training needs</li></ul>



## Understanding the 'types' of Mystery Shopping

Not all Mystery Shopping programmes are alike, due to the different business outcomes they focus on, they can be grouped into four core 'types'.

### 01 Customer Service Mystery Shopping

### 02 Compliance Mystery Shopping

### 03 Product Recommendation Mystery Shopping

### 04 Sales Conversion Mystery Shopping

These are the focus of this paper; reading this will help you to understand some of the many deployments of Mystery Shopping research to support answering key business questions, and how they fit into a broader suite of CX measurement.

## Customer Service Mystery Shopping (and its role within the Customer Experience research toolkit)

This type of Mystery Shopping provides an in-depth assessment of service delivery at a specific touchpoint or interaction with an existing customer – defined as someone who either has an on-going account or relationship (e.g. financial services) or someone who has made a purchase (e.g. transport, hospitality, oil & gas). Ultimately the goal is to ensure employees are delivering a service which creates loyal, returning, happy customers (which in turn means more sales). And, because the main business outcome is to improve the Customer Experience (as measured by CX KPIs) the Mystery Shopping must be aligned with VoC – as shown in the Ipsos CX-MS approach outlined over page.

the relative importance of those metrics (e.g. if queuing is important, the score for that metric will be more heavily weighted), linked to staff training, so that measurement is fair and balanced against communicated expectations

- Shopper profiles and scenarios designed to represent real customers and typical enquiries
- Sample designed to be representative of the client's channel mix, including the store/branch network (e.g. more assessments at high footfall stores)

**Mystery Shopping and VoC data will not align if these steps are not taken.** Where the process is followed, the data should prove a clear link between employee behaviours, key CX metrics and improved business performance. Ipsos' paper, 'The Employee Customer Ripple Effect'<sup>3</sup> explores this topic in greater detail.

Within this approach, the Mystery Shopping design process must cover the following key elements:

- A questionnaire designed around the specific behaviours that drive CX KPIs and a scorecard weighted to reflect

## IPSOS CX-MX Approach



### STEP 1

VoC identifies the key drivers of CX KPIs (based on customer feedback) relating to channel specific transactions

### STEP 2

MS Questionnaire/scorecard focusses on the processes and behaviours identified as key drivers

### STEP 3

Mystery shoppers objectively assess performance on those processes and behaviours

### STEP 4

Analysis to confirm the relationship between MS performance and VoC CX KPIs

### STEP 5

Once confirmed, analysis undertaken to assess the client actions needed to improve the key behaviours and processes

### STEP 6

Key actions fed back to the clients to take the necessary operational changes

### STEP 7

VoC programmes monitor the uplift in CX KPIs

### STEP 8

Key Drivers reviewed in VoC. **Revert back to step 1** to ensure continuous improvement



“  
Mystery Shopping plays an important role in helping organisations improve their CX KPIs.

Product Sales Mystery Shopping: the go-to methodology for driving sales-relates outcomes

Since the explosion in CX research in the late 1990s, many clients and Mystery Shopping professionals have been side-tracked into the belief that Mystery Shopping ‘is just another way of measuring Customer Experience’.

In fact, while Mystery Shopping plays an important role in helping organisations improve their CX KPIs as outlined above, a significant proportion of Mystery Shopping programmes are primarily focussed specifically on the **product sales**

**process.** Indeed, as one long-term Mystery Shopping client articulated:  
  
‘The two most important things we can influence are the quality of our products and the quality of our front-line staff!’  
- Luxury Client

At Ipsos, we categorise three main types of Product Sales Mystery Shopping as follows (over page, Table 2).

Table 2: Types of Product Sales Mystery Shopping

	Compliance Mystery Shopping	Product Recommendation Mystery Shopping	Sales Conversion Mystery Shopping
Why	To assess whether employees are compliant when delivering/selling regulated products	To assess whether third-party employees are recommending a product and why	To assess employee selling behaviours in order to convert the sale
Who is interested in this type of Mystery Shopping?	Compliance teams at regulators, and in regulated businesses	Sales teams in manufacturers (OEMs) assessing third-party retail partners	Operational, retail and sales teams overseeing store networks and managing channels
Sectors include...	Regulated industries such as Financial Services, Telco, Providers of controlled products/services (e.g. gambling, alcohol – where age verification is required) and more	Telco, Tech, Alcohol, Tobacco, Pharmaceuticals, and more, especially high value items	Retail, including apparel, automotive, financial services, luxury, hospitality, petroleum, tech, telco, and more
Questionnaire KPIs	Compliance questions – pass/fail	First recommendation, staff negativity	Sales journey steps, closing the sale
Mystery Shoppers representing	Prospective buyers of regulatory products	Prospective buyers of products bought in third-party retailers	Prospective buyers or current/return customers
Return on Investment	Better compliance = avoidance of fines or reputational damage	Better ‘first recommendation’ = higher Sales	Better sales processes = higher sales conversion
Related research methods	Call listening (contact centres)	N/A	VoC Social Media Reviews



## Compliance Mystery Shopping

Compliance Mystery Shopping programmes enable organisations to understand whether employees and processes are compliant with legal, regulatory, and business standards when interacting with a potential customer (either mandated by regulation or in contractual agreements). The over-arching objectives of these studies are as follows:

- 01 Prevent consumer harm (e.g. road safety, sales of age restricted items)
- 02 To protect the bottom-line from regulatory penalties or consumer claims (e.g. financial services)
- 03 To hold contractors to account (e.g. third party contractual agreements)

The approach to Compliance Mystery Shopping is covered in Ipsos’ [‘Driving Compliance at the Frontline’](#) paper, with examples provided below.



### EXAMPLE 1

#### Age Verification Mystery Shopping

Age Verification (AV) Mystery Shopping is used by companies to ensure that **age-restricted products are not sold to under-age consumers**, by assessing whether employees are making the appropriate checks. These studies are aimed at the prevention of consumer harm, avoidance of penalties / fine or the removal of operating licenses and to limit potential reputational damage.

They are generally undertaken by 18-24 year old Mystery Shoppers instructed to purchase (or attempt to purchase) an age-restricted product, and their feedback not only allows organisations to identify non-compliance, but also understand where it is most prevalent and why.



### EXAMPLE 2

#### Financial Services Compliance Mystery Shopping

This is used when companies that sell regulated products need to assess whether employees are compliant in how they speak about a product or follow required processes at the point-of-sale in order to avoid financial penalties<sup>5</sup>. The objective is to assess performance on regulatory standards, and truly effective studies help clients understand why performance differs and where to focus to become more compliant.



### EXAMPLE 3

#### Credit Card Acceptance Mystery Shopping

Card acceptance Mystery Shopping is undertaken by Payment Providers to assess whether partner merchants accept their payment type (e.g. a specific brand of credit card). The objective is to ensure that the payment is accepted, with the correct fee levied in order to protect the ‘interchange fee’ revenue stream.

In all these examples, assessing compliance is the over-arching business outcome, and can only be measured using Mystery Shopping. Consumer surveys are not used for this purpose because respondents cannot accurately assess whether an employee or process was compliant or not.

Product Recommendation Mystery Shopping

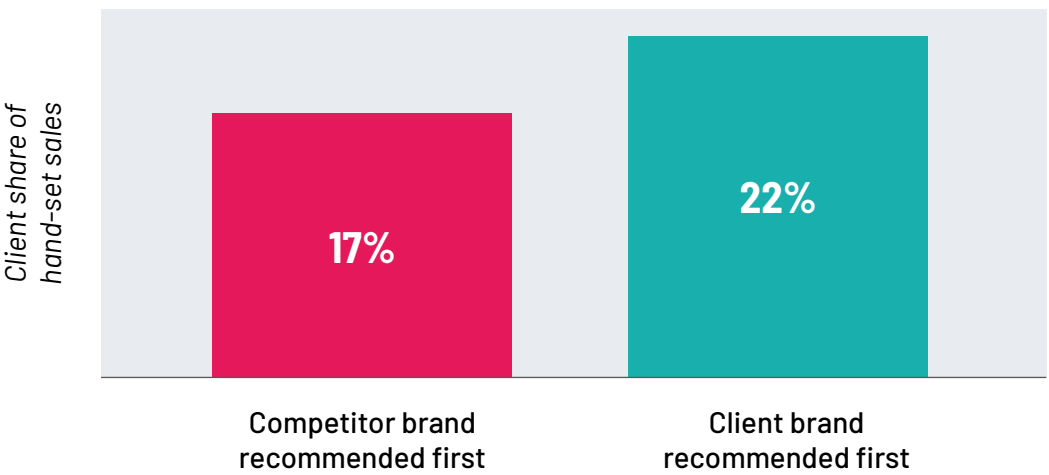
Product recommendation Mystery Shopping is undertaken by manufacturers who want to understand how employees in third-party retail partners are selling their product including **whether the product is recommended first**. It provides a unique perspective in these scenarios, particularly in physical locations where staff are directly employed by the retailer (or field marketing agency) not the manufacturer.

This is particularly powerful when combined with commercial data, where the link between ‘first product recommendation’ and sales (or share of sales) can be proven, as shown in Figure 1 (below).

A fully functioning Product Recommendation Mystery Shopping study will prove that first recommendation impacts actual sales. A truly effective study will then identify where the gaps are in the sale process, why they are occurring, and how improvements can be made.

Product recommendation may be impacted by training, sales commission, employee product ownership, in-store marketing and promotions and, importantly, competitor strategy. When these factors are analysed, clear actions can be given to clients about where to focus their resource and the impact they will have on the sale.

Figure 1: The impact on the client product’s share of sales where the client’s product was recommended first vs where a competitor product was recommended first



Source: Ipsos

For manufacturers selling through third-party suppliers, understanding if their product is recommended first (and why) is the reason they use Mystery Shopping. They understand the prohibitive challenges of sourcing and surveying consumers who have made a enquiry and were able to recall what product was recommended first (and the features discussed)

Sales Conversion Mystery Shopping

Sales Conversion Mystery Shopping is used to assess whether employees are following the prescribed sales journey and how they are handling sales enquiries at the point-of-purchase, in order to **improve sales and cross-sales**. It deploys Mystery Shoppers posing as prospective buyers, and is focussed on objectively assessing sales processes and employee behaviours; commonly undertaken by

organisations in the high-street retail, automotive, and luxury sectors.

This type of Mystery Shopping is particularly powerful when combined with sales-related data to prove the link between those key **sales processes / behaviours and sales metrics such as conversion rate**, as highlighted below:

Figure 2: Clothing Retail Example – Stores performing better on their Mystery Shopping score saw much higher sales growth than stores performing poorly




Source: Ipsos

Proving the link between Mystery Shopping performance and sales is important, but identifying where organisations specifically need to focus is also critical; and Mystery Shopping is particularly effective in this, because it provides a uniquely **objective assessment** of the metrics which have the greatest influence on **sales conversion** – e.g.

- Length of time to be served and initial greeting
- Volume and type of questions asked during needs discovery
- Explaining the product and giving a demo
- Closing the sale

These **key behaviours** are derived by undertaking advanced analytics on Mystery Shopping data from a questionnaire designed to the bespoke needs of each client, and will differ depending on the circumstances (not a one-size-fits-all). They are critical in understanding where to focus in order to improve the commercial outcome.

It is also important for retailers to gather subjective feedback about a customer’s experience at the point-of-purchase. However, as with Customer Service Mystery Shopping, this is more the domain of CX research such as VoC studies and Social Media Reviews. Again, alignment is important, particularly where Mystery Shopping provides the objective detail behind the subjective sentiment, as per the following example from a Hospitality client:

VoC/Social Media Reviews	Mystery Shopping
 <b>The staff member was friendly</b>	<ul style="list-style-type: none"><li>• Greeted with a smile</li><li>• Checked in with the guest during the meal</li><li>• Friendly farewell</li></ul>
 <b>Wait times were too long</b>	<ul style="list-style-type: none"><li>• Time to be acknowledged (minutes)</li><li>• Time to be served (minutes)</li><li>• Time to pay bill (minutes)</li></ul>

Regardless of the business question, if the programme is well-designed and aligned with the appropriate commercial metrics, Mystery Shopping will deliver a proven (monetised) impact on the key business outcome – justifying the investment.

However, if the right location-metrics are also available we can go further by identifying the factors that drive the behaviours which in turn have the greatest influence on the key business outcomes.

We know from our research that happier, better trained staff, operating in productive work environments perform better on the behaviours that lead to strong commercial outcomes. And, by understanding these factors (the Ipsos Performance Levers) and how they influence the key behaviours, we help our clients understand where to invest and, therefore, how to achieve a true ROI.

The Ipsos Key Behaviours and Performance Lever Mystery Shopping analysis approach is the subject of a future POV.

## Conclusion

One of the most common questions researchers are asked by clients in the Customer Experience space is whether to use VoC or Mystery Shopping. And, whilst the nuanced answer is that it depends on the specific business outcome, in most cases the answer is both, because they are measuring different, but equally


important things – in simple terms VoC focusses on the customer, whilst Mystery Shopping focusses on the employee and the process. And, it is the methodology of choice for answering business question such as how to ensure compliance or how to increase first product recommendation, in addition to improving CX KPIs

## Your Next Steps

The most customer-focussed organisations use both VoC and Mystery Shopping in an approach leveraging both measurements for a holistic view of the organisation:

- 01 Work with Ipsos to leverage a VoC programme assessing how customers are feeling and what is important to them, to have a continuous read of the real experiences that matter to your customers.
- 02 Use Mystery Shopping designed by Ipsos to gather objective detail on how employees are delivering these things that matter to customers, with tactical feedback for specific stores and teams on specific interactions key to your strategy – all driven by your customer’s expectations and CX strategy.

- 03 Be sure your data collection digs deeper than simply reporting what happened, and that it also looks at what your staff can do to improve. Partner with Ipsos to contextualise results with sales-related data to drive up compliance standards and sales conversion, and deliver true impact.
- 04 Undertake advanced analytics to ensure your Mystery Shopping programme identifies the behaviours that influence the target business outcomes; ensure they are bespoke to your organisation, and identify where to focus operational investment for continual improvement.

 **Ipsos is the largest provider of both Mystery Shopping and CX research in the world, with experts in over 90 countries. [Contact us today](#) to learn more about how to transform your organisation and drive improvement in your business metrics.**



JANUARY 2025

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## Endnotes

- 1 [Mystery Calling: Dialling up your Contact Centre Performance | Ipsos](#)
- 2 [The Key to your CX Success | Ipsos](#)
- 3 [The Employee Customer Ripple Effect | Ipsos](#)
- 4 [Driving Compliance at the Frontline | Ipsos](#)
- 5 [Using Mystery Shopping to Proactively Measure Staff Engagement with Consumer Duty | Ipsos](#)

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