

Research

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News



Retail and shopper research

Mystery uncovered

The global mystery shopping sector is currently estimated to be worth almost \$1.5 billion but the industry in Australia still lacks the profile of its overseas counterparts. Research News invited four leading practitioners in this area to comment on its potential in the marketing research mix.

Myystery shopping is the practice of using trained shoppers to anonymously evaluate customer service, operations, employee integrity, merchandising, and product quality. It is most commonly conducted face-to-face but can also be done over the phone. Some suspect one of the reasons mystery customer research is less prevalent in Australia is that there are some fundamental misunderstandings about what it is. Another reason might be that a lot of mystery shopper research in the northern hemisphere is carried out face-to-face and there is comparatively less face-to-face capacity in Australia, so it often involves recruiting and training from scratch.

Nathalie Jays has specialised in mystery shopping for many years, creating and then managing Spectre, the mystery shopping division of Market Equity in 2003 (which was acquired by Synovate in 2005). At the end of last year, she bought Spectre from Synovate and is now running it as a completely independent consultancy.

Jays says the sector is more established and prominent in the USA and Europe, although given the fact that our region contains two of the fastest developing economies in the world (China and India), she expects to see this research sector grow in coming years.

Jays believes the largely self-regulated sector has suffered from the neglect of the market research industry in the past.

'For decades, mystery shopping operated without any code of conduct or indeed guidance from the world's marketing organisations. Mystery shopping businesses had to adopt general guidelines even though data collection methodologies, shopper's training and requirements are quite different from quant or qual research. Mystery shopping businesses that pride themselves for providing good data collected in an appropriate format sought to form a group themselves - largely due to the fact that the marketing/market research world had neglected their area of research. Had the latter been more inclusive the Mystery Shoppers Providers Association (MPSA) might never have been created.'

In 2005, the Australian Market and Social Research Society (AMSRS) ratified ESOMAR's mystery shopping guidelines and the MSPA - Asia Pacific was formed. Despite this, its profile in the local market remains much lower than it is in overseas markets such as the United Kingdom.

Norrelle Goldring, director of insights and strategy at Shopability, says retail/FMCG research falls into three overlapping pools: the shopper (category) pool, the consumer (brand) pool and the trade (store) pool.

'Traditionally, mystery shopping (and store audits/compliance checks) has sat in the shopper and trade pools, commissioned by sales departments because of its historic customer, retailer and operational focus. Just because mystery shopping isn't on consumer and brand marketers' radars doesn't mean it's not there.

'However the lack of consumer marketing involvement or understanding may have held it back in Australia through lack of engagement and lack of access to marketing budget dollars,' she adds.

Jays believes another reason for its comparatively low profile is that the media have shown a much greater interest in mystery shopping in the UK than they have in Australia.

Desmond Sanborn has more than 10 years experience in the South African mystery shopping sector and will this month set up a new company with John Gandar, called Customer Space. He believes Australia has been slow to adopt new technologies to facilitate mystery shopping programs which has hampered its growth here: 'Australia conducts its share of mystery shopping but it could and should be greater. In spite of its popularity in other countries, Australian mystery shopping still has some way to go before catching up to technology that is used elsewhere around the world. Audio and video mystery shops are more widely used in the UK and the United States.'



Keys to success are no mystery

The global MPSA, which was founded in 1998 and now has more than 100 members worldwide, sees the mystery shopping sector as a 'cousin' to marketing research – related but not the same. In particular, it believes it is more operational than marketing research and 'is most often used for training and incentive purposes'.

Indeed, Michelle Pascoe, the principal of Optimum Operating Procedures and Services (better known as OOPS), has carved out a reputation for customer service training in the clubs sector using mystery shopping, and is often contacted by other industries for advice about, and input into, mystery shopping programs.

'The clear focus of many mystery shopper programs is enhanced customer service,' Pascoe explains. 'In such context my clients use the program as a performance management tool in pursuit of such goals. All staff of client organisations are clearly informed of the objectives of the program at the outset in terms of its performance management context, including reward, career path development and discipline.'

The MPSA, and practitioners, say that mystery shopping has over the years become more focused on improving customer service.

Sanborn explains: 'It has come from policing bad employees to gaining insights into how to improve service levels as well as building and maintaining the emotional connection customers have with the brand. Techniques have advanced as well, where the mystery shopping process and questionnaires have been streamlined from asking long and laborious questions to more streamlined questions that help deliver the key actions and solutions. Further, technology has evolved from being mail or courier based then to be more likely personal measurement together with online data collection these days. Mobile technology enables a much more immediate and objective response.'

'We can now add a great deal of qualitative insight by combining video recording with unobtrusive cameras where shoppers can now complete shops with audio and video, giving the client a more honest and valuable insight to their service delivery and standards. More recently, shoppers even keep in touch with other shoppers and discuss various issues they are having through blogs and various chat sites across the globe. Clients can now go online and view their results in real time, manipulate data and export dashboards into their reports.'

However, Pascoe says mystery shopping programs are not without flaw.

'Despite the fact that many businesses spend thousands of dollars annually on such research, many programs fail or "limp along" year after year, perennially under-performing against expectations.'

She says often quoted complaints include:

- Disputed findings by employees and managers
- Questioning of mystery shoppers' skills and credibility
- Lack of timeliness in response
- Program not evolving with latest customer trends.

In contrast, Pascoe says successful mystery shopping programs are typified by a number of core ingredients, including:

- A comprehensive brief developed in partnership by the client and the service provider. [There must be a clear understanding of data requirements, the intended use and the data collection timeframe.]
- A pool of staff who are reliable, present 'anonymously' in an outlet/venue, follow instructions and are professional.
- A professionally compiled report [The report should present data gathered, independent observations and identify any possible management implications].
- A structured briefing/debriefing client delivery forum.

The potential for mystery shopping

Sanborn says: 'Mystery shopping plays an important role in market research and should be used more often and in conjunction with traditional in-store research. Where traditional research gives insight into the customer's motivation, behaviour, attitude and needs, mystery shopping helps to evaluate the important touch points in-store.'

'Mystery shopping can help the retailer to improve the customer experience, identifying what changes need to be made in training to give companies the upper hand over their competitors. How to streamline the shopping experience? What can be done in store to attract more customers? How can you prompt customers to spend more in-store? Finally, what type of training is needed to improve product knowledge and customer interaction skills?'

Jays adds that, as the Australian market economy is increasingly defined in terms of creating experiences, where customers are 'guests', and staff are expected to 'live the brand values', mystery shopping should play a crucial element in the marketing mix.

Sanborn agrees. 'For some industries, the focus has become so important that they introduced a "concierge", "meeter greeter" or "customer service manager" to make it "easier" for customers. These days the customer experience even has a place in business planning.'

Jays also believes mystery shopping is more important than ever before given the popularity of online social networking.

'From a marketing perspective, we've come from asking consumers questions, to listening to what they have to say. With the emergence of social media, an increasing portion of the marketing budget is diverted to interacting and engaging with consumers, that is before the global financial crisis (GFC) put price ahead of quality and service in consumers' minds. When you think about how many consumers are on Facebook and Twitter, wouldn't you like to identify weak links in your service delivery before consumers experience it and share it with millions around the world?'

'As we recover from the GFC, consumers' service expectations will once again play a decisive part in their buying behaviour and most leading brands know this. Leading brands have maintained all or most of the pre-GFC investment levels in staff training and incentive. It is to be expected that service levels would dip in businesses that have cut back on their training/operations budgets. Without incentives, there is often no real urge to provide that "x+1" to consumers. Incidentally this also means that by keeping service at the core of their business delivery model, businesses have had a chance to use customer experience as a point of differentiation.'

The incentives for a successful mystery shopping program are many.

'Simply expressed – good customer service translates to prospects of increased sales and enhanced profitability,' says Pascoe.

Goldring says there is an opportunity to blend exploratory/qualitative trade and shopper research with the quantifying elements of mystery shopping, but 'given that shopper research as a discipline is only really 10 or so years old [compared to consumer research at 80 years plus], we're probably not at that point yet'.

She concludes: 'There is a broader opportunity for consumer and brand marketers to better understand the difference between consumers and shoppers, and how store environments impact their brands, in order to measure in-store marketing program effectiveness using elements of mystery shopping.'

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