

Maximize Your Revenue, Elevate Your Customer Service and Beat Your Competitors with Mystery Shopping

“A man without a smiling face must not open a shop.” — Chinese Proverb

The retail, hospitality, and consumer-led markets are changing fast. With the shift to online services, eCommerce, and market disruptors, it seems the only news stories to do with traditional businesses are bad ones. We've all read about the downward sales trends and store closures.

Fortunately, it's not all grim news out there — although traditional businesses are facing significant challenges, with the right approach they can develop the strategy, capacity, foresight, and resilience to weather these changes.

When it comes to retail, hospitality, restaurants, and other service-based industries, the smallest changes can have a massive effect. It's more vital than ever to build trust with consumers. You must stay a step ahead of the competition and minimize revenue leakage to maximize profits. One powerful way to do this is through mystery shopping — it's a key tool for understanding consumer trends, identifying weaknesses, keeping your competitive advantage, and thriving in a difficult marketplace.

In this guide, we'll explore what mystery shopping is and help you understand how it can empower your company. We'll cover the features and benefits of good mystery shopping, demonstrate how it helps to position you in the marketplace, and show you why acting on it can help you compete with any threat, online or offline. We'll show you why you can't do without it.

Here's what you'll find as you read on:

- What mystery shopping is.
- The benefits of mystery shopping.
- A practical example of mystery shopping.
- How to turn insight into action.
- The importance of listening to the voice of the customer.
- Should you outsource your mystery shopping?
- Keys to maximizing the customer experience.

Let's get into it.



“78% of consumers have cancelled a transaction or not made an intended purchase because of a poor service experience.” — American Express Customer Survey

Mystery Shopping — A Primer

If you’ve not used mystery shopping before, you might think it just involves someone buying a product and reporting on how good the sales experience was. You’d expect us to rate customer service, how quickly we were dealt with, and tell you about any issues.

While that’s part of what mystery shopping does, it’s just a small fraction of what a good mystery shopping service will give you. The aim of mystery shopping is simple:

To give you a complete, objective view of how effectively your business works, from the customer’s perspective.

That means everything to do with the customer experience — branding, signage, marketing, staff, point of sale, product selection, retail location, purchase, customer service, and more. If it affects the customer experience, mystery shopping should tell you about it.

“On average, loyal customers are worth up to 10 times as much as their first purchase.” — White House Office of Consumer Affairs

The Benefits of Mystery Shopping

Now that you know a little more about the practical changes mystery shopping can identify, let's look at a slightly wider context — how mystery shopping can set your organization up for success.

Driving a Positive Impact on the Bottom Line

The main reason for mystery shopping is to find ways to increase revenue and enhance profits. At a high level, mystery shopping achieves that by

- Optimizing every part of the customer experience.
- Identifying the small things that make a big difference.
- Ensuring that staff are properly trained on products, services, and customer care.
- Reducing revenue leakage from various areas, including integrity of staff.
- Providing actionable insight and solid metrics.
- Understanding trends over time.

“North Americans tell an average of 9 people about good experiences, and tell 16 (nearly two times more) people about poor experiences.” — American Express Customer Survey

Reducing Revenue Leakage

One of the main challenges for businesses is maintaining profit margins that are continually under pressure. Mystery shopping can help to identify potential revenue leakage in areas like:

- Missed opportunities to upsell.
- Lost sales due to lack of attention to customers.
- Long lineups due to inefficient checkout or other processes.
- Empty shelves and inventory issues.
- Unknown advantages held by competitors.



Analyzing and Understanding Competitors

Competitors are a constant threat. Although it's relatively easy to research online competitors, traditional competitors are more difficult to analyze. We can shop your competitors' stores and provide you valuable competitor intelligence on things like:

- The level of customer service they provide.
- The end-to-end customer experience.
- Any specific unique selling points, special offers, or customer handling procedures.
- Their branding, marketing, and point of sale experience.
- The physical store environment and how it helps or hinders the shopping experience.
- The level of training, approach, and commitment from staff.

*"Although your customers won't love you if you give bad service, your competitors will."
- Kate Zabriskie*

Building Trust with Customers

If you want to retain customers, it's essential to create shopping experiences that build trust. Mystery shopping will help you to

- Identify gaps in training of your staff and ways to close those gaps.
- Create comfortable, clean, and safe locations that promote customer wellbeing.
- Utilize great marketing and signage that gets customers where they need to be.
- Provide access to relevant and timely information so customers can make an informed decision.
- Offer a delightful, end-to-end customer experience that leaves no doubt as to the value of your products and services.

*"It's very logical: There is proven ROI in doing whatever you can to turn your customers into advocates for your brand or business. The way to create advocates is to offer superior customer service."
- Gary Vaynerchuk, "The Thank You Economy"*

Keeping Employees Satisfied

The attitude of your employees is crucial to your success. Although training can make a big difference, creating happy employees through good store and staff management will make a big difference to customers. Mystery shopping can help you assess areas like:

- Working conditions for employees.
- Placement of staff in the store.
- Level of training and expertise.
- Attitude and approach of employees and managers.
- Staffing levels and how that affects customers.

"81% of companies with strong capabilities and competencies for delivering customer experience excellence are outperforming their competition." — Peppers & Rogers Group

An Example of Mystery Shopping — Rebooting the Electronics Store

The best way to show the benefits of mystery shopping is with a practical example. Let's say you're the COO of a regional electronics store chain. You sell laptops, home appliances, smart phones, computer games, and accessories. You've been seeing sales decline over the last two quarters despite opening more stores, and you call us in to find out what the issue might be. Here's how we work.

Understand What You Want the Ideal Customer Experience to Be

Before we even go to the store, we talk to you about your expectations:

- What are the main areas you want us to focus on?
- Do you have particular problems or issues you need examined?
- How are you expecting staff to treat customers?
- Are there any particular metrics you need measured? (e.g. time to service, speed at finding items, wait time for assistance, level of product knowledge, etc.)
- What do you want to get out of the mystery shopping data?
- How will you use that data to drive changes in your business?

Once we have a clear idea of your aims and goals, we start the mystery shopping program. At this point, it's important to remember that this is just one example of one program. Options available are wide-ranging, and each mystery shopping program is tailored to fit the unique needs of the client.

"It is 6-7 times more expensive to acquire a new customer than it is to keep a current one." — White House Office of Consumer Affairs

Arriving at the Store

On arrival at the electronics store a mystery shopper will:

- See how easy it is to find the store in the first place.
- Look at parking arrangements.
- See how busy the store is.
- Examine signage, entrances, and exits for the store.
- Look at the design, cleanliness, and other aspects of the store's exterior.

The aim is to evaluate whether the store is easy to access, presents a positive first impression, and provides a safe environment.

"Employees only ask for the customer's name 21% of the time." — ContactPoint Client Research

Going Into the Store

The shopper will then go into the electronics store itself and examine various aspects:

- Look at signage inside the store for specific product ranges, departments, and areas.
- See how many staff are walking the floor and providing assistance to customers.
- Note the general look and feel of the store — cleanliness, fixtures and fittings, temperature, air conditioning, background music, and more.
- See how easy it is to get around the store, aisle widths, shelf placement, and accessibility.
- Observe point of sale locations and internal store branding — looking at emphasis on particular areas, product lines, or niches.
- See how easy it is to find specific products.

The aim is to check that overall impressions inside the store are good, that the store is comfortable and easy to get around, and that marketing and signage directs customers in the right way.

*“Almost 9 out of 10 U.S. consumers say they would pay more to ensure a superior customer experience.”
— Harris Interactive/RightNow*



Interacting with Staff

The heart of mystery shopping is staff interactions. A mystery shopper will:

- See how fast and easy it is to find a staff member.
- Assess the approach and attitude of staff members.
- Test knowledge, skills, expertise, and experience.
- See how the staff member is at dealing with specific circumstances — answering questions, providing information, handling refunds, upselling, making a sale, etc.
- Rate the overall interaction.

The aim is to check that your staff treat shoppers well, that they are properly trained, and that they make every interaction pleasurable and customer-focused.

“78% of consumers say that competent staff are the most important part of a happy customer experience.” — Genesys Global

Sales and Checkout Process

Finally, it's time for money to change hands. The mystery shopper will carefully review the checkout process at the electronics store:

- How the goods are packed and handled.
- Taking payments via cash, debit, or credit card.
- Waiting times and efficiency.
- Opportunities for upselling — guarantees, extras, membership club etc.
- Attitude of checkout staff.
- Integrity of staff.

The aim is to test that the checkout process is fast, simple, efficient, and good for the customer.

“70% of buying experiences are based on how the customer feels they are being treated.” — McKinsey

Bringing Everything Together

That's just one visit from one customer to one store. In reality we would test your shopping experience with multiple mystery shoppers over several visits to different locations. The idea is to give you a comprehensive report into every aspect of your business. Mystery shopping should help you track performance over time, identify trends, and explain how you can continuously improve your business.

“By far, the most requested improvement from customers was ‘Better Human Service’” at 40% — Genesys Global

What the Electronics Store COO Learned

In our example above, how would mystery shopping help the electronics store to improve its business and increase its bottom line? Here are some things we might have discovered:

- There was a lack of training among the staff, meaning they couldn't always answer technical questions and provide reliable information. The shopper could not make an informed choice.
- Signage at the store wasn't adequate, making it difficult to find the exact accessories the shopper was looking for.
- There were opportunities to upsell cables and an extended warranty when buying a television — these were not followed up on, losing over \$100 in potential sales for that customer alone. Imagine that impact multiplied by thousands of customers over time!
- Shoppers could not interact and test out products in a “hands on” way, meaning it was difficult to understand the user experience.
- In the summer, the temperature was a couple of degrees too high, limiting the amount of comfortable time in the store.

The company would then work to develop a complete action plan to resolve each of the issues identified, and as the changes are made we would implement a mystery shopping strategy to ensure that they are working.

“91% of unhappy customers will not willingly do business with you again.” — Lee Resources



Turning Insight into Action

Mystery shopping is only powerful if you take all of the insights and reporting we provide and turn it into action. In other words, we give you the map so you can plot the path and make the change. A mystery shopping report will give you:

- Hard metrics on areas like speed of service, approach of sales associates, length of time to accomplish a specific task, and more.
- Anecdotal evidence on interactions with staff.
- Observations on your location, products, and services.
- Comparisons against the expectations and requirements you provided us with.
- Benchmarking against best business practices and best case scenarios.
- Suggestions and recommendations for improvement.

You can then take that wealth of information and put it into a service improvement plan. You can prioritize changes, create valuable learning opportunities for your managers and staff, and create business initiatives to refine and enhance your processes.

Over time, you will optimize the way your business runs and significantly enhance the customer experience. You can then use our services again to see if the changes are sticking. We'll also measure trends over time so you get a better context.

“Only 1 out of 26 unhappy customers complain. The rest churn. A lesson here is that companies should not view absence of feedback as a sign of satisfaction. The true enemy is indifference.” — Esteban Kolsky

Listening to the Voice of the Customer

Ultimately, mystery shopping is an objective way to listen to the voice of your customer. Despite your best efforts, customers won't reliably tell you what they think — they will generally only let you know if they really like or really hate your services.

Mystery shopping removes that issue by looking at everything through the eyes of a customer but combining that with an objective, analytical approach that gives you actionable insight. Turn that insight into action, and you'll directly impact your business success.

Sometimes though, you'll want feedback from genuine shoppers, and we can help there too. We carry out extensive market research, interview and survey your real customers, and consolidate all of that into detailed reports you can use to further drive change. Our expert researchers will get to the heart of the matter and help you identify exactly what you need to improve.

“When customers share their story, they're not just sharing pain points. They're actually teaching you how to make your product, service, and business better. Your customer service organization should be designed to efficiently communicate those issues.” — Kristin Smaby, “Being Human is Good Business”



Outsourcing Your Mystery Shopping

You might be wondering if there are advantages to outsourcing your mystery shopping, versus completing it in-house. Outsourcing your mystery shopping provides you with several advantages:

- A more objective view of your business — an in-house team already understands how you do things, and has ideas on how to improve, but that understanding is subjective and might not always lead to the best course of action. Outsourcing ensures true objectivity.
- A greater breadth of experience — an outsourced mystery shopping business has exposure to a wider variety of industries and niches. They will use that experience when making recommendations.
- Optimized processes and reporting — a specialized mystery shopping agency has a variety of techniques and tools to help you properly understand your business and customers.

- Effective cost control and ROI — you only need to engage a specialized agency on an “as needed” basis, rather than paying for an ongoing function that may not deliver ongoing value.

Are You Ready to Maximize the Customer Experience?

Whatever industry you're in, it's clear that maximizing positive customer experiences is key to your survival. With our combination of deep insight, wide experience, and a laser-focus on your needs, we're ideally placed to ensure your success and growth.

Contact us today and see how we can help you.

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