

# A Quick Start Guide to Mystery Shopping Programs



**Evolving Customer Experience.**

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# Introduction

Your location? Perfect. Your staff? Experienced and well trained. Your products or services? Top notch and competitively priced. So why is the top spot alluding you?

Mystery shopping could be the missing piece, the way to finally find out what has you stuck in second place. Despite its name, there's actually nothing mysterious about how and why it works for so many companies. Mystery shopping programs provide objective observations of your staff and operations through the eyes of professional, undercover shoppers. We are Reality Based Group and we have created this guide to help you learn more about mystery shopping.

When mystery shoppers go on assignment to your store, they analyze everything from your customers' point of view, from site condition to greeting, service, knowledge and parting comments.



*“The more you engage with customers the clearer things become and the easier it is to determine what you should be doing.”*

John Russell, Harley Davidson

# Site Analysis

Cleanliness is a top concern of many customers, regardless of the nature of the business. Mystery shoppers assess everything from dust and dirt on fixtures, floors and counters to the cleanliness of parking lots and restrooms. These eagle-eyes also report on the store's organization, clutter, and ease of navigation.

# Opening Statements

Our research has indicated most customers like to be greeted upon arrival, whether it's a restaurant or hardware store. A warm welcome puts them at ease to state their needs. They also like an offer of assistance that is genuine, followed by a helpful exchange that builds rapport and provides the information they're seeking. Mystery shoppers are trained to ask pertinent questions to analyze the knowledge of your employees. You can structure the shopping reports to meet your needs, so you can assess the knowledge of your employees in specific areas.

# Sales Skills

In any business, upselling is crucial to increasing revenue. Think how much money has been made by asking the simple question, “Do you want fries with that?” The same applies to any business. Paint buyers need brushes and drop cloths, mattress shoppers no doubt want new pillows, purchasers of haircuts need shampoo. Mystery shoppers are skilled in answering whether your employees are capitalizing on upselling opportunities.

# Knowledge Matters

You certainly don't want your staff ever uttering the words, “I don't know.” The more they know, the more confidence your customers have in their suggestions. A staff member can build trust with customers by simply and positively stating, “Let me find that answer for you,” and then promptly doing so. Mystery shoppers are trained to ask questions of your choosing so you can explore more about what your employees are well versed in and what they might need some more information about.

# Parting Remarks

Building a base of repeat customers is critical to long-term success. Closing remarks from your staff are as important as opening statements. Mystery shopper reports provide exact quotes along with comments on the actionable demeanor of the staff members who bid them farewell. If a customer feels appreciated and that you have something new to offer on a return visit, you build loyalty and goodwill.

# Who Uses Mystery Shopping

Mystery shopping may sound as secretive to many as the plot of a classic crime novel. Some think it's done only by private investigators, but more importantly most have no idea which businesses use it and why.

The truth is mystery shoppers are trained professionals, the practice is totally above board, and all kinds of businesses use mystery shopping programs to get an accurate, unbiased analysis of their staff's skills in customer service as well as an overview of general operations. Let's take a look at some of the types of businesses that utilize mystery shopping to improve their bottom line.

## **Restaurants & Bars**

From the host's attitude to food quality and how beer or liquor are poured, all types of eateries and bars track their service standards with mystery shoppers.

## **Grocery, Liquor & Convenience Stores**

With rising prices and the varieties of food and drink exploding across the board, food, snack and liquor purveyors need mystery shoppers to keep their customer service standards high.

## **Department & Specialty Stores**

Home improvement retailers, bedding specialists, bicycle stores – every type of retailer faces stiff competition mystery shopping can help them overcome.

## **Rental Companies**

Whether your company rents storage units, backhoes or linens for parties, undercover shoppers find out what it will take to put your company in first place.

## **Residential & Commercial Renting, Leasing & Sales**

Using a mystery shopper to pose as a potential client helps property owners assess the skills of their staff and bring vacancy rates to zero.



## **Health Care Providers**

Many consumers have more choices than ever when choosing health care providers. Undercover shoppers pose as patients, friends and family members to provide valuable feedback on the quality of care being offered.

## **Florists & Gift Shops**

In one of the most competitive markets around, mystery shoppers rate service levels as well as the quality of goods received to help keep these businesses competitive.

## **Banks & Investment Groups**

From teller transactions to guidance from financial advisors, customers must have total confidence in money handlers. Undercover shoppers assess service and whether or not disclosure guidelines are being followed.

## **Gym & Fitness Centers**

Competition among gyms and fitness centers remains fierce. Mystery shoppers analyze the quality of service and equipment as well as the clarity of contract terms.

## **Hotels**

Since many guests don't provide feedback before ditching a hotel, mystery shoppers who judge everything from bell and room service to shower head pressure give hotels objective reviews to help them keep guests coming back.

## **Automotive Sales & Service**

Whether buying a vehicle or just trying to get that “Check Engine” light to go away, it’s all about customer trust and satisfaction. Mystery shoppers test client communications as well as integrity and fulfillment of promises.

## **Parking Garages**

Whether you offer self-serve or valet parking services, customers demand efficiency, safety and good customer service. Having a mystery shopper analyze your service provides invaluable information to keep your lots full.

## **Hair Salons**

From phone presentation to checkout, hair salons have to combine warm, personalized service with skilled cuts and coloring. Mystery shoppers ask all the right questions to objectively judge staff performance.

# About the Shoppers

The term mystery shopper conjures up all sorts of images. Do they look like Sherlock Holmes, with an oddly tipped hat and an ornate pipe poised between their lips? Do they dress in costumes and wear wigs and prosthetic bellies to disguise themselves? Are they equipped with headsets and oversized sunglasses like Secret Service agents?

The answer to all those questions is of course no. A good mystery shopper blends in because their goal is to look like a typical customer, no matter what venue they're shopping. Perhaps, that's what makes them so mysterious – they look just like the average shopper!

Of course, they must dress for the occasion. If the assignment is a high-end commercial property management company, the shopper should be dressed like a successful business person. Conversely, if the assignment is a storage space rental company, the shopper is expected to dress like a person in the midst of moving, dressed casually and comfortably.

Aside from the dress, mystery shoppers come in all shapes, sizes, ages and backgrounds. They must have a good eye for detail, good writing and grammar skills, and must be capable of being totally objective.

The process to becoming a shopper is not easy. Classroom and/or web-based training courses are required. Potential shoppers also need to pass tests to assess their observational and writing skills. Their audits must be accurate and complete, including arrival and departure times, names and descriptions of employees, and intricate details of their experience from beginning to end. Let's explore more about mystery shoppers.

## **Gender**

Most shops can be completed by either gender. Examples of exceptions could be a male-oriented hair salon or a female-only gym.

## **Age**

Restaurant, bar and liquor shops may require shoppers to be of legal drinking age in the state where the shop is located. The age of guests at such shops is also a consideration. Health care shops may also have age parameters.

## **Economic Status**

There are mystery shoppers from every economic level. Shoppers who view their job as a hobby often take it up for fun and frequently include retirees who like to remain active and involved in their communities. Some shoppers rely on mystery shopping as a viable income source they can fit into schedules that include child care and other jobs. College students often choose undercover shopping to help pay for books and other necessities.

## **Personality Types**

A certain degree of curiosity and an appreciation of good customer service are typical personality traits of mystery shoppers. They also usually have a good sense of humor, as they never know exactly what lies ahead when they step across the threshold of a business. Good communication skills help mystery shoppers conduct audits in a natural, believable way and remain under cover. Since shops and reports have specific time frames in which to be completed, mystery shoppers need excellent time management skills and the understanding that deadlines must be consistently met.

The next time you're out and about, casually glance at the people around you. Chances are there's at least one mystery shopper in the crowd! But you'll never be able to identify them by sight.

# Quick Mystery Shopping Facts

- It costs 6 – 7 times more to acquire a new customer than retain an existing one. *Source: Bain & Company.*
- The probability of selling to an existing customer is 60 – 70%. The probability of selling to a new prospect is 5 – 20%.  
*Source: Marketing Metrics.*
- For every customer complaint there are 26 other unhappy customers who have remained silent. *Source: Lee Resource.*
- Improving customer experience is a top strategic priority for 93% of companies. *Source: The State of Customer Experience*
- 75% of companies aim to differentiate on the basis of customer service.  
*Source: The State of Customer Experience*
- The MSPA (Mystery Shopping Providers Association) held one of the first tests in 2004 to see how many businesses were using mystery shopping. Over 8.1 million mystery shops were conducted. Businesses employing mystery shopping also saw an average growth of over 10%.  
*Source: MSPA*



*“ Loyal customers, they don't just come back, they don't simply recommend you, they insist that their friends do business with you.”*

Chip Bell,  
Customer Service Keynote Speaker

# The Customer Experience

Today's competitive marketplace has given rise to an increase in expectations around the customer experience. Customers have become hyper-focused in the way they are being treated by service representatives and they are holding brands accountable when bad service occurs. In a study conducted by Accenture, it was found that on average 51% of customers switch providers after experiencing poor customer service.

With this in mind, consider when a store with a reactive approach has something break in the sales process. In most cases, leadership won't be aware of the problem in time to proactively resolve it. Instead, they're forced to respond only after a crisis manifests. Whereas, if a proactive means to measure the customer experience had been in place, leadership has a greater chance to identify and correct the issue before revenue loss occurs. Mystery shopping gives a business that proactive approach to the customer experience.



*“There’s only one boss. A customer. And he can fire everybody in the company from the chairman on down, by spending his money somewhere else.”*

Sam Walton,  
Founder of Walmart & Sam’s Club

# 6 Types of Mystery Shops

1. Written Mystery Shopping
2. Video Mystery Shopping
3. Phone Mystery Shopping
4. Competitor Mystery Shopping
5. Online Mystery Shopping
6. Manufacturer Mystery Shopping



*"I have been working with RBG for over 10 years and needless to say I am very pleased with this company as a partner. Their GameFilm® technology has proven to be an invaluable training tool that our company uses regularly. Not only does GameFilm® provide us with our eyes and ears, they analyze our stores and help us make recommendations as a true partner should. I would recommend RBG to any company wanting to stay competitive."*

J. Verduzco,  
Executive Vice President

# Written Mystery Shopping

When a written mystery shopping program is in place, front-line employees become more aware of their behavior, which increases productivity and organically improves customer service. Additionally, it provides a platform for coaching to revenue driving behaviors. Written mystery shopping offers a cost-effective method for approaching sales and service evaluations, offering a massive data-gathering effort to quickly determine where opportunities for improvement lie.

A written mystery shopping program should also be used to narrow the gap between survey results and actual customer experiences.

## Advantages to Written Mystery Shopping

- Budget Friendly
- Adds Accountability and Transparency
- Logistical Ease



# Video Mystery Shopping

Video mystery shopping provides actionable insight into the store level, thus allowing companies to truly own their customers' experience. When a video mystery shopping program is in place, front-line employees become more aware of their behavior, which increases productivity and organically improves customer service.

Because video captures the cumulative scope of interactions with customers, managers are best equipped to focus on revenue driving behaviors when coaching their staff, thus maximizing sales opportunities.

A well designed video mystery shopping program makes it much easier to get to the root of an issue. This also allows the issue to be corrected at the source, preventing the need for firefighting.

Not only will you know your guests' average wait time, the cleanliness of your stores, and the steps of service offered by your associates, you will also understand how these operational practices impact the overall opinion of your brand.

# Video Mystery Shopping

When evaluating the importance of video mystery shopping with regard to recall keep in mind that that your average customer does not anticipate the need to evaluate their shopping experience when entering a store. Because of this, they are forced to rely on memory when reviewing their experience after leaving the store, which introduces a staggering degree of inconsistency in their recollection.

Even though mystery shoppers are trained to notice details upon entering a business, even the best mystery shopper can't give you the facts like video. According to Dr. Elizabeth Loftus, of the University of California, Irvine, human recall is "more akin to putting puzzle pieces together than retrieving a video recording." This means that it cannot be "played back" in sequence with accuracy but rather is reconstructed through small pieces that can be combined differently and therefore inaccurately. Video mystery shopping solves this problem by actually letting you see how events unfold.

## Advantages to Video Mystery Shopping

- Removes Memory Recall Challenges
- Produces Actionable Data
- The Ultimate Coaching Tool

# Video Mystery Shopping

## Real Life Example of the Value in Video Mystery Shopping

To put this into perspective, let's look at a real life example of data that contrasts memory recall in customer surveys versus video data collection. RBG worked with a leading retailer with annual sales exceeding \$2B who was interested in understanding what shaped their customer experience from a 360 degree perspective.

To accomplish this, we implemented a range of programs, which included video mystery shopping and customer satisfaction surveys. We aggregated data from each program and the results were staggering. The combined evaluation score from the surveys were 89.9% while their video mystery shopping scores were 56.1%.

Survey questions are designed to be concise while video surveys capture data from the beginning to the end of a shopping experience. Thus, comparing the overall results from these two methods doesn't convey the entire story. Let's break these results down a little further to get a better perspective on the discrepancy between these two methods.

# Video Mystery Shopping

We analyzed the results from whether or not the customer was greeted by a service representative in the store. On the customer survey, customers were asked “during your shopping experience were you greeted by an associate?” in which 89% of respondents chose “yes.” However, our video data told a much different story. We found that customers were being greeted only 58.5% of the time during the cumulative scope of their visit.

As you can tell video can fill the data gaps caused by possible memory recall. When you’re looking for the reality of your business, video just can’t be beat.



*“For over 15 years, RBG has provided us with excellent consulting services when it comes to having a better understanding of what our shopping data is really saying. We have made significant improvement to our processes based on their recommendations. Their expertise has been a tremendous asset to Texas Roadhouse and we look forward to a relationship continuing in the years to come. We consider RBG a strategic partner that is essential to our growth and success.”*

Donna Sanders,  
Guest Relations

# Phone Mystery Shopping

Gaze out at a crowd these days and you'll most likely see a mass of people's foreheads instead the sea of faces you saw just a decade ago. Ten years ago, everyone had a cell phone to their ear. Today they're all texting, heads bowed.

However, the trusty telephone is still the tool most people use to find information on businesses. Knowledge that can only be efficiently gathered through a live phone conversation, a simple, old-fashioned exchange of questions and answers if you will. An engaging phone interaction is often the key to a successful sale of products and services.

## Advantages to Phone Mystery Shopping

- Low Cost
- Recorded Customer Interactions
- Logistical Ease

## Phone mystery shops are used to evaluate:

1. Greeting and Tone
2. Product Knowledge
3. Tone and Attitude
4. Upselling and Cross Selling Behaviors

# Competitive Mystery Shopping

Competitive mystery shopping focuses on aspects that go head-to-head with what a particular store sells. These stores may sell only one type of product, such as lamps or tires, or may cater to a particular niche like DIY home improvement or general automotive repairs.

When shoppers perform competitive shops, they are typically required to shop for a particular brand or service that a client believes they are being “beaten” on by price: warranties, incentives, customer service, environment or a combination thereof. If the client discovers they are competitive in those areas, they move on to other areas where the competitor may have an edge. Competitive mystery shopping allows you to discover your competitor’s advantage, giving you the insight you need to beat it.

The areas of focus for competitive mystery shopping vary greatly by industry. We work closely with clients to determine the most probable areas of concern and design reports accordingly. The following areas are most likely where competitors are gaining an advantage and where extra effort and improved strategies may turn the tables.

# Competitive Mystery Shopping

## Advantages to Competitive Mystery Shopping

- Stay One Step Ahead of Competition
- Greater Insight Into Competitors' Strategy
- Know Where You Rank Amongst Competitors

## Competitive mystery shops are used to evaluate:

1. Product/Service Comparison
2. Store Design and Navigation
3. Quality of Customer Service
4. Promotional Items and Sales

# Online Mystery Shopping

You think your website is great, a lot of long hours went into creating and designing it. As well as maintaining it. That's where online mystery shopping comes in. Online mystery shoppers use your website just like any other user would, but you get to hear exactly what they thought.

Online mystery shops start by evaluating your website and the ease of finding information on your site. Whether you have a chat feature, a contact form, or a different support feature mystery shoppers will tell you how you're doing. What was the timeliness of the support offered? How long did it take to receive a response? What was the user experience like? These are all questions tackled by online mystery shoppers and help you get a better idea of where you're succeeding and where you could use improvement.

Online mystery shopping doesn't necessarily stop there however. As we mentioned, many companies want to know exactly what happened next in the process of support offered by the website. Did someone actually follow up? How long did that take and what was the quality of support given?



# Online Mystery Shopping

Further, many times online mystery shopping is combined with another form of mystery shopping to evaluate more than just the initial website. A mystery shopper may purchase an item online and then track how long delivery took as well as if the correct item was received and the condition it was received in. Sometimes, the item may also be returned to a physical store to rate the ease of return for an online item. Online mystery shops can be used in many different ways to get a better idea of the effectiveness of your website.

## Advantages to Online Mystery Shopping

- Low Cost
- Holistic View of Website
- Evaluation of Website's Support Features

## Online mystery shops are used to evaluate:

1. Ease and Experience of Website Use
2. Timeliness of Support
3. Quality of Support Offered

# Manufacturer Mystery Shopping

Ever wondered where your product or company sits in the minds of the salespeople selling it? Well look no further than manufacturer mystery shopping. Manufacturer mystery shopping is the process of evaluating what salespeople think of your product. Often, it leads to the discovery that what you don't know, can in fact hurt you. You might have focused on a particular selling feature only to find out that the salespeople selling your product focus on an entirely different selling feature.

Manufacturer mystery shopping involves mystery shoppers going to look at various brands within your product category. They question salespeople on which brand they recommend and why they love that recommended brand. Shoppers then ask which brand they would next recommend and so forth. If your brand is not mentioned, they then ask about your specific brand, allowing you to find out exactly what salespeople think of your product.

# Manufacturer Mystery Shopping

There can often be a disconnect between what you see as the top selling feature for your product category and what the people selling the product see as the top selling feature. Manufacturer mystery shopping erases that disconnect. It allows you to find out exactly what salespeople see as important and why, thus letting you adjust accordingly.

## Advantages to Manufacturer Mystery Shopping

- Know Where You Fit Amongst the Competition
- Provides Overview of Competition
- Know Exactly What Salespeople Think

## Manufacturer mystery shops are used to evaluate:

1. Where Your Brand Ranks With Salespeople
2. Why Salespeople Prefer Certain Brands
3. Important Selling Features You Might Have Overlooked

# Why Mystery Shopping?

No matter your business if any company starts pulling ahead of the competition so dramatically it makes the news, you can't wait to learn more. How did they do it? Is a new corporate guru working magic? Is there a groundbreaking seminar or book you missed?

Probably not. There's one reason this maverick is leaving the competition in a cloud of dust and kicking up a storm of cash: **customers**. Sure, you have customers but not enough, never enough, and you've tried everything to boost your numbers.

Well, maybe not *everything*.

Mystery shopping has helped many of the world's most successful companies achieve that coveted status. How? By accurately and honestly assessing what customers want and delivering it.



## Allstate®

*"Their timeliness, speed to market and results driven approach was exactly what I was looking for in a resource. The metrics & analytics they provide complement their front-end resources and with RBG's support we are able to deploy and report on surveys faster than before. Everything is concise and easy to use; RBG does all of the work! Their timeliness, speed to market and results driven approach was exactly what I was looking for in a resource."*

Lisa A. Sturgeon,  
Sr. Marketing Manager

# Why Mystery Shopping?

Face it: if your customers aren't loyal, they won't come back and since repeat customers – not new ones – are key to you reaching the top of your game and staying there, that's the ultimate goal.

With a mystery shopping program designed specifically for your company, one developed to clearly clarify your strengths and weaknesses, you can spot problem areas and easily develop solutions. No more second-guessing. These programs provide the analyses you need to improve your operations and train your employees to bring in new customers and keep your regulars singing your praises to their friends and families.

Next up are seven ways a well-designed mystery shopping program can increase your profits and keep them soaring.

## **1. Pinpoints training essentials.**

a mystery shopping program easily keeps you informed if protocols are being followed for greetings, upselling and cross selling opportunities, and customer engagement. All of these greatly affect customer retention.

# Why Mystery Shopping?

## **2. Employee awareness and education.**

Even the most well trained employees learn ways to improve through mystery shopping programs. Shopper reports highlight service and product issues many employees never before considered and helps resolve them.

## **3. Site/operational analysis.**

Customers enjoy an efficient, welcoming environment almost as much as respectful and warm service. Mystery shopping reports include objective observations of your operations that are often overlooked.

## **4. Increased customer awareness.**

A well-constructed mystery shopping report doesn't ask subjective questions like, "Looking back at your checkout experience, how satisfied are you with the length of time between arriving at the register and completing your purchase?" Instead, they ask "How long was your wait at checkout?" This question is objective and is appropriate for either a written or video mystery shopping survey. Armed with these objective comments you can quickly implement solutions.

# Why Mystery Shopping?

## **5. Builds employee character and knowledge.**

Receiving feedback from actual customers – which mystery shoppers technically are – hits home for most employees and typically elicits more of an effort to improve than reviews by supervisors they may view as biased. Pride is a strong motivator and knowledge is power.

## **6. Provides first-hand customer satisfaction feedback.**

Online surveys and customer comment cards are mostly ineffectual. Surveys attract people who are generally more interested in receiving a discount coupon for their feedback than giving you helpful commentary. Comment cards are subject to customer moods and attitudes on particular visits. Conversely, mystery shoppers are trained professionals whose sole job is to provide you with objective feedback you can use to improve your company and increase profits.

## **7. Makes performance and promotional assessment easy.**

Through questions that identify each employee and target if promotions are being highlighted, you can easily spot who might need coaching and if your promotions are working or just lacking proper presentation.

# Why Mystery Shopping?

All these aspects should be part of the mystery shopping program you choose but be sure to research any company before you enlist their assistance. Ask for references, review sample reports that directly relate to your industry, explore mystery shopping options such as phone and video reporting, and make sure the company you choose is in good standing with professional, reputable, independent mystery shopping associations.



*“Reality Based Group is extremely professional, dependable, and has been delightful to work with. The positive feed back that they are able to provide is an extremely useful tool that assists in our operational team’s success. The Cincinnati Marriott at RiverCenter was named the Hotel of the Year in 2011 and I truly believe that Reality Based Group contributed to this success. In my opinion, Reality Based Group would be a wonderful partner to take your team to the next level!”*

Kris Brown,  
General Manager



# Conclusion

We've covered many different types of mystery shopping and one or more is bound to fit with any company. You now know mystery shopping might be the piece you're missing to get to that next level. From video to online, there's something for everyone. Mystery shoppers can provide a whole new outlook on your business.

In sum, mystery shopping doesn't have to feel like a mystery. Simply put, it's a way to remain competitive and identify areas for improvement. Most importantly, it's a way to make sure your company stays based in reality. Ask yourself, are your measurements based in reality? Are you using video or audio technology so you really know what's going on? If not, let's get authentic and transparent. Let's get real!



*"K&N Management has been awarded the highest presidential honor for quality and excellence, the Malcolm Baldrige National Quality Award. We strongly believe that our relationship with Reality Based Group made this possible. Since the inception of the GameFilm® program, we have seen an increase in our guest satisfaction ratings. The program has become one of the most accurate measurement tools we use for cashier process adherence and hospitality. Reality Based Group is truly a world-class organization.*

*Gini Quiroz  
Director of Training*

# About RBG

We are Reality Based Group and we're here to make things better by evolving customer experience. We are a leading mystery shopping service that uses cutting-edge video technology to help our customers discover, measure and improve performance and profitability. We are there every step of the way with coaching guides, videos, playbooks and 24/7 access to our online dashboard and reports. We have worked with some of the world's most respected brands to deliver amazing customer experiences and increase customer loyalty and revenue. Learn more about Reality Based Group.

Interested in learning more about RBG and mystery shopping? We invite you to visit our website and browse.

[www.realitybasedgroup.com](http://www.realitybasedgroup.com)

1-877-990-3456 • [info@realitybasedgroup.com](mailto:info@realitybasedgroup.com)

