



ICC | Decision Services

**MYSTERYSHOPPING 101:
BEST PRACTICES FOR PROGRAM
SUCCESS**

INTRODUCTION

It's a whole new world out there for retailers.

Consumers are increasingly prioritizing the in-store experience over products and price, and they're voting with their wallets. Industry wide, the hunt is on for new ways to surprise and delight customers, streamline their journey, and lead them toward higher conversion rates, larger transactions, and future sales.

To compete effectively in this environment, retailers need reliable, actionable data straight from the sales floor. And they need a proven method of collecting it. Mystery shopping has become their tool of choice.

If you're reading this eGuide, perhaps you've considered adding mystery shopping to your arsenal of customer research tools. Or you've tried it in the past, but you weren't satisfied with the outcome. Or you're questioning the value of a program now underway.

Regardless, you know you need a mystery shopping program you can *trust*.

And you're in good company. As leading brands like Apple, Walmart, Coach, and CVS can attest, the only way to transform the in-store experience is to understand what's happening on the front lines. An expertly conceived mystery shopping program can capture the customer experience and illuminate the steps to positive change in a way no other research method can.

Having been in this business for more than three decades, we've seen what mystery shopping (done well) can do: transform stores, turn customers into raving fans, and build iconic brands.

HOW SHOULD YOU DEFINE SUCCESS?



Mystery shopping is like a microscope that magnifies the customer experience. It captures details that tend to escape the average consumer's consciousness even as they influence perceptions, attitudes, feelings, and purchase decisions.

Retailers that deploy professional secret shoppers begin the process with a simple but critical question:

Are we fulfilling our
brand promise in person?

A successful mystery shopping program reflects the highest standards for design, execution, and analysis.

Here's a brief overview of a successful program, which you can use as a benchmark to help guide your future efforts.

A DETAILED, UNBIASED VIEW

Mystery shopping highlights specific points along the retail journey where sales and service objectives aren't being realized. It clarifies which elements of the brand experience are not being consistently executed. And it helps brands understand how their customer engagement ideal compares with the in-store reality. For example:

Are store associates effectively determining customers' reason for being in the store?

Are store associates helping customers find solutions to their specific needs?

Are store associates effectively growing sales by seizing additional opportunities to upsell and cross-sell?

Mystery shoppers are specifically directed to observe and report the exact nature of these interactions and the order in which they occur, along with whether the store's physical environment reflects brand standards. Retailers have no shortage of information they can draw upon to make the customer experience more pleasant and more productive.

CONCRETE IDEAS FOR STRATEGIC IMPROVEMENTS

Mystery shopping allows brands to diagnose and eliminate many obstacles to in-store sales. These obstacles might include poor employee training, a misunderstood corporate policy, a confusing store layout, or something altogether different.

A proper analysis of the data affords many advantages. It tells retailers precisely where and how to improve operational efficiency, develop new sales strategies, and ensure compliance and consistency across stores. It also helps retailers better train, equip, and motivate employees to provide the best customer experience possible. Progressive measures like these, instituted continually over time, pave the way for dramatic, long-term revenue growth.

POSITIVE, MEASURABLE OUTCOMES

Increased in-store traffic, improved customer satisfaction, more conversions, higher average dollar sales, a bigger bottom line — whatever your goal, mystery shopping can uncover the information you need to achieve it and to measure your progress along the way. Key to success is knowing how to interpret the data you collect and how to use it to your benefit.

That's where a reputable, experienced mystery shopping provider comes in. If the company you choose isn't committed to your goals for your brand and business, your investment may ultimately cost you.

WHAT DOES FAILURE LOOK LIKE?

Faulty intelligence leads to bad decisions. Bad decisions lead to poor outcomes. A subpar mystery shopping program may result in misappropriated resources, lost revenue, and perhaps even a tarnished brand image — the kind of damage no retailer can afford.

Here are five signs of a dysfunctional mystery shopping program. If you encounter one or more of the following in a program already underway, it's time to reevaluate your program and your provider.



Your Employees and Managers Regularly Dispute the Findings

It's not uncommon for a manager or employee to dispute a particular finding. Maybe there were extenuating circumstances that led to a specific customer experience ranking poorly. Or a mystery shopper made a simple error such as misreporting an associate's name.

However, if managers or employees consistently dispute the findings — questioning whether a particular associate failed to upsell an item, for example, or whether a mystery shopper was in the right location — it's an entirely different story.

What This Problem Suggests

Poor planning, unqualified mystery shoppers, or both. The mystery shopping provider isn't using the proper criteria and/or isn't executing well.



Your Scores Don't Add Up

If you're using additional customer experience metrics such as customer satisfaction surveys, your mystery shopping results should reaffirm your survey data. If your customer service data shows extreme satisfaction with employees but the mystery shopping data indicates they're performing poorly, something is amiss.

What This Problem Suggests

Either the various data sets aren't properly calibrated, or mystery shoppers aren't correctly assessing the criteria they've been given.



Your Desk Is Flooded with Additional Work

Outsourcing your mystery shopping program should lighten your workload and increase your productivity. If your mystery shopping provider bombards you with paperwork — page after page of unexplained data, forcing you to make sense of it all — you're getting a negative return on your investment.

What This Problem Suggests

Your provider isn't interested or competent enough to meet its three primary responsibilities: 1) analyze every facet of the customer engagement; 2) provide detailed reports of its findings; and 3) recommend strategic changes as well as plans to implement them.



Your ROI Is Unclear

It's natural for retailers to begin the mystery shopping process with a lengthy list of questions. But you shouldn't have to guess (or even ask) how the program is affecting sales and profits, how to use the data collected, how to implement company-wide changes and rewards, and what you're getting in return for your investment.

Your provider should have taken the initiative, providing detailed reports, assessments, feedback, and analyses of current programs as well as case studies of past programs that resulted in positive, measurable gains.

Without this input, you're completely in the dark, hoping you didn't waste your resources and questioning the value of mystery shopping itself.

What This Problem Suggests

Your mystery shopping partner isn't as results-focused as you are, nor is it attentive to your concerns.



You Haven't Learned Anything to Help Improve Your Bottom Line

From the moment your mystery shopping program is conceived until the final analysis, you should feel as though your brand knowledge is expanding and your long-held assumptions are being challenged. But that's not happening. In fact, you're simply learning what you already know — or could easily discover for yourself.

What This Problem Suggests

No clear strategy, resulting in poor program design. Assessment criteria aren't suited to the task at hand, or they're completely off target.

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HOW TO ENSURE YOUR MYSTERY SHOPPING PROGRAM GETS RESULTS

Now that you know what to expect from a successful program and how to recognize a failing one, here are six basic requisites for achieving excellence and getting the results you want.

1. Accept No Substitutes

There are a number of research methods you can use to assess the health of your business. But mystery shopping is far and away the most effective at helping retailers understand exactly what's happening where and when sales close or fall apart.

As an objective audit of employee performance, rather than a customer's subjective take on the overall experience, mystery shopping provides hard data on sales and operations. It can definitively show whether associates are interacting appropriately with customers. And it can gauge how effectively management, customer service, and merchandising employees are coordinating their efforts.

One Important Caveat

A multipronged approach — one that includes mystery shopping, customer intercept surveys, and customer satisfaction surveys — is far more powerful than any one method by itself. When retailers use all three types of studies, they can pinpoint exactly what's driving their customer satisfaction scores. This 360-degree view amplifies retailers' ability to make comprehensive, informed decisions about the future of their company.

2. Get Buy-In From the C-Suite

Creating a successful program requires everyone — from C-level decision makers to those responsible for budget allocation — to invest in making the program work. If you can convince your staff, from top to bottom, of the benefits of mystery shopping, you'll lay the groundwork for a positive experience and a solid return on investment. Here's how to present your case.

By Keeping Customers Happy, You'll Reduce Costs

It's far simpler and more cost effective to keep existing customers than to acquire new ones. Mystery shopping programs measure how well your store teams are executing your preferred brand experience and point to opportunities to improve execution, resulting in increased customer loyalty and advocacy.

You'll Make the Most of Every Sales Opportunity

By dissecting the sales process, a mystery shopping program can help you identify opportunities for upselling and cross-selling, thereby increasing individual transaction sizes.

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3. Crystallize Your Goals

You and your provider should be crystal clear on what you want from your mystery shopping program. To determine exactly where you want to go, and effectively map your progress along the way, you need to know where you are now. Start by taking a look “under the hood.”

- Assess your industry standing (competitive landscape, opportunities, and challenges).
- Be sure your books are in order so you have an accurate picture of where your business stands financially.
- Meet with select frontline employees and managers to get a performance review of issues in the field.

Once your mystery shopping provider has a firm grasp of your business challenges and goals, it can customize a program that’s designed to achieve a one-of-a-kind, unforgettable customer experience that will come to define your brand.

4. Find the Right Mystery Shopping Provider

Finding a reputable, effective mystery shopping provider — one with outstanding experience, capabilities, and dedication — takes a fair amount of research and thoughtful evaluation. The time you invest in your selection process is time well spent. What traits should you look for, and what are the red flags you can’t ignore? For the answers you need to hire with confidence, download our free eGuide, [How to Hire the Right Mystery Shopping Company](#) for Measurable Results.

Your provider should also explain the “why” behind your particular program design — and what it will mean for your business, your industry standing, and your bottom line.

5. Understand the Process

Knowing exactly what to expect from your program is essential in gauging its success. Your provider should be prepared to explain each of the following program facets in detail.

- *Program Review* — An overview of how your program will be conducted (data, analysis, and implementation strategies) as well as expected outcomes
- *Path to Success* — A step-by-step guide to the process, along with the frequency of each step (e.g., quarterly in-store visits for a “snapshot” program; monthly to chart progress toward specific goals)
- *Data Collection Architecture* — Criteria and surveys shoppers will use, and how they reflect and advance business objectives
- *Data Analysis and Reporting Process* — How raw data compares with analyzed data, how the provider will conduct its analysis, and how data will be delivered
- *Regular Review* — Ongoing evaluation of program assumptions and outcomes to ensure objectives are being met, to fine-tune the process, and to adapt to consumer and industry trends

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6. Commit to Continual Improvement

To build an iconic brand, you must start by addressing the fundamentals. That means testing your assumptions about the customer experience, isolating problems that must be addressed, and ensuring consistency across stores. Only then can you recognize and take advantage of untapped opportunities to woo, and wow, your in-store shoppers.

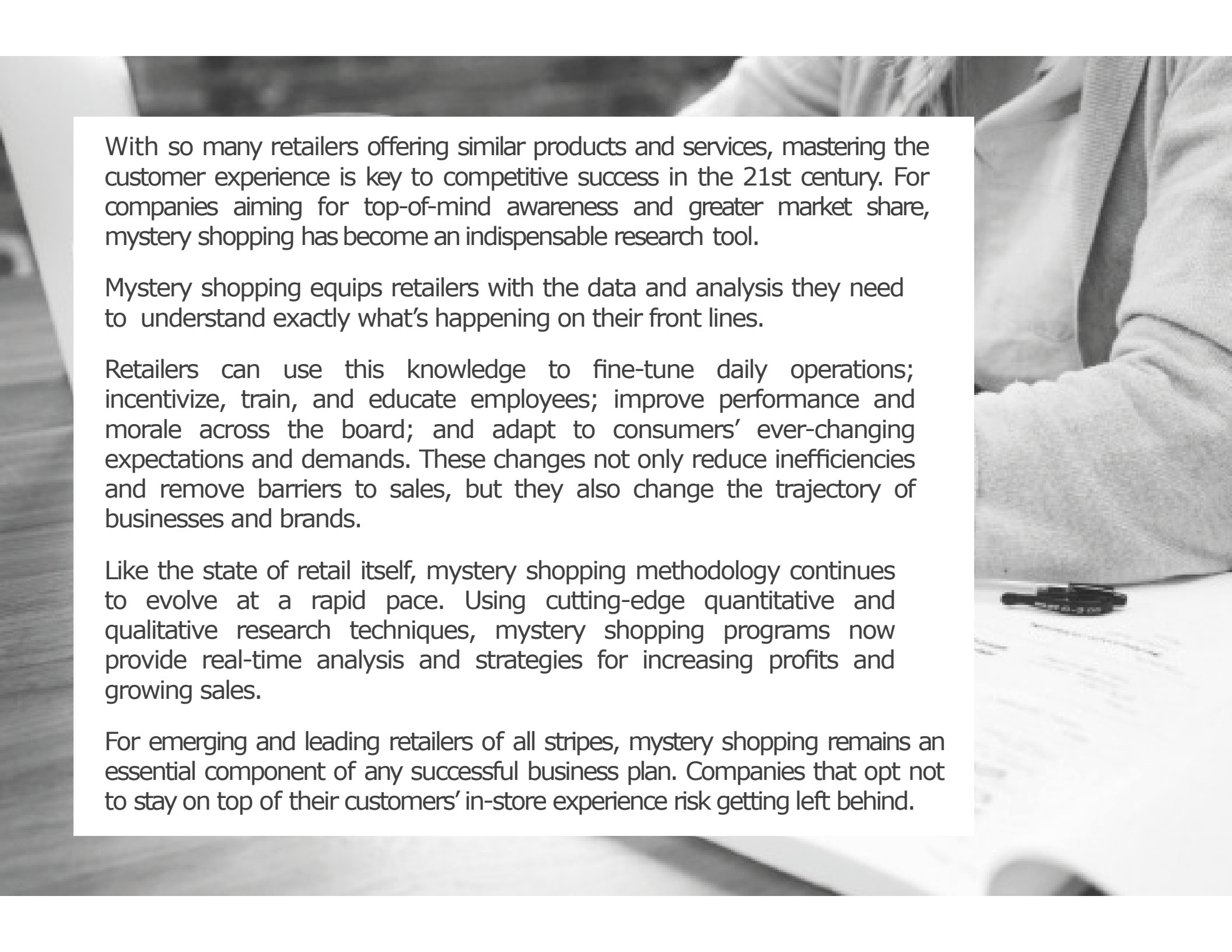
Needless to say, this process takes time. There is no silver bullet for overnight success. A one-time or infrequent mystery shopping program is inadequate to the task.

A recurring mystery shopping program, which provides a continuous stream of actionable intelligence, can transform your brand on multiple fronts. Beyond ensuring compliance, improving employee performance, and streamlining operations, mystery shopping conducted systematically over time can energize the company culture — helping instill a passion for positive change — and unlock big, bold ideas that bring long-term gains in the marketplace.

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THE FUTURE OF MYSTERY SHOPPING AND WHAT IT MEANS FOR YOU



With so many retailers offering similar products and services, mastering the customer experience is key to competitive success in the 21st century. For companies aiming for top-of-mind awareness and greater market share, mystery shopping has become an indispensable research tool.

Mystery shopping equips retailers with the data and analysis they need to understand exactly what's happening on their front lines.

Retailers can use this knowledge to fine-tune daily operations; incentivize, train, and educate employees; improve performance and morale across the board; and adapt to consumers' ever-changing expectations and demands. These changes not only reduce inefficiencies and remove barriers to sales, but they also change the trajectory of businesses and brands.

Like the state of retail itself, mystery shopping methodology continues to evolve at a rapid pace. Using cutting-edge quantitative and qualitative research techniques, mystery shopping programs now provide real-time analysis and strategies for increasing profits and growing sales.

For emerging and leading retailers of all stripes, mystery shopping remains an essential component of any successful business plan. Companies that opt not to stay on top of their customers' in-store experience risk getting left behind.

THE CHOICE IS YOURS

An effective mystery shopping program is a long-term commitment, but the investment is ultimately self-funding. The moment you partner with a provider with a proven record, create a focused plan for your specific business, and a clear value proposition, you're opening the door to success without limits.

Do you have questions about what you've read? Would you like to learn more about mystery shopping, customer intercepts, or customer satisfaction surveys? Give us a call at **800-444-1717**, or visit www.iccads.com/contact, so we can help you begin the journey to a better, more profitable customer experience.

ABOUT ICC/DECISION SERVICES

ICC/Decision Services, a privately held company headquartered in New York City, serves leading and emerging retailers throughout North America. In business since 1979, ICC/Decision Services offers over 36 years of hands-on experience designing and executing highly successful customer experience management programs.

The company's industry-leading professionals pool decades of expertise in the realms of retail operations, branding, sales strategy, and data collection and analysis. Their sole focus is to provide clients with information they can use to understand the marketplace, optimize their customer experience, and achieve significant revenue growth and market share gains.

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