

Mystery Shopping: A Marvelous Tool in the Hands of Organized Retailers

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Abstract

Customer engagement is a key to the success of organized retail. Now-a-days, retailers engage their customers by luring them with various facilities. It is through customer engagement that they are able to provide a long lasting experience to customers. This provides a competitive advantage and becomes the ultimate reason for customer attraction. It is the in-store experience of customer that adds on to the frequency of their visit. Experience though once gained has a long effect, but it needs to be replicated to give an everlasting effect. Feedback received from customer is not only a prime source of information but also an effective tool to manage customer relation in a manner where it would fulfill expectations of customer and organization as well. Often the large size of operation becomes a challenge for the organized retailer in maintaining close relationship with each customer. Notwithstanding various technological involvements in the working environment of retailers, they still lag behind in getting feedback of customer experience in the store. Feedback given to them is generally in a hurry or mostly vague. Absence of feedback is slowly and gradually creating a lacuna between organized retailers and customers. The concept of mystery shopping has evolved in order to cope with this challenge. This paper is conceptual in nature and hovers around mystery shopping. The objective is to explain in detail its relevance and significance for organized retailers. Application of mystery shopping might prove to be a significant tool in the hands of organized retailers as it provides first-hand information which helps to bridge the communication gap between the organized retailer and customer.

Keywords

Customer engagement, Customer experience, Mystery shopping, Organized retailer.

Introduction

In India organized brick and mortar retail is growing continuously and is expected to grow from 7% in 2012 to 14% in 2021 (Opening the E-Tailing Gateway, 2014-2015). The statistics show that the speed by which organized retail is growing will be double in volume in about a decade. This expansion in size means either opening of new branches of retail stores in tier 2 and tier 3 cities or opening of altogether new retail groups. No matter what the case may be the expansion of new branches will lead to new challenges in retailers' path. The challenging questions that may plague the mind of retailers are as follows:

- What steps can be taken to ensure that fewer customers leave the outlet with a neutral or negative image?
- Are the employees correctly informing customers about the organization's products and services?
- Are the employees taking advantage of every customer encounter to convert it into a customer surplus experience and exceed customer expectation?
- Are the employees engaging in qualitative friendly interaction using the customer's name and proactively communicating the benefits and recommending additional products and service?
- Which retail outlets are underperforming?
- What exactly is the competition offering that they are not?

Each of these questions can be dealt in separately and different solutions can be found but what if only one solution could meet out all the problems beautifully. This is where the need of mystery shopping arises, or it can be said that mystery shopping can help the retailer and its management in dealing skillfully with all these problems.

Review of Literature

Previous efforts of people in this area were studied and examined critically. Wiele (2005) articulated in his paper various measurements of customer satisfaction and mystery shopping the most appropriate and reliable one. According to him mystery shopping can be used for various purposes. Most of time the goal is to measure the quality of the service delivery to the customer. Mystery shopping can also be used to benchmark by sending mystery guests to branch offices of competitors. Singh and Verma (2014) have emphasized that mystery shopping has become a tool for customer intelligence management. The mystery shoppers are the silent partner in the pursuit of truth. They also hint at the ethics in mystery shopping and brought out the fact that mystery shopping organizations advice that their research should only be used for employee incentive programs, and that punishment or firing is an inappropriate use of mystery shopper data. TCS (2013) study reported various key areas where a retailer should focus in order to sustain in today's competitive environment and mystery shopping was one of them. Shenolikar (2014) in his articles emphasized on the secrets of mystery shopping and also discussed about the contribution of mystery shopper in building strong customer service.

Objective

The objective of this paper is to propagate the concept of mystery shopping. This paper highlights two most important points one what is mystery shopping and second how useful it is for the organized retailers. The paper focuses on how mystery shopping can be applied by organized retailers of India. Organized retailers in this paper means those dealing in store brick and mortar format.

Research Methodology

This paper is descriptive in nature. It tries to describe what is mystery shopping how it is done and most importantly how it can be applied usefully by organized retailers. This paper is purely based on secondary sources of data.

What is mystery shopping?

The concept of mystery shopping was invented in 1940s during the first big boom in retail. Outside India mystery shopping has evolved into an industry that incorporates cutting-edge technology such as cloud computing, advanced data analysis, and geo-fencing (Shenolikar, 2014). Mystery shopping is not a new concept albeit its applicability is still new in India. It will not be wrong to say that mystery shopping is in nascent stage. Mystery shopping is a process whereby the owner wants to know or cross-checks what is going on in his or her store with the help of a third party known as mystery shopping organizations i.e. those who are doing the business of mystery shopping (Verma, 2008).

The purpose is to keep track of the performance of those employees who directly interact with the customers. It is a multi-purpose tool to collect correct and unbiased information about the own store. Mystery shopping projects can be broad or targeted, but organizations often approach firms with specific goals in mind. "They can determine certain aspects of how and what they want to measure," says Dan Denston, Executive Director of the Mystery Shopping Providers Association, U.K. (MSPA, 2014).

Mystery shopping is to know how customers are treated in the store, what are their experiences, what services are received by them. It is a type of cross check for the employees which enhances the services rendered to customers and ultimately leads to increase in sales. The primary objective of mystery shopping is to gather data about the customer service. Mystery shopping programs can be utilized to provide an invaluable insight into a customer service of company's employees and sales skills.

Organized retailers are oblivious to the results of mystery shopping. They who reap the results of mystery shopping are aware of this fact. Others might consider it an additional expense for the company. On the contrary, it has its own different blessings. In unorganized retailing the focus was simply on the product that customer wanted to purchase but with the growth of organized retailing and rising standard of living, it can be understood that customer wants a sound service in addition to the product. This service can be improved by the application of mystery shopping.

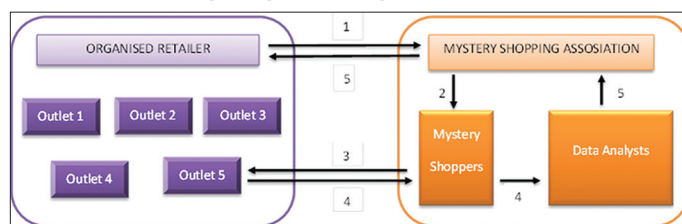
Process of mystery shopping

This section describes how mystery shopping works. The work of mystery shopping is done by various well-established organizations that employ people whom they call mystery shoppers i.e. shoppers with secret objective. The objective of the shoppers is to keenly observe the services rendered in the outlet while purchasing. The amount of purchase made by these shoppers are reimbursed to them when they file the reports to the Mystery Shopping Association. Any person can be a mystery shopper. What he has to do is just to get himself or herself registered in Mystery Shopping Association. These registered people are given commission for their work done. The work of

mystery shopping organization is to gather various information from the retail outlets with the help of mystery shoppers and analyze it and submit to the retailers. The process of mystery shopping can be easily understood by these steps:

- A particular organized retailer who wants to avail the services of mystery shopper contacts the organization doing such business. The official of the organization will take down the requirements and the various important points that the retailer wants to see.
- Mystery shopping organization after confirming the above-mentioned contacts a mystery shopper of that particular area and gives him the mystery shopping assignment. A questionnaire is given to him which has to be submitted to the organization.
- Mystery shopper visits that particular shop or outlet. He visits like a typical customer who has arrived just as any another customer in need of a particular product or service. This mystery shopper observes each and every movement of that retail outlet in accordance with the aspect mentioned in the questionnaire. The mystery shopper has to observe the services given by the store people carefully.
- Later, the mystery shopper carefully maps his experience on the questionnaire and submits the report in the organization informing that his assignment is completed. This work of submitting the report and questionnaire is done on the same day - the day he visits the outlet so that no minute information gets lost or misrepresented.
- As soon as the organization receives that report, they start working on the questionnaire and analyze the results. After analyzing the data received, another report is prepared which is handed over to the client (organized retailer) by the mystery shopping organization.

Process flow of mystery shopping



If this process is undertaken for the first time by the organized retailer, the process ends here itself, but if it is asked to be on a regular interval by retailer, a trend can be developed by comparing the data of previous with the current one. Now, this trend will be of immense help for the retailer in making future plans. By this the retailer is able to keep track in each, and every retail outlet opened and the specialty is that it is firsthand information as a customer himself is reporting directly to the company, otherwise it may not be possible.

In this whole process of mystery shopping myriads of people are involved in making it a fruitful process. Initially, it seems the retailer and the Mystery Shopping Association is involved in it. Later on, one more person comes into a scene that is known as mystery shopper. After collecting the information from mystery shopper, a number of persons are involved in maintaining the data and analyzing it. So, the whole team is there to bring the results of this simple process.

Benefits of mystery shopping to organized retailers

Mystery shopping is a multipurpose tool and for organized retailer it may work as a magic wand. It not only solves the problem of managing a number of retail outlets present in different places but also helps in managing ways that would help in engaging customers successfully and giving them a wonderful experience inside the store. The mystery shopping is all about getting true knowledge of what exactly is going on in the store. The various benefits of mystery shopping are explained below:

- Mystery shopping helps in maintaining employee's integrity. Sales personnel are always ready to help customers in the most efficient manner as they know that any shopper can be a mystery shopper who has come to check them (Mehrotra, 2014). So, Sales personnel of the store will not be in a position to ignore any customer as they know they are always watched.
- Mystery shopping evaluation helps in improving the sales technique, which directly impacts the purchase decision of customers and ultimately boost sales.
- It may happen in big stores that the complaints of customers are not heard and if there is a provision for hearing complaints they have to go through a long process which finally results in not filing a complaint. So no complaint reaches the top management and no further action is taken. By mystery shopping evaluation, the customer complaint is directly addressed to the management and is dealt seriously.
- Effectiveness of training program is also evaluated by mystery shopping. An organization spends lots of money in training the employees how to deal with customers and maintain the work culture of the organization. But often gets a report whether those training are effectively followed or not.
- The mystery shoppers supplement the "Voice of Customers." The feedback received by the retailer acts as an effective tool. Feedback helps in keeping retailer up to date with the demand and desires of customers.
- Mystery shopping can also be utilized to know the areas where the competitors are taking advantage and what they are lacking. By knowing their deficiency, they can improve on them.
- Mystery shopping provides a reality check. Audit of employee's performance is also done with this tool which helps in enhancing the retailer's knowledge about the working of employees. These audits are used to broadly evaluate all or a random number of stores on three parameters: Ambience, Customer Service, and Visual Merchandising. So, mystery shopping also helps in doing audit of organization.
- When services of mystery shopping are taken regularly then, it also does the work of analyzing the trend. This analysis gives an overview to the retailer on the performance of employees which ultimately affect profitability.
- This mystery shopping also minimizes the expenses on repetitive advertisement to enhance sales. As the customers are well served they like to go to that particular store again and again and this will boost sales of organization.

Application of mystery shopping

Mystery shopping can be applied in all types of organized retail organizations dealing in the form of store. These brick and mortar retail outlets can be either product centric or service-centric or

both. Some of the other examples where mystery shopping can be applied are apparel stores, department stores, supermarket, hotels, libraries, restaurants, hospitals (Gosselt, 2007). It can be applied to any field where a check is required on how customers are dealt with by the employees. Mystery shopping is one of the fundamental methods retailers can rely on today to gather vital information on day-to-day operations at individual outlets.

When we see around us, we will be surprised to know that we are mostly served by one person or the other who may be an employee of an organization. With the application of this technique appropriate track and control can be taken on employees which will ultimately benefit the customer and if the customer is delighted, needless to say that the organization will flourish (Wilson, 1998). So, mystery shopping can be applied to all organized retail organizations whether they are private or public.

Conclusion

With mystery shopping solution, clients can reach to next level in customer retention, industry best practices, highest employee integrity, highest quality services, and delivering direct insight to the upper management that is unachievable elsewhere. Fortified with the power of mystery shopping, an organization can ensure that every customer experience is of highest quality in order to reap real benefits of customer loyalty, business growth and immeasurable success for the brand. The success of any business is determined by the satisfaction and loyalty of its customers. The quality of customer service is often more important to a customer than the features of a product. So, it becomes essential to reveal the benefits of mystery shopping. Needless to say that it has the power to become the buzzword in retail industry in days to come.

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