



Mystery Shopping Providers Association Mystery Shopping Business Benefits Q&A

What is mystery shopping?

Mystery shopping is the practice of using educated, experienced shoppers to anonymously evaluate customer service, operations, merchandising, product quality and other elements of the consumer's experience. Mystery shoppers receive instructions that outline the specific details to look for while conducting an evaluation.

Mystery shoppers are objective and provide a snapshot of the consumer experience, using facts rather than opinions when evaluating service. The shoppers follow a questionnaire with criteria developed by a mystery shopping provider and its customer.

In general, companies use mystery shopping to understand and improve the typical customer experience at each location and throughout the organization.

Who uses mystery shopping?

Consumer-based companies, manufacturers and business-to-business companies use mystery shopping. This includes multinational Fortune 1000 companies and smaller consumer organizations striving to provide the best experience for their customers.

Areas that use mystery shopping include restaurants, retail stores, hotels and resorts, banks and financial service providers, hospitals and physician offices, apartment leasing offices, grocery and convenience stores, automotive service facilities, seasonal retailers, computer/electronics retailers, mobile communications companies, luxury products retailers, home builders, self-storage facilities and more.

How big is the mystery shopping industry?

The MSPA commissioned a study in 2005 to quantify the mystery shopping market. The study conservatively estimated the U.S. mystery shopping industry at \$600 million and growing, with mystery shopping companies growing an estimated 11.1% between 2004 and 2005. The MSPA estimates the value of the U.S. mystery shopping industry today at more than \$800 million, based on the data gathered in the 2005 study.

The five largest segments, based on percentage of total market size were Restaurant (21.5%, comprised of Fast Food at 14% and Casual/Fine Dining at 7.5%), Retail (16.8%), Banking/Financial (14.2%), Gas Station/Convenience Store (11.8%) and Grocery (9.1%).

The estimated total number of mystery shops conducted in 2004 was 8.1 million, with an estimated median growth in the number of shops per company at 12.2% annually. The MSPA estimates the total number of mystery shops conducted in 2006 at more than 10 million, based on the data gathered in the 2005 study.

What types of information do businesses learn from a mystery shopping program?

Because mystery shopping providers work with the end-user to establish an outline of what shoppers should look for during an evaluation, businesses can learn about essentially any part of the customer's experience.

Mystery shopping reports often gauge employees' product knowledge, store cleanliness, up-selling practices, wait time and other fundamental aspects of the customer experience.

Typical mystery shopping evaluations ask questions such as:

- Did an associate greet you when you entered the store?
- How long did you wait to be served?
- Did the associate suggest an extended warranty with your new electronic gadget or offer to open a credit card?
- Could the associate tell you where to find a particular product?
- Was the correct promotional information displayed? Did employees mention the promotion/correctly answer questions about it?

What can businesses expect to gain from a mystery shopping program?

Mystery shopping offers management the opportunity to objectively monitor the customer experience and pinpoint areas that need improvement. Many companies use mystery shopping results to improve employee training or reward employees for excellent scores, as well as compare evaluation scores on a per-shop or per-region basis to identify positive trends and share best practices.

In some cases, mystery shopping has been credited with increasing customer loyalty, enhancing customer service, and improving cross-selling and up-selling. Each of these has helped companies to increase sales or maintain market share in very competitive sales environments.

Ultimately, mystery shopping is an important step to create better trained employees who provide better service to customers. This enhanced service establishes greater bonds of loyalty between the customer and the company, paving the way for improved return sales.

What is the difference between mystery shopping and customer feedback surveys?

The core difference between mystery shopping and interactive voice response (IVR) is that mystery shopping is a customer experience measure based on a predetermined set of assessment criteria, while IVR surveys are used either as customer satisfaction measures or as customer experience measures based on the customer's recollection of subjective memory.

It's unfortunate that some IVR vendors have chosen to position IVR surveys as a replacement for mystery shopping. This is erroneous, as these approaches provide different types of data. Mystery shopping provides an objective service evaluation based on factual observations using people who know what to look for; IVR or any form of customer satisfaction survey captures highly subjective feelings and emotions.

IVR is useful when a company is seeking information on extremes of service (i.e. excellent versus poor), as extreme experiences often motivate customers to respond to IVR opportunities. Mystery shopping is useful when seeking benchmarks from actual customer experiences or when monitoring how well company standards are carried out.

The MSPA believes that companies should consider using both services if their budget allows, so that they have both objective, fact-based research as well as subjective, opinion-based research on which to make important, organization-changing decisions. Using both services provides a more complete picture of the customer experience. The MSPA does not advocate replacing either service with the other.

What is the role of the Mystery Shopping Providers Association (MSPA)?

The MSPA is a trade association for companies that provide mystery shopping services. The MSPA works to establish professional standards and ethics for the industry, educate providers, clients and shoppers to improve quality of service, improve the image of the industry and promote the membership to other industry associations and prospective clients.

With more than 200 member companies worldwide, the MSPA has a diverse membership, including marketing research and merchandising companies, private investigation firms, training organizations and companies that specialize in providing mystery shopping services.

If you are a member of the media and would like to learn more about the business benefits of mystery shopping, please contact Kelly Hancock at Hart Associates at 419-893-9600 or khancock@hartinc.com.