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Understanding Customers & Developing a Mystery Shopping programme

Do you know what happens when a customer enters your business or calls your company? If you don't, you certainly should. The service experience that the customer encounters will determine whether that customer will return or call your business again.

It is widely accepted that it costs at least five times more to attract a new customer than to keep an old one. It is even more difficult to get a dissatisfied customer to return. Companies spend millions of Euros each year on advertising, to attract new customers but this is a poor investment if a new customer encounters poor service on their first visit and then continues to tell their friends and colleagues about the experience.

Mystery shopping is the only way of quantifying what happens when customers come into contact with staff, the only way of quantifying missed opportunities to exceed customer expectations and to deliver excellent service. Mystery Shopping enables companies to find out what their customers are experiencing, and then to use this information to improve customer satisfaction, sales performance and ultimately increase profitability.

Mystery Shoppers are active all over the world, completing evaluations on companies from a typical customer's point of view. They are highly trained shoppers who observe the processes and procedures used in the delivery of a product or service. The aim of the reports they complete is to improve service standards and sales performance by providing clients with focused and actionable information on what happens when a customer comes into contact with frontline staff.

The majority of top Irish companies that you may be a customer of, are frequently visited by mystery shoppers. Mystery shopping evaluates nearly every service experience between staff and a customer.

Typical types of mystery shopping visits PAN would conduct include:

- Car dealerships visits – trading in a car for a new car
- Retail stores, where the mystery shopper makes a query or purchase
- Insurance – inquiring about car insurance or home insurance
- Estate Agents – posing as a customer interested in buying a property
- Mobile phones – inquiring about purchasing a new mobile phone or switching phone providers
- Banking – inquiring about opening a new account, taking out a loan or mortgage etc.

In the past, mystery shopping has been the subject of some negative 'Big Brother' type publicity. According to Adrian Bushnell, Managing Director, PAN Research, mystery shopping companies adopt a positive – "Catch your employees doing something RIGHT" - approach to mystery shopping.

As a board member of the Mystery Shopping Providers Association, Bushnell assisted in the development of the Code of Professional Standards and Ethics Agreement which covers all mystery shopping activity. *'Our mystery shoppers are normal customers that make everyday inquiries about products and services. It is important to establish that mystery shoppers are not trying to catch staff out in anyway. Their role is simply to be a typical customer and to evaluate staff in an objective way on the quality of service provided. When we start working with a client we always encourage that they communicate details of the mystery shopping programme to staff. It is not intended to be a 'secret' programme but to help the staff and the company improve service delivery and sales performance'*

A company's service offering is becoming increasingly important every day. Many companies are now supplying the same product at similar prices, and the one factor that differentiates them from their competitors is their service offering.

Mystery shopping helps companies attain a competitive edge by significantly improving customer service, customer satisfaction and sales techniques. The results enable action by identifying strengths and weaknesses in service delivery, product knowledge and sales performance.

Mystery shopping research is always tailored for each specific client depending on their individual company needs. The costs involved are dependant on the type of evaluations – walk-in, telephone, email etc., and the frequency of the mystery shopping programme. The more frequent the research is, the more effective it is for the client.

There have been incredible developments over the past few years in reporting. Only 5 years ago, a postal strike would mean major delays for the timelines of a project, as all questionnaires were sent by post. New developments in the use of mystery shopping systems which generate on-line reporting for clients, mean that clients can access findings faster.

Reports can be sent directly via e-mail to all relevant staff members. With the touch of a button clients can compare locations and management levels; and can even examine a question-by-question analysis over specific date ranges or the entirety of the mystery shopping programme.

Development of a Mystery Shopping Programme

Once a company has decided that they would like to conduct a mystery shopping programme, they then need to choose a mystery shopping company to complete the work. It is recommended that a mystery shopping firm should use a company that is a registered member of the Mystery Shopping Providers Organisation (MSPA), the professional trade association for mystery shopping companies.

PAN Research was the first Irish company to become a member of the MSPA and Adrian Bushnell, PAN's Managing Director is currently a board member of the MSPA.

Completing a mystery shopping programme can be summarised in 5 stages. The five stages and their components can be outlined as follows:

- Development
- Communication
- Results
- Action
- Re-evaluate

Development

- Outline research objectives and frequency
- Set standards to be assessed & reporting requirements
- Apply importance weightings to issues
- Define process requirements
- Devise accurate customer scenarios
- Finalise design of mystery shopping form

Communication

- Communicate research goals and issues to all frontline staff.
- Emphasize the objectives of the MS programme as a motivational & training tool
- Use mystery shop as a tool to focus staff attention on the excellent customer experiences.

Results

- Complete fieldwork
- Fulfil client reporting requirements
- Brief client on findings, research conclusions, trends and recommendations etc.
(**PANnet** enables clients to generate their own specific reports at the touch of a button)

Action

- Present mystery shopping findings to staff
- Work with clients to develop action plans and implement strategies to achieve service & sales goals.
- Continually partner with client to drive frontline improvements

Re-evaluate

- Run further mystery shopping programmes to track changes and improvements to service delivery
- Re-evaluate to assess effectiveness of interim action taken to improve customer experiences

It is very important for your company to choose a dedicated and experienced mystery shopping company who can work with you to help deliver the optimum customer experience.

Making the right choice can result in fundamental improvements to service and sales delivery.

For more information, or a free quotation, please contact Adrian at (01) 299 3800 or email abushnell@panresearch.ie